UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

☒ ANNUAL REPORT PURSUANT TO SECTION 13(A) OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2022

Commission File Number 001-41175

SANGOMA TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

Ontario, Canada	**7370**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number, if applicable)	(I.R.S. Employer Identification No., if applicable)

100 Renfrew Drive
Suite 100
Markham, Ontario, Canada L3R 9R6
(905) 474-1990
(Address and telephone number of registrant's principal executive offices)

CT Corporation System
28 Liberty Street
New York, New York 10005
(212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Trading Symbol(s):**	**Name of each exchange on which registered:**
Common Shares, no par value	**SANG**	**Nasdaq Global Select Market**
Common Shares, no par value	**STC**	**Toronto Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 21,439,632 Common Shares (as at June 30, 2022).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (s.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act. Emerging growth company

Yes ☒ No ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

Yes ☐ No ☒

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes ☐ No ☒

PRINCIPAL DOCUMENTS

The following documents are filed as part of , and incorporated by reference in, this Annual Report on Form 40-F: (the " ***Annual Report***")

A. Annual Information Form

For the Registrant's Annual Information Form for the year ended June 30, 2022 see Exhibit 99.1 of this Annual Report.

B. Audited Annual Financial Statements

For the Registrant's Audited Consolidated Financial Statements for the year ended June 30, 2022, including the independent auditor's report with respect thereto, see Exhibit 99.2 of this Annual Report.

C. Management's Discussion and Analysis

For the Registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended June 30, 2022 ("***MD&A***"), see Exhibit 99.3 of this Annual Report.

CONTROLS AND PROCEDURES

A. Certifications

The required disclosure is included in Exhibits 99.5 and 99.6 of this Annual Report.

B. Disclosure Controls and Procedures

The information provided under the heading "Controls and Procedures" contained in the MD&A, filed as Exhibit 99.3 to this Annual Report, is incorporated by reference herein.

C. Management's Annual Report on Internal Control over Financial Reporting

The information provided under the heading "Controls and Procedures" contained in the MD&A, filed as Exhibit 99.3 to this Annual Report, is incorporated by reference herein.

D. Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the Registrant's independent registered public accounting firm due to a transition periods established by rules of the United States Securities and Exchange Commission (the "***Commission***"). In particular, in accordance with the Jumpstart Our Business Startups Acts, "emerging growth companies" are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2022, which generally requires that a public company's registered public accounting firm provide an attestation report relating to management's assessment of internal control over financial reporting.

E. Changes in Internal Control over Financial Reporting

During the year ended June 30, 2022, there were no changes in the Registrant's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

The Registrant was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the year ended June 30, 2022.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that Mr. Al Guarino, Mr. Allan Brett and Mr. Marc Lederman are "audit committee financial experts" (as that term is defined in paragraph 8(b) of General Instruction B to Form 40-F) serving on its audit committee and are "independent" (as defined by Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the Nasdaq Marketplace Rules). For a description of Mr. Al Guarino's, Mr. Allan Brett's and Mr. Marc Lederman's relevant experience in financial matters, see each of their biographical descriptions under "Directors and Executive Officers" in the Registrant's Annual Information Form for the year ended June 30, 2022, which is filed as Exhibit 99.1 to this Annual Report.

The Commission has indicated that the designation of each of Mr. Al Guarino, Mr. Allan Brett and Mr. Marc Lederman as audit committee financial experts does not make them an "expert" for any purpose, impose any duties, obligations or liability on them that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee.

CODE OF ETHICS

The Registrant has adopted a "code of ethics" (as that term is defined in paragraph 9(b) of General Instruction B to Form 40-F) ("***Code of Ethics***"), which is applicable to all of its directors, managers, officers and employees (including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions). The Code of Ethics entitled "Code of Business Conduct and Ethics" is available on the Registrant's website at www.sangoma.com.

In the past fiscal year, the Registrant has not granted any waiver, including an implicit waiver, from any provision of its Code of Ethics.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Registrant' auditor for the fiscal year ended June 30, 2022 was MNP LLP (PCAOB ID No. 1930).

The required disclosure is included under the heading "External Auditor Service Fees" in the Registrant's Annual Information Form for the year ended June 30, 2022, which is filed as Exhibit 99.1 to this Annual Report, and incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

The disclosure provided under the heading "Off-Balance Sheet Arrangements" on page 21 of Exhibit 99.3, the MD&A, is incorporated by reference herein.

CONTRACTUAL OBLIGATIONS

The disclosure provide under the heading "Contractual Obligations" on page 20 of Exhibit 99.3, the MD&A, is incorporated by reference herein.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Registrant's Audit Committee members consist of that Mr. Al Guarino, Mr. Allan Brett and Mr. Marc Lederman. See "Directors and Executive Officers" and "Audit Committee Information" in the Registrant's Annual Information Form for the fiscal year ended June 30, 2022, which is filed as Exhibit 99.1 to this Annual Report.

MINE SAFETY DISCLOSURE

Not applicable.

DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

DIFFERENCES IN NASDAQ AND CANADIAN CORPORATE GOVERNANCE REQUIREMENTS

The Registrant is a foreign private issuer and its common shares are listed on the Nasdaq Global Select Market (" ***Nasdaq***").

Nasdaq Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of the requirements of the Rule 5600 Series, the requirement to distribute annual and interim reports set forth in Nasdaq Rule 5250(d), and the Direct Registration Program requirement set forth in Nasdaq Rules 5210(c) and 5255; provided, however, that such issuer shall still comply with the Notification of Material Noncompliance requirement (Nasdaq Rule 5625), the Voting Rights requirement (Nasdaq Rule 5640), have an audit committee that satisfies Nasdaq Rule 5605(c)(3), and ensure that such audit committee's members meet the independence requirement in Nasdaq Rule 5605(c)(2)(A)(ii).

The Registrant does not follow Rule 5620(c), which requires a minimum quorum of 33-1/3% of the outstanding shares of common stock for a shareholder meeting, but instead follows its home country practice, pursuant to which, a quorum for a meeting of shareholders of the Registrant is all of the shareholders or two shareholders, whichever is less.

The foregoing is consistent with the laws, customs and practices in the Province of Ontario and Canada more generally.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report, including the attachments hereto, constitute are forward-looking statements within the meaning of Canadian securities legislation, Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. Please see "Forward Looking Information" in the Annual Information Form of the Registrant for the year ended June 30, 2022 filed as Exhibit 99.1 to this Annual Report for a discussion of the risks, uncertainties, assumptions and other factors that could cause the actual results and performance of the Registrant to vary and deviate from those forward-looking statements. Readers are cautioned that such risks, uncertainties and assumptions are not exhaustive, and the Registrant does not undertake any obligation to update, modify or revise any forward-looking statements, whether as a result of future events, newly obtained information or otherwise, except as may be required by applicable laws. Moreover, given that forward-looking statements involve significant and inherent risks, uncertainties and assumptions, readers of this Annual Report are strongly advised not to place any undue reliance on any such information.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Registrant has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: September 26, 2022

Sangoma Technologies Corporation

By: /s/ William Wignall
Name: William Wignall
Title: President & Chief Executive Officer

Exhibit Index

Exhibit No.	Description
99.1	Annual Information Form of the Registrant for the fiscal year ended June 30, 2022.
99.2	Audited Consolidated Financial Statements of the Registrant for the year ended June 30, 2022 together with the independent auditor's report thereon.
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations of the Registrant for the year ended June 30, 2022.
99.4	Consent of MNP LLP
99.5	Certifications of Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
99.6	Certifications of Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) under Section 906 of the Sarbanes-Oxley Act of 2002.
(101.INS)	Inline XBRL Instance Document (the instance documents does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
(101.SCH)	Inline XBRL Taxonomy Extension Schema Document
(101.CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document
(101.DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document
(101.LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document
(104)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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Sangoma Technologies Corporation

ANNUAL INFORMATION FORM

For the fiscal year ended June 30, 2022

September 26, 2022

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GENERAL

The information in this Annual Information Form is presented as of June 30, 2022, unless otherwise indicated.

Unless otherwise indicated, or the context otherwise requires, references in this Annual Information Form to " **Sangoma**", "**the Company**", "**we**", "**us**" or "**our**" refer to Sangoma Technologies Corporation and its subsidiaries together and all references to " **$**" or "**dollars**" are to United States dollars.

FORWARD LOOKING STATEMENTS

This Annual Information Form contains "forward-looking information" within the meaning of applicable securities laws, including statements regarding the future success of our business, development strategies and future opportunities. Forward-looking information is generally identifiable by use of the words ''believes", "may", "plans", "will", "anticipates", "intends", "could", "should", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions.

Forward-looking information in this Annual Information Form includes, but is not limited to, statements concerning estimates of expected expenditures, expected future product development, expected future production and outcomes, anticipated cash flows, and other statements which are not historical facts.

Although we believe that our expectations reflected in these forward-looking statements are reasonable, such statements involve inherent risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements, if at all. 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 and adversely from those projected, estimated or anticipated in forward-looking statements. Readers are cautioned not to place any undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions, estimations, projections or expectations upon which they are based will occur. Except as required by applicable law, we undertake no obligation to revise or update any forward-looking statements for any reason, including, but not limited to, if circumstances or management's estimates or opinions should change, or if new facts shall subsequently be made available or come to light.

Readers are cautioned that these forward-looking statements are only predictions and are, therefore, inherently subject to business, economic and competitive risks, uncertainties, and assumptions, both general and specific, that are extremely difficult to accurately predict, including those identified below and in the section "Risk Factors" herein. These known and unknown risk factors could cause the actual results, performance or achievements to be materially and adversely different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this Annual Information Form. Some of the risks and other factors which could cause actual results to differ materially from those expressed or implied in the forward-looking statements contained herein include, but are not limited to, changes in exchange rate between the Canadian dollar and other currencies (in particular the United States' ("**US**") dollar), changes in technology, changes in the business climate, changes to macroeconomic conditions, including rising interest rates and the occurrence of (or fears of an impending) an economic recession. risks related to the COVID-19 (coronavirus) pandemic, changes in the regulatory environment, the imposition of tariffs, the decline in the importance of the PSTN (as hereinafter defined), impairment of goodwill and new competitive pressures, and acts of terrorism and war, hostilities and conflicts, including, but not limited to, Russia's invasion of Ukraine in February 2022.

A more complete discussion of the risks and uncertainties facing the Company is disclosed under the heading "Risk Factors" in this Annual Information Form, as well as in any continuous disclosure filings of the Company made with Canadian securities regulatory authorities, each of which are available at www.sedar.com.

All forward-looking information in this Annual Information Form is qualified in its entirety by this cautionary statement and we disclaim any obligation to revise or update such forward-looking information to reflect future results, events, or developments, except as required by law.

CORPORATE STRUCTURE

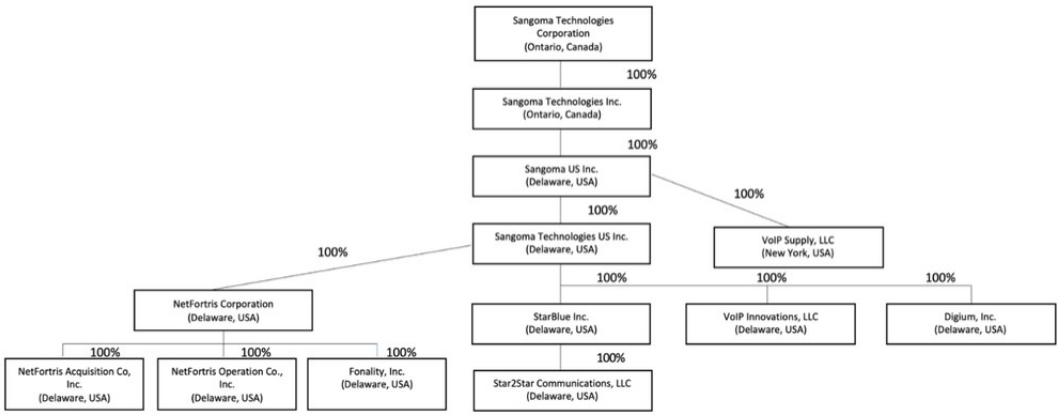
Name, Address and Incorporation

Sangoma Technologies Corporation is an Ontario corporation existing under the *Business Corporations Act* (Ontario) (the "**OBCA**"). The Company was formed on July 1, 2001 by way of a vertical short-form amalgamation among Sangoma.com Inc. and 1056574 Ontario Limited and 883750 Ontario Limited, each, a wholly-owned subsidiary of Sangoma.com Inc., pursuant to the OBCA (the "**Amalgamation**"). Pursuant to the Amalgamation, all of the shares in the capital of Sangoma.com Inc. converted into shares of the capital of the amalgamated corporation, then named "Sangoma.com Inc." Subsequently, on October 18, 2001, the Company changed its name to "Sangoma Technologies Corporation".

The registered and head office of Sangoma is located at 100 Renfrew Drive, Suite 100, Markham, Ontario L3R 9R6. The Company's website address is: www.sangoma.com. The information on Sangoma's website is not incorporated by reference in this Annual Information Form.

Intercorporate Relationships

The following chart outlines Sangoma's corporate structure and identifies the jurisdictions of each of our material subsidiaries as at September 26, 2022.



GENERAL DEVELOPMENT OF THE BUSINESS

Credit Facility

On October 18, 2019 the Company entered into a new credit agreement (the " **Original Credit Agreement**") in favour of its subsidiaries, Sangoma Technologies Inc. and Sangoma US Inc. (the "**Borrowers**") with *inter alia* The Toronto-Dominion Bank and The Bank of Montreal, as lenders (the "**Lenders**"). Under the terms of the Original Credit Agreement, the Lenders provided the Borrowers with a term loan facility to refinance the Company's existing credit facilities and to fund part of the VI Acquisition (as hereinafter defined).

On March 31, 2021 the Company entered into an amended and restated credit agreement (the " **Amended and Restated Credit Agreement**") which amended and restated the Original Credit Agreement to allow the Company to fund part of the StarBlue Acquisition (as hereinafter defined).

On March 28, 2022 the Company entered into the second amended and restated credit agreement (the " **Second Amended and Restated Credit Agreement**") which amended and restated the Amended and Restated Credit Agreement to allow the Company to fund part of the NetFortris Acquisition (as hereinafter defined). The Second Amended and Restated Credit Agreement is comprised of: (i) a $6 million revolving credit facility, (ii) a $21.75 million term credit facility, which was used to partially fund the VI Acquisition (iii) a $45.94 million term credit facility, which was used to partially fund the StarBlue Acquisition, (iv) a $45 million term credit facility, which was used to partially fund the NetFortris Acquisition, and (v) a $1.5 million swingline credit facility.

On June 28, 2022 the Company entered into the first amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments and to amend the amount of the Term 3 Facility quarterly principal instalments.

NetFortris Acquisition

On March 28, 2022, the Company acquired all of the shares of NetFortris Corporation (the " **NetFortris Acquisition**"). The acquisition represented the opportunity to further accelerate Sangoma into the upper echelon of SaaS communications providers, and extends our industry leading suite of cloud services with the new MSP capabilities, enabling customers to get more and more of their communications needs met by Sangoma. Under the terms of the stock purchase agreement, Sangoma acquired all of the shares of NetFortris for consideration of (i) 1,494,536 common shares of Sangoma ("**Common Shares**") issued at closing, (ii) net cash consideration of $48.71 million, and (iii) up to $12 million in contingent consideration if certain business performance metrics are met after 12 months from the closing date. Please refer to Note 20(c) of the Company's audited consolidated financial statements for the year ended June 30, 2022, together with the notes thereto and the auditor's report thereon (the "**2022 Annual Financial Statements**") for additional details relating to the NetFortris Acquisition.

TSX and Nasdaq Listings

On November 1, 2021 the Company's Common Shares were delisted from the TSX Venture Exchange (the " **TSX-V**") and listed for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "STC". On December 16, 2021, the Company's Common Shares were listed for trading on the Nasdaq Global Select Market ("**Nasdaq**") under the trading symbol "SANG".

Share Consolidation

On November 2, 2021, the Company implemented a consolidation of its outstanding Common Shares on the basis of one new Common Share for every seven currently outstanding Common Shares (the "**Share Consolidation**").

StarBlue Acquisition

On March 31, 2021, the Company acquired (the "**StarBlue Acquisition**") all of the shares of StarBlue Inc. ("**StarBlue**") (the parent company of Star2Star Communications, LLC ("**Star2Star**")) from Star2Star Holdings, LLC ("**Holdings**") and Blue Face Holdings Limited (collectively, the "**Sellers**"). The Company paid an aggregate purchase price of $381,636,405, which comprised of $109,392,033 cash consideration (adjusted from $105,000,000 as a result of initial closing adjustments), 15,714,285 Common Shares at a discounted value of $258,975,372, and an additional consideration payable for future tax benefit in the amount of $13,269,000. The Company issued 3,018,685 Common Shares (3,142,857 Common Shares less 124,172 Common Shares representing a holdback for indemnification purposes) on closing of the acquisition, with the remaining 12,571,428 Common Shares to be issued and distributed in fourteen quarterly installments commencing on April 1, 2022. On April 5, 2022, 857,142 Common Shares were issued to StarBlue sellers in accordance with the share purchase agreement and following this issuance 11,838,458 shares remain to be issued. The Company acquired Star2Star to expand and broaden its suite of service offerings, add key customers and realize synergies by removing redundancies. Please refer to Note 20(c) of the audited consolidated financial statements of the Company for the years ended June 30, 2021 and 2020, together with the notes thereto and the auditor's report thereon (the "**2021 Annual Financial Statements**") for additional details relating to the StarBlue Acquisition.

The StarBlue Acquisition was a significant acquisition under National Instrument 51-102 - *Continuous Disclosure Obligations* and the Company filed a Form 51-102F4 - *Business Acquisition Report* on SEDAR on June 14, 2021 which is available under the Company's SEDAR profile at www.sedar.com.

July 2020 Prospectus Offering

On July 30, 2020, Sangoma completed an offering by way of a prospectus supplement to the Company's short form base shelf prospectus dated June 29, 2020, of 5,000,857 Common Shares at a price of C$16.10 per share for aggregate gross proceeds of C$80,513,800 (the "**2020 Offering**") The 2020 Offering was completed through a syndicate of underwriters (the "**2020 Offering Underwriters**"), led by Cormark Securities Inc. The 2020 Offering Underwriters were paid a cash commission of 6.0% of the gross proceeds of the 2020 Offering in consideration for the services rendered by them.

.e4 LLC Acquisition

On February 29, 2020 the Company acquired .e4, LLC in order to strengthen its sales capabilities in its open source ecosystem.

VI Acquisition

On October 18, 2019, Sangoma Technologies U.S. Inc., a wholly owned subsidiary of Sangoma Technologies Inc., acquired VoIP Innovations (the "**VI Acquisition**") from certain vendors all the membership interest of VI, a US based company pursuant to a purchase agreement (the "**VI Acquisition Agreement**") with an initial consideration of $36,000,000 consisting of $30,000,000 in cash (subject to certain post-closing adjustments), the issuance of 785,773 Common Shares valued at $6,000,000 based on the ten (10) day volume weighted average price of the Common Shares and the exchange rate as of October 16, 2019 and additional consideration of up to $6,000,000 if certain performance milestones were met (the "**Contingent Consideration**"). As the performance milestones were not met, the Contingent Consideration payment was nil. Please refer to Note 20(a) of the 2021 Annual Financial Statements for additional details relating to the VI Acquisition.

July 2019 Bought Deal

On July 16, 2019, Sangoma completed a short-form bought deal prospectus offering of 2,120,928 Common Shares at a price of C$10.85 per Common Share for aggregate gross proceeds of C$23,012,075 (the "**2019 Bought Deal**"). The 2019 Bought Deal was completed through a syndicate of underwriters (the "**Bought Deal Underwriters**") co-led by Acumen Capital Finance Partners Limited and Cormark Securities Inc., and including INFOR Financial Inc., PI Financial Corp. and Beacon Securities Limited. The Bought Deal Underwriters were paid a cash commission of 6.0% of the gross proceeds of the 2019 Bought Deal in consideration for the services rendered by them.

DESCRIPTION OF THE BUSINESS

Overview

Sangoma's products and services are used by leading companies throughout the world and in leading UC, PBX, IVR, contact center, carrier networks, and data communication applications worldwide. Sangoma's portfolio of products also enable service providers, enterprises, small to mid-sized businesses ("**SMBs**"), and original equipment manufacturers ("**OEMs**") alike to leverage their existing infrastructure for maximum financial return, while still delivering the most advanced applications and services from the latest technologies available. Please refer to the Glossary of Technical Terms for detailed definitions of terms used throughout this AIF.

Communications as a Service (CaaS) Portfolio

Sangoma is a trusted leader in delivering value-based Communications as a Service solutions for businesses of all sizes. The value-based communications segment includes small businesses to large enterprises who are looking for all the advantages of cloud-based communications at a fair price. Sangoma's current Communications as a Service offerings are typically offered with monthly, yearly, or multi-year contracts and include:

Unified Communications as a Service ("**UCaaS**")
Trunking as a Service ("**TaaS**")
Contact Center as a Service ("**CCaaS**")
Communications Platform as a Service ("**CPaaS**")
Video Meetings as a Service ("**MaaS**")
Collaboration as a Service ("**Collab aaS**")
Desktop as a Service ("**DaaS**")
Access Control as a Service ("**ACaaS**")

Unified Communications as a Service (UCaaS)

Sangoma's UC solutions are business communication systems (PBX's with advanced UC features, such as presence/chat, conferencing, mobility, fax, and more) that can be deployed on-premise or hosted in the Cloud, allowing businesses to select the best option for their needs. Unified Communication systems, because of their mobility features such as having the business phone number ring on an app on your smartphone and/or desktop and instant messaging capability, enable remote work and work from home much more efficiently. Sangoma's Unified Communication solutions fully integrate with our phones, soft clients, and network interoperability products to provide a fully interoperable solution from a single vendor.

Cloud-Based Business Phone Solution

Sangoma offers its customers full-scale cloud-based Unified Communications solutions. With Sangoma, businesses can get contact center, mobility, softphone, call control, and productivity features included for every user at a reasonable price. Sangoma's hosted phone service delivers the customer experience businesses demand at an affordable price point. Customers can also choose pre-provisioned phones that customers simply plug into their network.

On-Premise Business Phone Solution

Sangoma also offers the more traditional on-premise UC phone system, for businesses still wanting to deploy their business phone system on premise. Whether deployed on a dedicated appliance or in the customer's virtual environment, Sangoma provides the power and connectivity necessary.

IP Deskphones, Headsets and UC Clients: Sangoma provides desktop and softphone collaboration clients that integrate seamlessly with our UC solution offerings and deliver UC features (presence, contacts, chat, calling, audio and video conferencing, etc.) from a single application, on any device, at any location.

IP Deskphones: Sangoma offers a full line of phones that work with both our cloud and on-premise systems that are perfect for every user type, from casual to call center to managers and executives. Sangoma's product line includes entry-level, mid-range, and executive-level phones. All models include HD Voice and plug-and-play deployment. Sangoma's range of IP phones are customized to seamlessly integrate with all of our UC Systems and provide zero touch installation, simplified system management, and instant access to a wide range of features.

Headsets: Sangoma also offers headsets that either work in conjunction with the desktop phones (by plugging into the phone) or work in conjunction to our desktop soft client (by plugging directly into the computer). These headsets enable roaming of up to 325 feet from the phone or desk computer.

UC Clients and Softphones: Unified Communication Clients (or softphones) are used to make or receive phone calls with your business phone number and can be used as your main phone or as an extension of your desk phone. They are available as an app on your smartphone or computer. These UC clients have enabled employees to work remote seamlessly by enabling phone calls to customers and other employees as if they were in a physical office. Sangoma offers UC clients with all of our Unified Communication / Business phone system product lines.

Trunking as a Service (TaaS)

SIP trunks deliver Internet-based telephony services to businesses using their existing internet connection, eliminating the need for separate traditional PSTN or digital telecom connections. SIP trunking is fast becoming the technology of choice to interconnect an IP PBX system to a telephone company. The main drivers are cost efficiencies (over fixed lines such as ISDN or analog lines from incumbent telcos) and end-to-end UC features/transparency. Cost efficiencies are realized because SIP trunking uses already-available broadband connections at customer premises. Sangoma offers both retail and wholesale SIP Trunking which allows our customers to choose the service that best meets their needs. Either service offers DIDs and number porting.

Retail SIP Trunking

Retail SIP trunking offers predictable monthly expenses with pricing based per trunk. SIPStation, Sangoma's retail SIP trunking service, is seamlessly integrated into our various UC platforms, making it easy to get up and running. It also includes an integrated fax service option, enabling a business to send and receive faxes from a web interface or from a local fax machine. Typically, SMBs and enterprises would utilize this type of service.

Wholesale SIP Trunking

Sangoma's wholesale SIP trunking offer is now available following the acquisition of VoIP Innovations. Pricing for wholesale SIP trunking is usage-based but with a larger monthly minimum commitment. This includes origination, termination, SMS/MMS, e911, and fraud mitigation. Typically, very large businesses or service providers who resell SIP trunks would utilize this type of service.

Fax as a Service

Faxing remains an important communications tool, yet VoIP networks are sometimes unable to send faxes reliably because fax standards are based on very specific timing that can be interrupted in VoIP systems, especially where there is substantial latency. Sangoma's FoIP service, FaxStation, is a hosted service to remedy this problem, available with our TaaS. It features a telecom appliance with up to four analog connections for fax machines and operates in concert with Sangoma's fax server data center to encrypt and package the fax communication to make it fail-safe. This is particularly useful for small businesses that rely on fax communications but also for industries with challenging network conditions, such as mining, oil rigs, and ship-to-shore over satellite.

Contact Center as a Service (CCaaS)

Contact Center as a Service (CCaaS) is our cloud-based contact center, or customer experience, offering. It provides robust contact center capabilities running in various ways: either standalone, in conjunction with our other cloud services (such as UCaaS), or integrated "inside" our UCaaS product in a simplified version. This latter solution is intended for 'departmental' type usage, by companies that are not pure-play contact centers, but that might have a department such as customer service or technical support that operate inside that company almost like a mini contact center.

Communications Platform as a Service (CPaaS)

Communications Platform as a Service (CPaaS) allows developers to easily build services and applications using real-time communication features, such as voice, video, chat, and SMS, via the cloud. Our platform enables Sangoma, our integrator/developer partners, and advanced customers to build new communications services based on voice, rest APIs, WebRTC, and SMS. When running an application on a CPaaS platform, performance is critical. To ensure peak performance, Sangoma offers its own SIP trunking service, providing optimized connectivity in addition to easy access to phone numbers. Sangoma also sells a series of 'applications' (or Apps) based upon our CPaaS product that customers can purchase.

Video Meetings as a Service (MaaS)

Sangoma Meet is our video meetings, cloud-based service accessible from any device, be it desktop or mobile. It enables file sharing on screen so collaboration with co-workers is enhanced, integrates seamlessly with your calendar, and enables PSTN phone calls. Sangoma Meet is available in free and chargeable tiers.

Collaboration as a Service (Collab aaS)

Collaboration as a Service (Collab aaS) is Sangoma's cloud-based offering for enabling people to work together more productively. This service is called TeamHub. It allows users to interact using any of the various forms of communications, including chatting, calling, and video. TeamHub integrates Sangoma's softphone client software applications (desktop and mobile) and is designed to allow communications to start in one mode (such as chat), and move through different modes very elegantly, in effect 'upgrading' that mode of communications to a voice call in real time, and/or upgrading that voice call to a video meeting.

Desktop as a Service (DaaS)

Sangoma's Desktop as a Service helps companies adapt to today's modern, flexible, and remote workforce. It is the most secure method for staff to access their tools and applications from any location to do their work, delivers simplified IT administration and cuts down on the CapEx of deploying PCs. Sangoma is one of the only companies that can offer communications capability inside a DaaS product.

Access Control as a Service (ACaaS)

At Sangoma, this product offering is called SmartOffice Access. The SmartOffice product line is to be a family of IoT based services, and it was launched first with Access Control. Access Control is a means of controlling access to one's office or parts of an office and was traditionally done via the well-known white 'swipe cards' or fobs. Sangoma is innovating in that space by eliminating the need for such older technologies and extending our experience with mobile apps that so many of our customers and their employees already get from us, as a Softphone. This new mobile allows one to open doors using your smartphone and the app from Sangoma, wirelessly using IoT protocols. No more swipe cards, no more readers, no more wiring behind the walls. This is one of Sangoma's first forays into cloud services that extend our CaaS suite beyond the strict definition of 'communications'.

MSP Portfolio

Sangoma's cloud-based Managed Service Provider ("**MSP**") offerings deliver mission critical communication services that businesses need and complement our full line of Communications as a Service solutions. The MSP product line is built upon a tightly integrated, enterprise grade, and end-to-end managed network, which is all supported by an expert 24/7 network engineering team. The current MSP offering includes three primary services:

Managed Security: Sangoma provides a cloud-based service, sometimes called Unified Threat Management (" **UTM**"), whereby the customers network, including voice and data traffic, are secured by intrusion prevention and detection capabilities. The network security service helps protect customers against attacks and data losses from spam, viruses, ransomware, botnets, etc.

Managed SD-WAN: Sangoma offers a cloud-based software-defined approach to managing a customers wide area network. The SD-WAN service enables network redundancy through the ability to manage multiple internet connections from multiple providers, which is seen as one seamless connection for the customer. If one connection fails, the customer does not lose connectivity and has uninterrupted uptime. The service also provides traffic shaping whereby certain types of traffic can be given priority or forced in priority.

Managed Access: Sangoma also provides a robust broadband connectivity solution, including network monitoring, analytics, backup, and a fully PCI-compliant offering for payment card and credit card transactions. Additionally, our Managed Access solution integrates with Managed Security and Managed SD-WAN services, delivering unique capabilities such as secure, end-to-end peering connections to critical destinations (such as Public Cloud sites like AWS and Azure) and Quality of Service commitments.

Network Interconnection Products

In addition to the CaaS and MSP offerings described above, Sangoma also offers network interconnection products. These products connect different types of networks together, such as VoIP networks to PSTN networks, or VoIP networks to mobile networks or different types of VoIP networks.

Session Border Controllers (SBCs)

Anytime two VoIP networks interconnect, issues of security and interoperability arise. SBCs can manage these issues, including provider-to-provider connections, provider-to-enterprise connections, and enterprise-to-enterprise connections. Sangoma's SBCs are available as hardware appliances, as software-only solutions running on a virtual machine in hosted environments, or as a hybrid of both. The hybrid solution is unique to Sangoma and provides all the flexibility expected from virtual machine capability coupled with the scalability that is found in hardware-based solutions. Sangoma's SBCs have broad interoperability certifications.

VoIP Gateways

VoIP gateways are needed any time voice traffic moves from a VoIP network to a traditional PSTN telephone network. As the traffic traverses these networks, there are issues that need to be resolved regarding both the media (the sound of the caller's voice) and the signaling (the method used to control the media traveling over that connection).

In a service provider or carrier network, much larger gateways perform these same tasks. In addition, there are signaling protocols that are only used when carrier networks communicate with other carrier networks that are not included in the enterprise product line.

All Sangoma's gateways have broad interoperability certifications.

PSTN Interface and Media Processing Boards

Sangoma's complete line of boards connect and interface to the PSTN. Even though IP networks are growing and quickly becoming the standard, the PSTN still exists, and new communication solutions often need to connect to the PSTN. These boards are primarily used by communications solution developers in PC/Server based telecommunications systems that connect to the PSTN. They perform a very similar task to VoIP gateways, but are installed inside the server rather than being stand-alone devices. By providing customers with the option of using a PSTN interface board or a VoIP gateway, Sangoma maximizes flexibility based on installation requirements, particularly when space and power are at a premium. They may also be used in harsh conditions that require ruggedized servers.

Open-Source Software Products

Asterisk and FreePBX

Sangoma is the primary developer and sponsor of the Asterisk project, the world's most widely used open-source communications software, and the FreePBX project, the world's most widely used open-source PBX software.

Sangoma also offers revenue-generating products and services, beyond the open-source Asterisk or FreePBX software, to users of these open-source software projects. The types of products and services Sangoma offers includes software add-ons to Asterisk or FreePBX, IP phones, SIP trunking, cloud-based fax, training, technical support, maintenance, PSTN cards, VoIP gateways, session border controllers, and commercial/hardened versions of the PBX/UC software.

Customer Base

We currently have over 35,000 customers, which include distributors, resellers, enterprises, OEM manufactures, service providers and end users (ranging from small businesses to larger enterprises). No single customer accounted for more than 5% of our revenue for the fiscal year ended June 30, 2022 ("**Fiscal 2022**").

We sell into over 150 countries around the globe, broken down geographically into the two (2) primary regions of North America and International.

We typically sell to large customers (including OEMs and carriers) using a direct sales model and to SMBs through a global network of distributors and resellers/integrators, as further described below.

Sales and Marketing

We market our services and solutions to both partners and end users. We employ a variety of means for generating leads, including but not limited to search engine marketing and optimization, online display advertising, content gating, attending tradeshow and conference events, conducting road shows across the globe, partnering with third parties, hosting webinars, and targeting specific geographic areas for local marketing. We utilize a sophisticated system for acquiring and nurturing leads that allows us to track our efforts and fine tune our strategies for moving prospects through the buying cycle.

Our products and services are sold both through our extensive channel network, made up of resellers, distributors, and master agents and to our direct customers as well. We provide our partners with a host of sales and marketing resources to help them effectively sell, implement, and support Sangoma solutions. Additionally, we employ salespeople in each geographic region to provide added support and product knowledge to our partners and customers. As we expand our global network, we focus on recruiting partners who expand our coverage area to bring Sangoma solutions to new locations around the globe.

In addition, VoIP Supply, LLC, which the Company acquired in in July 2017, offers a unique marketing and sales channel that we leverage, including an efficient ecommerce transaction business, backed by a professional inside sales organization, and tailored marketing programs to attract and drive traffic to the website.

Research and Development

As a technology company, the Company is continuously working on a large number of projects across its broad portfolio of solutions. While the Company has introduced several new solutions to its product portfolio over the last few years, the majority of the Company's investment in R&D is dedicated to sustaining, improving on and enhancing its broad portfolio of existing solutions that were previously acquired (see "*General Development of the Business*"). The Company believes that product innovation is essential to a technology company's future. The Company also believes that R&D investment is necessary in order to address the needs of its wide-ranging group of customers (which include business of all sizes including service providers, carriers, enterprises, small and medium-sized businesses, and original equipment manufacturers) in more than 150 countries, to keep pace with technology developments in the cloud communications industry, to meaningfully compete in that industry, and to achieve and maintain market acceptance. The Company focuses on creating and introducing solutions to the market as soon as commercially practical and, thereafter, focuses on enhancements to further improve its solutions. Such introductions enable the Company to validate acceptance to some degree, and to get solutions to market efficiently in order to start generating revenue. Furthermore, the Company focuses on keeping its new development costs for new projects under control in a number of ways, including by reusing its existing code base where applicable and by leveraging open-source software.

Our history of success strategic acquisitions in order to introduce new solutions to transition the business from a "product-focused" company to one with a significant base of recurring revenue derived from various Cloud solutions, subscriptions, maintenance/support and other recurring revenue opportunities will increase the predictability of our revenue stream and our long-term value, thereby enabling us to better meet our strategic objectives. (see "*General Development of the Business*").

Our R&D personnel are skilled with deep domain expertise in the diverse areas of enterprise communications, Cloud, IP networking, UC, and mobile UC solutions. We work to continuously improve our R&D efforts through operational measurement, adoption of best practices, effective partnerships and investment in our people, including attracting and hiring personnel in various places around the world to provide us with the skills we require at cost-effective rates.

The Company incurred $34.16 million in R&D costs for Fiscal 2022, which represented approximately 15% of its sales for such period, higher than the $21.44 million for the fiscal year ended June 30, 2021 mostly as a result of the addition of the Star2Star team.

Competition

We compete in the enterprise communication market providing solutions and services for transporting data, voice and video traffic across intranets, extranets, mobile networks and the Internet. These markets are characterized by rapid change, converging technologies and a migration to networking and communications solutions that offer relative advantages. These market factors represent both an opportunity and a competitive threat to us. We compete with numerous vendors in each product category. The overall number of our competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as we increase our activity in our new product markets. As we continue to expand globally, we may see new competition in different geographic regions.

Competitors for our Cloud enterprise communication solutions include hosted and Cloud services providers, such as RingCentral, Inc., Cisco Systems, Inc. (which acquired Broadsoft, Inc.) 8X8, Inc., Mitel Networks Corp., Microsoft Teams, Jive/LogMeIn, Nextiva, Dialpad, Avaya Inc., and Vonage Holdings Corp. as well as other hosted PBX providers. Competitors for our TaaS offering include Bandwidth.com, Telnyx, Flowroute, ThinQ, and Peerless, amongst others.

Competitors for our On-premise enterprise communication solutions include traditional communications vendors and software vendors that are adding communications and collaboration solutions to their offerings. We compete against many traditional communications vendors, including Avaya Inc., Cisco Systems, Inc., Mitel Networks Corp., 3CX and Panasonic Corporation as well as other On-premise providers. We also compete with software vendors who, in recent years, have expanded their offerings to address portions of this UC market. This group of competitors includes Microsoft Corporation (via Skype), Google LLC, and Slack.

Competitors for our IP-Phone solutions include Poly Inc. (formerly Polycom, Inc.), VTech Holdings Limited and Yealink Inc. as well as other IP phone manufacturers.

Competitors for our network connectivity solutions include AudioCodes Ltd., Oracle (via their acquisition of Acme Packet) and Ribbon Communications Inc. as well as other providers.

Some of these companies compete across many of our product lines, while others are primarily focused in a specific product area. New ventures to create products that do or could compete with our products are regularly formed.

In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing and sales positions in those markets. We also sometimes face competition from resellers and distributors of our products, including some that may make use of our open-source solutions. Companies with which we have strategic alliances in some areas may be competitors in other areas, and in our view this trend may increase. In addition, because the market for our products is subject to rapid technological change as the market evolves, we may face competition in the future from companies that do not currently compete in our markets, including companies that currently compete in other sectors of the information technology, communications and software industries

Foreign Operations

Approximately 93% of our revenue in Fiscal 2022 was generated from our North American operations (2% from Canada) and 7% of our revenue from International operations. Substantially all of the revenue generated in Fiscal 2022 was denominated in US dollars. Please refer to Note 19 entitled “Segment Disclosures” of the 2022 Annual Financial Statements.

Employees

As at June 30, 2022, the Company and its subsidiaries employed approximately 726 employees, 49 of which are in Canada, 520 of which are in the United States and 157 of which are located elsewhere.

DESCRIPTION OF CAPITAL STRUCTURE

The following description of our share capital summarizes certain provisions contained in our Articles and by-laws. There summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our Articles and by-laws, which have been filed under our profile on SEDAR at www.sedar.com

Share Capital

Our authorized share capital consists of an unlimited number of Common Shares. As at June 30, 2022, 21,439,632 Common Shares were issued and outstanding.

In addition, 11,838,458 Common Shares remained to be issued over the next four years in connection with the StarBlue Acquisition.

Common Shares

Each Common Share entitles the holder thereof to: (i) receive notice of, attend and vote at all meetings of the shareholders of the Company; (ii) the right to one vote at all such meetings; (iii) receive and participate equally and rateably in any dividends declared on the Common Shares, if and when declared by the Board in their sole discretion; and (iv) receive and participate equally and rateably in any distribution of the assets of the Company in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid dividends in the last three (3) years and the Company currently intends to retain any future earnings to fund the development and growth of its business and pay down debt and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the direction of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

MARKET FOR SECURITIES

Trading Price and Volume

Prior to November 1, 2021, the Common Shares were listed and posted for trading on the TSX-V under the symbol "STC". Effective November 1, 2021, the Common Shares were delisted from the TSX-V and listed and posted for trading on the TSX under the symbol "STC" and subsequently dual listed on the Nasdaq under the symbol "SANG" as of December 16, 2021. The following tables set forth the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX-V, the TSX and the Nasdaq (as applicable) for the fiscal year ended June 30, 2022.

TSX-V

Month	High	Low	Volume
July 2021	C$23.94	C $18.55	731,050
August 2021	C $24.15	C $19.53	835,754
September 2021	C $25.06	C $21.42	371,295
October 2021	C $28.00	C $23.38	352,266
November 2021	—	—	—
December 2021	—	—	—
January 2022	—	—	—
February 2022	—	—	—
March 2022	—	—	—
April 2022	—	—	—
May 2022	—	—	—
June 2022	—	—	—

*Trading on the TSX-V ceased on November 1, 2021. ** All ($) values adjusted for 7:1 share consolidation on November 2, 2021.

TSX

Month	High	Low	Volume
July 2021	—	—	—
August 2021	—	—	—
September 2021	—	—	—
October 2021	—	—	—
November 2021	C $29.00	C $21.14	479,564
December 2021	C $24.74	C $19.00	545,661
January 2022	C $21.99	C $16.66	516,267
February 2022	C $19.40	C $15.12	389,391
March 2022	C $19.05	C $15.08	527,092
April 2022	C $20.36	C $14.61	614,295
May 2022	C $15.28	C $9.70	761,153
June 2022	C $12.17	C $9.00	556,672

*Trading on the TSX commenced on November 1, 2021

Nasdaq

Month	High	Low	Volume
July 2021	—	—	—
August 2021	—	—	—
September 2021	—	—	—
October 2021	—	—	—
November 2021	—	—	—
December 2021	$ 19.00	$15.00	22,779
January 2022	$ 18.80	$13.14	20,414
February 2022	$ 14.70	$11.58	21,946
March 2022	$ 15.03	$11.68	9,529
April 2022	$ 15.99	$11.65	14,071
May 2022	$ 12.10	$7.69	40,011
June 2022	$ 9.50	$6.99	156,888

* Trading on the Nasdaq commenced on December 16, 2021

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the securities of the Company subject to escrow or contractual restriction on transfer as of the date hereof, and the percentage that number represents of the outstanding securities of that class as of June 30, 2022:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	1,494,536 (1)	7%

Notes:

(1) In connection with the NetFortris Acquisition, the Company issued Common Shares as partial consideration (the **Share Consideration**") to NetFortris Holdings LLC (the "**Seller**"). In connection with the closing of the NetFortris Acquisition, the Seller agreed that for a period of 12 months commencing on the date of issuance of the Share Consideration, it will not, directly or indirectly, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lender, transfer, assign or dispose of any of the Common Shares or enter into any swap or other arrangement that transfer to another, in whole or in part, any of the economic consequences of ownership of its Common Shares, or agree or publicly announce any intention to do any of the foregoing, subject to certain limited exceptions. Additionally, the Seller agreed to deposit a portion of its Share Consideration with US Bank National Association, as escrow agent, to be held in escrow until September 28, 2023, subject to any claims pursuant to the terms of the share purchase agreement in respect of the NetFortris Acquisition.

DIRECTORS AND EXECUTIVE OFFICERS

Pursuant to the Articles of the Company, the Board shall consist of a minimum of three and a maximum of nine directors. The directors of the Company shall hold office until the next annual meeting of Shareholders or until their resignation or removal or until their respective successors have been duly elected or appointed.

Name, Occupation and Security Holdings

Name and Place of Residence	Position with the Company	Principal Occupation
William Wignall[3] Ontario, Canada	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Company
Al Guarino[1][(2] Ontario, Canada	Director	Chief Financial Officer of Physiomed Health
Allan Brett[1][2] Ontario, Canada	Director	Chief Financial Officer of The Descartes Systems Group Inc.
Norman A. Worthington, III[3] Florida, USA	Director (Chair)	Chair of the Company's Board of Directors
Marc Lederman[2] [3] Pennsylvania, USA	Director	Co-founder and General Partner, NewSpring Capital
David Moore Ontario, Canada	Chief Financial Officer (November 2010)	Chief Financial Officer of the Company
Larry Stock Florida, USA	Chief Corporate Officer	Chief Corporate Officer of the Company
Nenad Corbic Ontario, Canada	Chief Technology Officer	Chief Technology Officer of the Company
Jim Machi Texas, USA	Chief Product and Marketing Officer	Chief Product and Marketing Officer of the Company
Samantha Reburn Ontario, Canada	General Counsel & Corporate Secretary	General Counsel & Corporate Secretary of the Company

Notes:

(1) Member of the Compensation and Nominating Committee. Allan Brett is the Chair of the Compensation and Nominating Committee.
(2) Member of the Audit Committee. Al Guarino is the Chair of the Audit Committee.
(3) Member of the Corporate Governance Committee. Norm Worthington is the Chair of the Corporate Governance Committee.

As at the date hereof, our directors and executive officers as a group beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 3,005,110 Common Shares representing approximately 14% of the issued and outstanding Common Shares as at June 30, 2022. The foregoing does not take into account Common Shares to be issued upon the potential exercise of options or the future issuance of Common Shares in connection with the StarBlue Acquisition.

The following are brief biographies of the directors and executive officers of the Company.

Norman A. Worthington has been the Chairman of our Board of Directors since April 2021, following the StarBlue Acquisition. Mr. Worthington was also a Sangoma employee from April 2021 to May 15, 2022 to assist with the integration of StarBlue following the StarBlue Acquisition. Mr. Worthington also serves as a member of both the Compensation and Nominating Committee and the Corporate Governance Committee. Mr. Worthington previously served as the CEO of Star2Star Communications, LLC from 2006 to 2018, and again from January 2020 until March 31, 2021 and the Executive Chairman of StarBlue from January 2018 to March 2021.

Al Guarino is a CPA and has been a member of our Board of Directors since May 2014. Mr. Guarino currently serves as a member of the Compensation and Nominating Committee as well as Chair of the Audit Committee. Mr. Guarino is the Chief Financial Officer of Physiomed Health, one of Canada's largest and fastest growing chains of healthcare clinics. He is a significant shareholder in several privately held enterprises ranging from health care, manufacturing, distribution, and automotive.

Allan Brett has been a member of our Board of Directors since January 2017. Mr. Brett currently serves as the Chair of the Compensation and Nominating Committee as well as a member of the Audit Committee. Mr. Brett is a CPA, CA and CBV, and an experienced public company executive who currently serves as the CFO and The Descartes Systems Group Inc., a public company listed on the TSX and Nasdaq. From 1996 to January 2014, Mr. Brett was the CFO at Aastra Technologies Limited, a TSX listed company, through its sale to Mitel Networks Corporation in 2014.

Marc Lederman has been a member of our Board of Directors since March 2021, following the StarBlue Acquisition. Mr. Lederman currently serves as a member of the Audit Committee as well as a member of the Corporate Governance Committee. Mr. Lederman is a co-founder of NewSpring Capital and a General Partner of the Firm's dedicated growth equity funds which has membership interest in Star2Star holdings. He serves as the member of the investment committee of all NewSpring Growth and NewSpring Mezzanine funds. Mr. Lederman has an extensive background in finance, investing, consulting, and accounting and was a Certified Public Accountant. Prior to co-founding NewSpring, he was a Manager in the Business Assurance and Advisory Services Group of Deloitte. Mr. Lederman is an active member of the Mid-Atlantic region's private equity and venture capital community. Mr. Lederman received a BS in Accountancy from Villanova University and an MBA from The Wharton School of University of the Pennsylvania. Mr. Lederman has served on the board of directors on over a dozen technology and service companies over the past two decades.

Bill Wignall has been the Company's President and Chief Executive Officer, and a member of our Board of Directors since September 2010. Mr. Wignall previously held the role of President and CEO at Truition Inc., a developer and marketer of e-commerce software. Prior to that, Mr. Wignall was the President and CEO of Electronics Workbench, a supplier of design, development and simulation software for electronics engineering, where he guided the company through an aggressive growth and rebranding phase that culminated in the sale of the company to National Instruments. Mr. Wignall has also served in senior management roles throughout his career at companies ranging in size from start-ups to Northern Telecom, BNI and Telezone.

David Moore has been the Company's Chief Financial Officer since 2011. David is a Certified Public Accountant with 25 years of experience in both public and private companies within the technology sector. Most recently, he was CFO at Truition Inc., a developer and marketer of e-Commerce software, and before that CFO of Fifty-Plus International Inc., a TSX-V company now trading as Zoomer Media Inc. He has extensive international experience in Europe and North America and in the past held executive positions at Nortel Networks.

Larry Stock is the Chief Corporate Officer for Sangoma, responsible for Investor Relations, Compliance, People & Talent, Facilities, Business Operations and Supply Chain Operations. Larry joined Sangoma in March 2021 as part of the Star2Star acquisition, where he previously held the position of Chief Financial Officer. Larry brings almost 35 years of professional experience to Sangoma, most prominently from Jabil where over a 22 year career, Larry held a number of executive leadership roles. As Chief Audit Executive, VP of Risk & Assurance, Larry had company-wide responsibility for all internal audit functions and reported directly to the Audit Committee Chairman of the Board of Directors. As Chief Risk Officer, Larry was responsible for global functions including Social & Environmental Responsibility, Real Estate, Insurance, Enterprise Risk Management, Supplier Regulatory Compliance, Aviation, Government and Civic Engagement, Internal Audit. As Divisional Chief Financial Officer in the Company's largest division, Larry was responsible for the commercial, operational, analytical and strategic finance functions throughout the world. A New York native, Larry earned a bachelor's in business administration degree from Pace University.

Nenad Corbic has held the role of Chief Technology Officer since 2017 and has been responsible for the overall technical strategy, direction and research and development of the Company. Prior to taking on the role of CTO, Nenad was Sangoma's VP, Engineering. Nenad has been instrumental in the Company's success and growth, including leading the technical due diligence and post technical and organizational integration efforts for the Company's various acquisitions. Nenad has a B.A. from Ryerson University in Electrical Engineering.

Jim Machi is the Chief Product & Marketing Officer for Sangoma. He is responsible for Sangoma's overall product strategy including driving customer-oriented cloud communication as a service products to the market and for developing and executing the global marketing plan including digital strategy, partner marketing, content generation, branding and lead generation activities. Prior to Sangoma, Jim spent significant time at Dialogic and Intel in various roles, including business unit general manager and SVP of product management and marketing. Jim has a BSEE from the University of Pennsylvania and an MBA in finance from New York University.

Samantha Reburn has been the Company's General Counsel since February 2022. Ms. Reburn is responsible for managing and overseeing Sangoma's legal affairs. In addition, as Corporate Secretary, Sam is responsible for all corporate governance matters. Prior to joining Sangoma, General Counsel at Docebo Inc. and prior thereto was VP, Legal at Kew Media Group Inc. Sam holds a J.D. from Western University and a B.A. from McGill University.

AUDIT COMMITTEE INFORMATION

Audit Committee's Charter

The Audit Committee is a committee of the Board. Pursuant to applicable laws, the Company is required to have an audit committee comprised of not less than three Directors, all of whom are independent in accordance with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). NI 52-110 requires the Company to disclose annually in its annual information form certain information concerning the constitution of its audit committee and its relationship with its independent auditor. The members of the Audit Committee and the chair of the Audit Committee are appointed by the Board on an annual basis, or until their successors are duly appointed, for the purpose of overseeing the Company's financial controls and reporting and monitoring whether the Company complies with financial covenants and legal regulatory requirements governing financial disclosure matters and financial risk management. The Audit Committee charter (the "**Charter**") is reproduced as Schedule "A".

Composition of Audit Committee

The Audit Committee is comprised of Al Guarino (Chair), Allan Brett and Marc Lederman. Each of the members of the Audit Committee is "independent" (within the meaning given to such term in NI 52-110) and "financially literate" (within the meaning given to such term in National Instrument 51-102 *Continuous Disclosure Obligations*).

Relevant Education and Experience

Each member of the Audit Committee has the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Corporation's financial statements. See each member's biography under "Directors and Executive Officers" for further details.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 thereof.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has the Audit Committee made a recommendation to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has the power and authority to pre-approve all non-audit services to be provided by the external auditor or delegate such pre-approval of non-audit services to any independent member of the Audit Committee; provided that such independent member much notify the Audit Committee at each Committee meeting of the non-audit services they approved since the last Audit Committee meeting.

External Auditor Service Fees (By Category)

The Company's Independent Registered Public Accounting Firm for the most recently completed financial year was MNP LLP (PCAOB FirmID: 1930).

The fees billed to the Company by MNP LLP for each of the fiscal years ended June 30, 2021 and June 30 2022 are as follows:

Category of Fees	Year Ended June 30, 2021	Year Ended June 30, 2022
Audit Fees	$523,697	$824,233
Audit-Related Fees(1)	$222,608	$372,195
Tax Fees(2)	$208,484	$302,345
All Other Fees(3)	$168,557	-

Notes:

(1) The aggregate of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
(2) The aggregate of fees billed for professional services rendered for tax compliance, tax advice and tax planning, including the preparation of corporate tax returns.
(3) The aggregate of fees billed for due diligence relating to the StarBlue Acquisition.

CEASE TRADE ORDERS

To the best of the knowledge of the Company, no director or executive officer of the Company is, as at the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Sangoma) that: (a) was the subject of an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

BANKRUPTCY AND INSOLVENCY

To the best of the knowledge of the Company, no director or executive officer of the Company: (a) is, as at the date of this Annual Information Form, or within 10 years before the date of this Annual Information Form, has been a director, executive officer of a corporation (including Sangoma) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

PENALTIES OR SANCTIONS

To the best of the Company's knowledge, no director or executive officer of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Some of our existing directors or officers are also directors and officers of other companies and have other business interests which may prove to be of interest to us, which may be competitive to the interests of the Company or which may be current or future strategic partners. It is possible, therefore, that a conflict may arise between their duties as directors or officers of our company and their duties as directors or officers of such other companies. We require that such individuals disclose all such conflicts in accordance with the requirements of the OBCA and that they govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. In addition to director fees that are paid to him by the Company, David Mandelstam (the former Chairman of the Company up to March 31, 2021), is contracted to provide assistance with the Company's Scientific Research and Experimental Development Tax Incentive credit filings for which he is paid $10,000 per annum.

RISK FACTORS

We operate in an ever-changing business and competitive economic environment in the UC market that exposes us to a number of risks and uncertainties, including those risk factors set forth below. The following section describes some, but not all, of the risks and uncertainties that may materially and adversely impact our business, financial condition or results of operations. Additional risks and uncertainties not described below or not presently known to us may also significantly impact our business in both the near-and long-term.

If any of these risks occur, they may have a material and adverse effect on our business, financial condition or results of operations, as well as the overall trading price of our Common Shares. Readers are cautioned to understand that the sole purpose of discussing these risks and uncertainties is to alert the reader to some, but not all, factors that could cause actual results to differ materially from past results or from those described in forward-looking statements and not to describe facts, trends and circumstances that could have a favorable impact on our results or financial position.

Natural disasters, public health crises, political crises, or other catastrophic events may adversely affect our business affairs, results of operations, financial condition, liquidity, availability of credit and foreign exchange exposure.

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, including the COVID-19 pandemic, and other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events, including as a direct or indirect result of Russia's invasion of Ukraine in February 2022, could disrupt our operations in any of our offices or the operations of one or more of our third-party providers and vendors. To the extent any of these events occur (or fears pertaining to the occurrence of any such event increase) our business and results of operations could be materially and adversely affected. For example, the COVID-19 pandemic has adversely affected, and will likely continue to adversely affect, our employees and customers in the near-term. However, the impact of the COVID-19 pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments, many of which are highly uncertain and cannot be accurately predicted at this time, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain or manage its impact. In response to the COVID-19 pandemic, we have modified our business practices with a focus on the health and well-being of our global workforce, including implementing greater flexibility through remote work arrangements and reductions in travel. The ultimate impact of COVID-19 and measures taken to contain the COVID-19 pandemic, including COVID-19's highly contagious lineages and sub-lineages, on our results of operations and overall financial condition remains uncertain.

The impact of macroeconomic conditions, such as the COVID-19 pandemic, as well as the resulting effect on the operations of and spending by SMBs, and on consumer spending more generally, may materially and adversely affect our business, operating results and financial condition.

A significant majority of the customers that use our platforms are SMBs. Our performance is subject to worldwide economic conditions and global events, including political, economic, social and environmental risks that may impact our operations or our customers' operations and/or decrease consumer spending, both in the near-and long-term. Macroeconomic conditions and events, such as pandemics and the related measures taken by public and private actors to protect the public health (including stay-at-home orders, other global health emergencies, natural disasters, climate change and global warming, acts or threats of war or terrorism and other general security concerns) may directly and indirectly impact the operations of, and spending levels exemplified by, SMBs and consumer spending trends more generally. SMBs may be disproportionately affected by economic downturns, and given that SMBs frequently have limited budgets, SMBs could elect to choose to allocate their spending to items other than our platform, especially in times of economic uncertainty or recessions.

In addition, recent events in the global financial markets have demonstrated that businesses and industries throughout the world are very tightly intertwined and interdependent. Thus, financial developments seemingly unrelated (or solely tangentially related) to us or to our industry may materially and adversely affect us in the near-and long-term. Volatility in the market price of our Common Shares due to seemingly unrelated financial developments could impede or otherwise restrict and limit our ability to raise capital for the financing of acquisitions or other reasons. Potential price inflation caused by an excess of liquidity in countries where we conduct business may increase the cost we incur to provide our solutions and may reduce profit margins on agreements that govern our provision of products or services to customers over a multi-year period. A reduction in credit, combined with reduced economic activity, may materially and adversely affect businesses and industries that collectively constitute a significant portion of our customer base. As a result, these customers may need to reduce their purchases of our products or services, or we may experience greater difficulty in receiving payment for the products or services that these customers purchase from us. Any of these events, or any other events caused by turmoil or uncertainty in world financial markets, may have a material and adverse effect on our business, operating results, and financial conditions.

The ongoing conflit in Ukraine,including the actual or perceived threat of an exacerbation of such conflict, could have a material and adverse effect on our business, operations and financial condition.

Russia's invasion of Ukraine in February 2022 has caused, and could continue to cause, increased volatility across the global financial markets, increased inflation, and turbulence in the markets in which we operate. In response to actions undertaken by Russia in Ukraine, several countries (including Canada, the United States and other western governments) have imposed stringent economic sanctions and export control measures, and may impose additional sanctions or export control measures in the near-term, which have included severe and complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, Belarus and/or particular entities and individuals. While we do not have any direct significant exposure or connection to Russia, Ukraine or Belarus, it is uncertain as to how such events and any related economic sanctions could impact the global economy. Any negative developments in respect thereof could have a material and adverse effect on our business, operations, financial condition, and the value of our securities. Moreover, the resulting impact of sanctions imposed by western nations against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and other individuals in Russia and Belarus, could adversely impact our ability to access additional capital funding sources.

In addition, any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially and adversely affect our business, or if significant enough, may significantly impede our ability to transact in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls and foreign exchange restrictions.

Security breaches, cyber-attacks, or other attacks on our systems or other security breaches could harm our reputation or subject us to significant liability, and adversely affect our business.

As first disclosed in December 2020, the Company was the target of a ransomware cyber-attack where the attackers encrypted a number of the Company's servers. Prior to executing the encryption, the attackers accessed, copied, stole and later ultimately published, a significant number of confidential files relating to the Company's financial information, its corporate development efforts, certain private employee data, as well as certain customer information and ordering history. While the investigation has not identified any compromise to the Company's products, services or intellectual property, or any security threats that could create any additional risk for our customers from using our products, and the Company has enhanced its cybersecurity defences and invested in additional infrastructure to help detect and prevent future attempts or incidents of unauthorized access to or malicious activity on its network, the Company is subject to a number of risks and uncertainties in connection with the cyber-attack. Such risks and uncertainties include, but are not limited to: the outcome of the ongoing investigation into the cyber-attack; costs related to the investigation and any resulting liabilities, regulatory investigation or lawsuit; the Company's ability to recover any proceeds under its insurance policies; costs related to and the effectiveness of the Company's mitigation and remediation efforts; the potential loss of stakeholder confidence in the Company's ability to protect their information, and the potential adverse financial impact such loss of confidence may have on the Company's business.

Furthermore, as the nature of the Company's business involves: the collection, use and storage of confidential or commercially sensitive information about its customers, vendors, business partners and employees, including personally identifiable information, payment and account information, and intellectual property; and the development, procurement and use of various information technology systems, hardware, software and applications, the Company is subject to a number of cyber security and data privacy related risks. Such risks include, but are not limited to: potential exposure and vulnerability of the Company's (or its vendors', business partners' or third-party service providers') corporate networks or systems to cyber-attacks, which continue to evolve in terms of methods, frequency and sophistication; unauthorized access to or malicious activity on the Company's (or its vendors', business partners' or third-party service providers') corporate networks or systems, and the resulting costs, disruption to the Company's business, and potential adverse impact on its financial results and reputation; the Company's reliance on and the potential failures, weaknesses or defects in design or manufacturing of the information technology systems, hardware, software or applications used by the Company could result in business disruption and could increase the Company's vulnerability to cyber-attacks. While the Company has deployed additional security measures, invested in additional infrastructure and bolstered its cybersecurity defences in light of the 2020 cyber-attack, there can be no assurance that the Company will be able to anticipate, prevent, detect or mitigate all such cyber-attacks or information technology systems failures or disruptions.

In response to the COVID-19 pandemic, certain of our employees began working remotely, which heightens potential cybersecurity risks given the reliance on remote networking capabilities and utilization of external devices. Moreover, Russia's invasion of Ukraine in February 2022, and the growing tensions between Russia and numerous western nations, could result in potential retaliatory actions being undertaken by Russia and its supporters, including in the form of espionage, phishing campaigns and other forms of cyber-attacks. Likewise, pro-Russian ransomware gangs and cybercriminals have previously publicly threatened to increase their hacking activities in response to the implementation of sanctions and other actions taken by western countries.

Our insurance may not provide adequate levels of coverage against claims.

We maintain insurance that we believe is customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. Such losses could adversely affect our business prospects, results of operations, cash flows and financial condition.

Our insurance costs may increase significantly, we may be unable to obtain the same level of insurance coverage and our insurance coverage may not be adequate to cover all possible losses we may suffer.

We generally renew our insurance policies annually. If the cost of coverage becomes too high or if we believe certain coverage becomes inapplicable, we may need to reduce our policy limits, increase retention amounts or agree to certain exclusions from our coverage to reduce the premiums to an acceptable amount or to otherwise reduce coverage for certain occurrences. On the other hand, we may determine that we either do not have certain coverage that would be prudent for our business and the risks associated with our business or that our current coverages are too low to adequately cover such risks. In either event, we may incur additional or higher premiums for such coverage than in prior years.

Among other factors, national security concerns, catastrophic events, pandemics such as the COVID-19 pandemic, or any changes in any applicable statutory requirement binding insurance carriers to offer certain types of coverage could also adversely affect available insurance coverage and result in, among other things, increased premiums on available coverage (which may cause us to elect to reduce our policy limits or not renew our coverage) and additional exclusions from coverage. As cyber incidents and threats continue to evolve, we may be required to expend additional, perhaps significant, resources to continue to update, modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Although we maintain and monitor our information technology systems and many of our subsidiaries maintain coverage to indemnify us from losses arising from cyber attacks, such systems and insurance coverage may not be sufficient to protect against or cover all the losses we may experience as a result of any cyberattacks. We are currently reviewing and are in the process of obtaining new insurance coverage for cyber incidents on a consolidated basis.

We may suffer damage due to a casualty loss (such as fire, natural disasters, pandemics and acts of war or terrorism) or other losses, such as those related to labor, professional liability or certain actions or inactions by our management, directors, employees or others, that could severely disrupt its business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance that we believe to be adequate, such insurance may be inadequate or unavailable to cover all the risks to which our business and assets may be exposed, including risks related to certain litigation. Should an uninsured loss (including a loss that is less than the applicable deductible or that is not covered by insurance) or loss in excess of insured limits occur, it could have a significant adverse impact on our business, results of operations or financial condition.

We may have difficulties identifying, successfully completing or integrating acquisitions, or maintaining or growing our acquired businesses.

We remain committed to our dual-pronged growth strategy of organically growing our strategic portions of our business while pursuing strategic acquisitions and, at the same, remaining consistently profitable. In Fiscal 2022 we completed the NetFortris Acquisition on March 28, 2022 and in the fiscal year ended June 30, 2021 we completed the StarBlue Acquisition on March 31, 2021. In the fiscal year ended June 30, 2020, we completed the VI Acquisition in October 2019 and the acquisition of .e4, LLC in February 2020. In the fiscal year ended June 30, 2019, we completed the Digium Acquisition in September 2018. While we have the experience required to execute this strategy, we do not have control over the market conditions prevailing or likely to prevail in the future, which may impact the ability to execute this strategy. There can be no assurances that we will be able to identify suitable acquisition candidates available for sale at reasonable valuations, consummate any acquisition or successfully integrate any acquired business into our operations.

Moreover, although we are adequately financed at this stage of our growth strategy, there can be no assurance that we will be able to access further financial resources for other suitable acquisition opportunities that may become available to us. We have and will likely continue to have competition for acquisition opportunities from other parties including those that have greater financial resources or are willing to pay higher valuation multiples.

Acquisitions involve significant risks and uncertainties, including:

- unanticipated costs and liabilities;
- difficulties in marketing and integrating new products, software, businesses, operations and technology infrastructure in an efficient, effective and secure manner, including the integration of businesses where a portion or all of the business is in an adjacent industry;
- the inability to achieve synergy and cost reduction targets assumed at the time of acquisition;
- difficulties in maintaining customer and key supplier relations, including changing contract manufacturers as a result of lower volumes of business;
- the potential loss of key employees of the acquired businesses, including as a result of cultural differences between the acquired company and our own;
- the diversion of the attention of our senior management from the operation of our daily business;
- the potential adverse effect on our net debt and liquidity position as a result of all or a portion of an acquisition purchase price being paid in cash;
- the potential significant increase of our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- the potential issuance of securities that would dilute our shareholders' percentage ownership;
- the potential to incur restructuring and other related expenses, including significant transaction costs that may be incurred regardless of whether a potential strategic acquisition or investment is completed;
- use of resources that are needed in other areas of our business;
- the inability to maintain uniform standards, controls, policies and procedures, including the inability to establish and maintain adequate internal controls over financial reporting;
- difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- difficulties in securing required regulatory approvals or otherwise satisfy closing conditions for a proposed transaction in a timely manner, or at all;
- potential impairment charges on higher levels of goodwill and intangible assets as a result of impairment testing performed on a regular basis;
- higher amortization expenses related to acquired definite-lived intangible assets; and
- becoming subject to intellectual property or other litigation.

Businesses we acquire may not have disclosure controls and procedures and internal controls over financial reporting, cybersecurity controls and data privacy compliance programs, or their existing controls and programs may be weaker than or otherwise not in conformity with ours.

We have a history of acquiring businesses of varying sizes and organizational complexities. Upon consummating an acquisition, we seek to implement our disclosure controls and procedures, our internal controls over financial reporting as well as procedures relating to cybersecurity and compliance with data privacy laws and regulations at the acquired company as promptly as possible. Depending upon the nature and scale of the business acquired, the implementation of our disclosure controls and procedures as well as the implementation of our internal controls over financial reporting at an acquired company may be a lengthy process and may divert our attention from other business operations. Our integration efforts may periodically expose deficiencies or suspected deficiencies in the controls, procedures and programs of an acquired company that were not identified in our due diligence undertaken prior to consummating the acquisition. Where there exists a risk of deficiencies in controls, procedures or programs, we may not be in a position to comply with our obligations under applicable laws, regulations, rules and listing standards or we may be required to avail ourselves of scope limitations with respect to certifications required thereunder, and, as a result, our business and financial condition may be materially harmed.

Our growth strategy may require a significant amount of cash and we may require additional sources of funds if our sources of liquidity are unavailable or insufficient to fund our operations.

We may not generate sufficient cash from operations to execute our strategic growth plans or take advantage of acquisition opportunities. In order to finance our business, we may need to utilize additional borrowings other than those available under our current credit facilities. Our ability to continually access our facilities is conditional upon our compliance with covenants contained in the terms governing these facilities. We may not be in compliance with such covenants in the future. We may need to secure additional sources of funding if our cash and borrowings under our revolving credit facility are unavailable or insufficient to finance our operations. Such funding may not be available on terms satisfactory to us, or at all. In addition, any proceeds from the issuance of debt may be required to be used, in whole or in part, to make mandatory payments under our Credit Agreement. If we were to incur higher levels of debt, we would require a larger portion of our operating cash flow to be used to pay principal and interest on our indebtedness. The increased use of cash to pay indebtedness could leave us with insufficient funds to finance our operating activities, such as R&D expenses and capital expenditures. In addition, any new debt instruments may contain covenants or other restrictions that affect our business operations. If we were to raise additional funds by selling equity securities, the relative ownership of our existing investors could be diluted or the new investors could obtain terms more favorable than previous investors. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business at the rate desired and our results of operations may suffer.

We have a significant amount of debt. This debt contains customary default clauses, a breach of which may result in acceleration of the repayment of some or all of this debt.

During the year ended June 30, 2022, the Company borrowed $45,000,000 (June 30, 2021 - $52,500,000) in operating facility and loans, repaid $15,338,000 (June 30, 2021 - $14,588,000) and ended Fiscal 2022 with a balance outstanding of $104,625,000 (June 30, 2021 – $74,963,000).

The Second Amended and Restated Credit Agreement has customary default clauses. In the event Sangoma was to default on the Second Amended and Restated Credit Agreement and was unable to cure or obtain a waiver of default, the repayment of its debt owing under the Second Amended and Restated Credit Agreement may be accelerated. If acceleration were to occur, Sangoma would be required to secure alternative sources of equity or debt financing to be able to repay the debt. Alternative financing may not be available on terms satisfactory to the Company, or at all. New debt financing may require the cooperation and agreement of the Company's existing lenders. If acceptable alternative financing were unavailable, Sangoma would have to consider alternatives to fund the repayment of the debt, including the sale of part or all of the business, which sale may occur at a distressed price.

The agreements governing our indebtedness contain restrictions and limitations that could significantly impact our ability to operate our business.

The agreements governing our indebtedness contain covenants that place limitations on the dollar amounts paid or other actions relating to:

- payments in respect of, or redemptions or acquisitions of, debt or equity issued by us or our subsidiaries, including the payment of dividends on our Common Shares;

- incurring additional indebtedness;
- incurring guarantee obligations;
- engaging in sales or other dispositions of assets;
- creating liens on assets;
- entering into sale and leaseback transactions;
- making investments, loans or advances;
- entering into hedging transactions;
- engaging in mergers, consolidations or sales of all or substantially all of our assets; and
- engaging in certain transactions with affiliates.

In addition, we are required to maintain a maximum consolidated total net leverage ratio and minimum interest coverage ratio as set forth in the agreements governing such indebtedness. These restrictions could inhibit our ability to pursue our business strategies. Our ability to comply with these covenants in future periods will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control. The ability to comply with these covenants in future periods will also depend on our ability to successfully implement our overall business strategy and realize contemplated acquisition synergies.

We may also incur additional indebtedness in the future. The instruments governing such indebtedness could contain provisions that are as, or more, restrictive than those to which we are presently subject. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness, as applicable, or force us into bankruptcy or liquidation.

We expect gross margin percentage to vary over time, and our level of gross margin may not be sustainable.

Our gross margin percentage has historically fluctuated, primarily as the result of acquisitions, changes in product mix, changes in production costs, entering new geographic markets and price competition. Our current gross margin percentage may not be sustainable and our gross margin percentage may decrease. A decrease in gross margin percentage can be the result of numerous factors, including:

- acquisitions with a lower gross margin percentage than us;
- changes in customer, geographic, or product mix, including mix of configurations within each product group;
- introduction of new solutions, including those with price-performance advantages;
- our ability to reduce production costs;
- entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures;
- additional sales discounts;
- changes in the financial health of contract manufacturers or suppliers or increases in related material, component, labor or other manufacturing and inventory related costs;
- the timing of revenue recognition and revenue deferrals;
- a decrease in revenues, while certain distribution costs remain fixed;
- lower than expected benefits from value engineering;
- increased price competition;
- changes in distribution channels;
- increased warranty costs; and
- overall execution of our strategy and operating plans.

If any of these factors, or other factors unknown to us at this time, occur then our gross margin percentage could be adversely affected, which could lead to an adverse effect, which could be material on our business, financial condition and results of operations.

If we fail to attract and retain key personnel, it could adversely affect our ability to develop and effectively manage and expand our business.

Our success depends on the continued efforts and abilities of our key technical, customer-facing and management personnel. The loss of the services of any of these persons could have a material adverse effect on our business, results of operations and financial condition. We do not carry key person insurance.

Success is also highly dependent on our continuing ability to identify, hire, train, motivate and retain highly qualified management, finance, technical, sales and marketing personnel. Any such new hire may require a significant transition period prior to making a meaningful contribution to our business. Competition for qualified employees is particularly intense in the technology industry, and we have in the past experienced difficulty recruiting qualified employees. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management to execute on our business plan and to identify and pursue new opportunities and product innovations. The failure to properly manage succession plans and/or the loss of services of senior management or other key employees could significantly delay or prevent the achievement of our strategic objectives. If members of our senior management or other key employees, or people under their care, contract the COVID-19 virus, they may become unavailable to us for indefinite periods of time, which may impact our ability to execute on our objectives. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Departing executives could decide to join a competitor or otherwise compete with us. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within our business, and could adversely affect our corporate culture.

Our business could be harmed if we fail to manage our growth effectively.

The rapid growth we have experienced in our business places significant demands on our operational infrastructure. The scalability and flexibility of our platforms depend on the functionality of our technology and network infrastructure and its ability to handle increased traffic and demand for bandwidth. The growth in the number of customers using our platform and the number of requests processed through our platform has increased the amount of data that we process. Any problems with the transmission of increased data and requests could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our platform.

Our success is dependent on our ability to manage growth from managerial, financial, and human resources perspectives.

The growth of our operations places a strain on managerial, financial and human resources. Our ability to manage future growth will depend in large part upon a number of factors, including the ability to: build and train sales and marketing staff to create an expanding presence in the evolving marketplace for our products; attract and retain qualified technical personnel in order to continue to develop reliable and scalable products and services that respond to evolving customer needs; develop customer support capacity as sales increase, so that we can provide customer support without diverting resources from product development efforts; and expand our internal management and financial controls significantly, so that we can maintain control over our operations and provide support to other functional areas within our business as the number of personnel and size of our operations increase. Our inability to achieve any of these objectives could have a material adverse affect on our business, operating results, financial condition and prospects.

We may not remain competitive and increased competition could seriously harm our business.

We experience intense competition from other competitors in the UC market. Competitors may announce new products, services or enhancements including Cloud-based offerings that better meet the needs of customers or changing industry standards. In addition, because the market for our products is subject to rapid technological change as the market evolves, we may face competition in the future from companies that do not currently compete in our markets, including companies that currently compete in other sectors of the information technology, communications and software industries, who may provide new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, results of operations and financial condition. Many of our competitors and potential competitors have significantly greater technical, marketing, service or financial resources. Other competitive factors include price, performance, product features, market timing, brand recognition, product quality, product availability, breadth of product line, design expertise, customer service and post contract support. A very important selection factor from a customer perspective is a large installed customer base that has widely and productively implemented our solutions, which not only increases the potential for repeat business, but also provides reference accounts to promote our products and solutions with new customers. While management believes that we have a significant installed customer base, many of our competitors have a larger installed base of users, longer operating histories or greater name recognition. In addition, if one or more of our competitors were to merge or partner with other competitors, the change in the competitive landscape could adversely affect our ability to compete effectively.

Industry consolidation may lead to increased competition and may harm our operating results.

There has been a trend toward industry consolidation in the UC market for several years. We expect this trend to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue all or a portion of their operations. Companies that are our strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could materially adversely affect our business, operating results and financial condition.

Our success depends on our ability to continue to innovate and create new products and enhancements to our existing products.

To keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, we must enhance and improve existing products and continue to introduce new products and services. If we are unable to successfully develop new products, integrate acquired products or enhance and improve existing products or if we fail to position and/or price our products to meet market demand, our business and operating results will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditures for R&D that could adversely affect our results of operations. Further, the introduction of new products could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue.

No assurance can be provided that our solutions will remain compatible with evolving UC platforms and operating requirements. In addition, competitive or technological developments and new regulatory requirements may require us to make substantial, unanticipated investments in new products and technologies. If we are required to expend substantial resources to respond to specific technological or product changes, our operating results could be adversely affected. Our continuing ability to address these risks will depend, to a large extent, on our ability to retain a technically competent R&D staff and to adapt to rapid technological advances in the industry.

We may not receive significant revenue as a result of our current research and development efforts.

We reinvest a significant percentage of our revenue in research and development. Our investment in our current research and development efforts may not provide a sufficient, timely return. We make and will continue to make significant investments in our solutions and new technologies. Investments in new technologies are inherently speculative. Commercial success depends on many factors including the degree of innovation of the products developed through our research and development efforts, sufficient support from our strategic partners, and effective distribution and marketing. These expenditures may materially adversely affect our operating results if they are not offset by revenue increases. We continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a number of years, if at all. Moreover, new products and services may not be profitable.

We are dependent on certain technologies used in our products that are licensed on a non-exclusive basis from third parties.

We license certain technologies used in our products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to offer our solutions while we seek to implement alternative technology offered by other sources and may require significant unplanned investments. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our solutions or relating to current or future technologies. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Our success and ability to compete depends upon our ability to secure and protect patents, trademarks, and other proprietary rights.

A number of competitors and other third parties have been issued patents and may have filed patent applications or obtain additional patents and proprietary rights for technologies similar to those used in our solutions. Some of these patents may grant very broad protection to the owners of the patents. We cannot determine with certainty whether any existing third-party patents or the issuance of any third-party patents would require us to alter our technology, obtain licenses or cease certain activities. We may become subject to claims by third parties alleging our technology infringes their property rights due to the growth of software products in our target markets, the overlap in functionality of these products and the prevalence of software products. We provide our customers with a qualified indemnity against the infringement of third-party intellectual property rights. From time to time, various owners of patents and copyrighted works send us or our customers' letters alleging that our products infringe or might infringe upon the owner's intellectual property rights. We generally attempt to resolve any such matter by informing the owner of our position concerning non-infringement or invalidity. Even though we attempt to resolve these matters without litigation, it is always possible that the owner of a patent or copyrighted work will bring an action against us.

We rely on a combination of copyright and trade secret laws and contractual provisions to establish and protect our rights in our software and proprietary technology. We generally enter into non-disclosure agreements with employees and customers and historically have restricted access to our software products' source code. We regard our source code as proprietary information, and attempt to protect the source code versions of our products as trade secrets and as unpublished copyrighted works. In a few cases, we have provided copies of source code for certain products to third-party escrow agents to be released on certain predefined terms. Despite our precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of our products or otherwise obtain and use information that we regard as proprietary.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which our products may be used in the future may not protect our products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements that may be entered into in the future by us, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and we are required to negotiate limits on these provisions from time to time.

Litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish our proprietary rights. Some competitors have substantially greater resources and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than we could. Regardless of their merit, any such claims could: be time consuming; be expensive to defend; divert management's attention and focus away from the business; cause product shipment delays or stoppages; subject us to significant liabilities; and require us to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology, any of which may adversely affect our revenue, financial condition and results of operations. There can be no assurance that the steps taken by us to protect our proprietary rights will be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology.

We may be subject to new competitors because there are few technological barriers to entry in an open source software market.

One of the characteristics of open source software is that anyone may modify and redistribute the existing open source software and use it to compete with us, including forking an existing version of our open source software such as Asterisk® and/or FreePBX®. Such competition can develop without the degree of overhead and lead time required by traditional proprietary software companies. It is possible for competitors with greater resources than ours to develop their own open source solutions or acquire a smaller business that has developed open source offerings that compete with our offerings, potentially reducing the demand for, and putting price pressure on, our offerings. In addition, some competitors make their open source software available for free download and use on an ad hoc basis or may position their open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure and/or the availability of open source software will not result in price reductions, reduced operating margins and loss of market share. Additionally, any failure by us to provide high-quality technical support, or the perception that we do not provide high-quality technical support, could harm our reputation and negatively impact our ability to sell subscriptions for our open source offerings to existing and prospective customers. If we are unable to differentiate our open source offerings from those of our competitors or compete effectively with other open source offerings, our business, financial condition, operation results and cash flows could be adversely affected.

We could be prevented from selling or developing our software if the GNU General Public License and similar licenses under which our technologies are developed and licensed are not enforceable or are modified so as to become incompatible with other open source licenses.

A number of our offerings, including Asterisk® and FreePBX®, have been developed and licensed under the GNU General Public License and similar open source licenses. These licenses state that any program licensed under them may be liberally copied, modified and distributed. It is possible that a court would hold these licenses to be unenforceable or that someone could assert a claim for proprietary rights in a program developed and distributed under them. Additionally, if any of the open source components of our offerings may not be liberally copied, modified or distributed, then our ability to distribute or develop all or a portion of our offerings could be adversely impacted.

Efforts to assert intellectual property ownership rights in our technologies could impact our standing in the open source community, which could limit our technology innovation capabilities and adversely affect our business.

When we undertake actions to protect and maintain ownership and control over our intellectual property, including patents, copyrights and trademark rights, our standing in the open source community could be adversely affected as the community supports the ability to write and share code freely. This in turn could limit our ability to continue to rely on this community, upon which we are dependent, as a resource to help develop and improve our technologies and further our research and development efforts, which could adversely affect our business.

Our membership in the Open Invention Network ("OIN") community limits our ability to enforce our patent rights in certain circumstances.

As part of our commitment to the open source community, our wholly owned subsidiary Digium, Inc., participates in the Open Invention Network community and licenses patents applicable to the Linux System in certain circumstances. As part of Digium's participation, we agree, subject to certain limitations, to grant to other OIN licensees and their subsidiaries a license under Digium's patents to make, have made, use, import, or distribute any Linux System and release each such licensee from claims of infringement on those patents. This license may be suspended in the event a community member files a claim against us based products that perform substantially the same function as the Linux System, and are distributed by us our subsidiaries. This limitation on our ability to assert our patent rights against others could harm our business and ability to compete.

Our use of "open source" software could negatively affect our ability to sell our products and subject us to possible litigation.

Our products incorporate and are dependent to a significant extent on the use and development of "open source" software, and we intend to continue our use and development of open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third-party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our solutions that contained or are dependent upon the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our solutions. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change the affected platform. The terms of many open source licenses to which we are subject have not been interpreted by U.S., Canadian or foreign courts. Accordingly, there is a risk that terms of these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. The potential impact of these terms on our business is therefore uncertain and may result in unanticipated obligations regarding our solutions and technologies. Nevertheless, this position could be challenged. Any requirement to disclose our proprietary source code, termination of open source license rights or payments of damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Although we believe that we have complied with our obligations under the various applicable licenses for open source software, it is possible that we may not be aware of all instances where open source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open source licenses. We do not have robust open source software usage policies or monitoring procedures in place. We rely on multiple software programmers to design our proprietary software and we cannot be certain that our programmers have not incorporated open source software into our proprietary software that we intend to maintain as confidential or that they will not do so in the future. To the extent that we are required to disclose the source code of certain of our proprietary software developments to third parties, including our competitors, in order to comply with applicable open source license terms, such disclosure could harm our intellectual property position, competitive advantage, results of operations and financial condition. In addition, to the extent that we have failed to comply with our obligations under particular licenses for open source software, we may lose the right to continue to use and exploit such open source software in connection with our operations and solutions, which could disrupt and adversely affect our business.

We may be subject to product liability claims from customers if the occurrence of errors or failures is significant given the business-critical nature of some our solutions.

As a result of their complexity, our products and software solutions may contain undetected errors or failures when entering the market. Despite conducting testing and quality assurance, defects and errors may be found in new solutions after commencement of commercial shipments or the offering of a service using these solutions. In these circumstances, we may be unable to successfully correct the errors in a timely manner or at all. The occurrence of errors and failures in our software solutions could result in negative publicity and a loss of, or delay in, market acceptance of our software solutions. Such publicity could reduce revenue from new licenses and lead to increased customer attrition. Alleviating these errors and failures could require us to expend significant capital and other resources. The consequences of these errors and failures could have a material adverse effect on our business, results of operations, and financial condition. Further, a customer could share information about bad experiences, which could result in damage to our reputation and loss of future sales. Because many of our customers use our software solutions for business-critical applications, any errors, defects, or other performance problems could result in financial or other damage to our customers. Our customers or other third parties could seek to recover damages from us in the event of actual or alleged failures of our software solutions.

Although we maintain product liability insurance in certain limited circumstances and our license agreements with customers typically contain provisions designed to limit our exposure to potential product liability claims, it is possible that this insurance and these limitation of liability provisions may not effectively protect us against these claims and the liability and associated costs. While we have not experienced any material product liability claims to date, the sale and support of our products may entail the risk of those claims, which are likely to be substantial in light of the use of our products in critical applications. Accordingly, any such claim could have a material adverse effect upon our business, results of operations, and financial condition. In addition, defending this kind of claim, regardless of its merits, or otherwise satisfying affected customers, could entail substantial expense and require the devotion of significant time and attention by key management personnel.

Any failure to offer high-quality customer support may harm our relationships with our customers and our results of operations.

Our customers depend on our customer support teams to resolve technical and operational issues if and when they arise. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for customer support. Customer demand for support may also increase as we expand our business. Increased customer demand for customer support, without corresponding revenue, could increase costs and harm our results of operations. In addition, as we continue to expand our customer base, we need to be able to provide efficient and effective customer support that meets our customers' needs and expectations globally at scale. The number of our customers has grown significantly, which puts additional pressure on our support organization. If we are unable to provide efficient and effective customer support globally at scale, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our margins and results of operations. Our sales depend on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high- quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability to sell our platform to existing and prospective customers, our business, results of operations, and financial condition.

From time to time, we may be subject to litigation or dispute resolution that could result in significant costs to us and damage our reputation.

In addition to being subject to litigation in the ordinary course of business, we may become subject to class actions, securities litigation or other actions, including anti-trust and anti-competitive actions. Any litigation may be time consuming, expensive and distracting from the conduct of our day-to-day business. The adverse resolution of any specific lawsuit could have a material adverse effect on our financial condition and liquidity. In addition, the resolution of those matters may require us to issue additional Common Shares, which could potentially result in dilution. Expenses incurred in connection with these matters (which include fees of lawyers and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) could adversely affect our cash position.

Our success is dependent on certain strategic relationships with third parties to execute on our operations and strategy and to uphold our reputation.

We currently have strategic relationships with distributors, resellers, OEMs, system integrators and enterprise application providers. We depend on these relationships to: distribute our solutions; generate sales leads; build brand and market awareness; and implement and support our solutions. We believe that our success depends, in part, on our ability to develop and maintain strategic relationships with resellers, OEMs, system integrators, and enterprise application providers. We generally do not have long-term or exclusive agreements with these strategic partners. If we lose a strategic partner in a key market, or if a current or future strategic partner fails to adequately provide customer service to our customers, our reputation will suffer and sales of our product and services could be substantially diminished. Further, our competitors may effectively incentivize our strategic partners to favor our competitors' products or services, which could diminish our prospects. In addition, strategic partners may not perform as expected under our agreements and we may in the future have disagreements or disputes with such partners. If any such disagreements or disputes cause us to lose access to products or services from a particular supplier, or lead us to experience a significant disruption in the supply of products or services from a current supplier, they could have an adverse effect on our business and operating results.

Because we depend upon a limited number of outside contract manufacturers and warehousing relationships, our operations could be materially delayed or interrupted if we encounter any problems with these contractors.

We do not have any internal manufacturing capabilities, and we rely upon a limited number of contract manufacturers and warehousing relationships (including sole-source relationships). Our ability to ship products to our customers could therefore be significantly delayed or interrupted as a result of a variety of factors relating to our contract manufacturers and warehousing relationships, including:

- failure to effectively manage our contract manufacturer relationships and warehousing relationships, including when switching from one contract manufacturer to another as we are currently undertaking in connection with consolidating our supply chain;
- our contract manufacturers and/or warehousing relationships experiencing delays, disruptions (including fires at its facilities) or quality control problems in their manufacturing and/or logistical operations, especially given the spread of COVID-19, including its highly contagious lineages and sub-lineages, which may impact the supply of our products. The Company has manufacturing partners in multiple countries around the globe and parts for these factories come from a wide variety of sources. An outbreak of COVID-19, including any of its highly contagious lineages or sub-lineages, among manufacturing or warehouse partner employees, or the temporary closure of any of these facilities or delays in transporting any products between locations could impact our ability to fulfill customer orders;
- lead-times for required materials and components varying significantly and being dependent on factors such as the specific supplier, contract terms and the demand for each component at a given time;
- under-estimating our requirements, resulting in our contract manufacturers having inadequate materials and components required to produce our products, or overestimating our requirements, resulting in charges assessed by the contract manufacturers or liabilities for excess inventory, each of which could negatively affect our gross margins; and
- the possible absence of adequate capacity and reduced control over component availability, quality assurances, delivery schedules, manufacturing yields and costs.

We are also exposed to risks relating to the financial viability of our contract manufacturers as a result of business and industry risks that affect those manufacturers. In order to finance their businesses during economic downturns or otherwise, our contract manufacturers may need to secure additional sources of equity or debt financing. Such funding may not be available on terms satisfactory to them, or at all, which could result in a material disruption to our production requirements.

If any of our contract manufacturers are unable or unwilling to continue manufacturing our products in required volumes and quality levels, we will have to identify, qualify, select and implement acceptable alternative manufacturers, which would likely be time consuming and costly. In particular, certain contract manufacturers are sole manufacturing sources for certain of our products. A failure of our contract manufacturers to satisfy our manufacturing needs on a timely basis, as a result of the factors described above or otherwise, could result in a material disruption to our business until another manufacturer is identified and able to produce the same products, which could take a substantial amount of time, during which our results of operations, financial condition and reputation among our customers and within our industry could be materially and adversely affected. In addition, alternate sources may not be available to us or may not be in a position to satisfy our production requirements on a timely basis or at commercially reasonable prices and quality. Therefore, any significant interruption in manufacturing could result in us being unable to deliver the affected products to meet our customer orders.

We depend on sole source and limited source suppliers for key components. If these components are not available on a timely basis, or at all, we may not be able to meet scheduled product deliveries to our customers.

We depend on sole source and limited source suppliers for key components of our products. In addition, our contract manufacturers often acquire these components through purchase orders and may have no long-term commitments regarding supply or pricing from their suppliers. Lead times for various components may lengthen, which may make certain components scarce. As component demand increases and lead-times become longer, our suppliers may increase component costs. We also depend on anticipated product orders to determine our materials requirements. Lead times for limited source materials and components can be as long as twelve months, vary significantly and depend on factors such as the specific supplier, contract terms and demand for a component at a given time. From time to time, shortages in allocations of components have resulted in delays in filling orders. Shortages, price increases and delays in obtaining components in the future could impede our ability to meet customer orders. Any of these sole source or limited source suppliers could stop producing the components, cease operations entirely, or be acquired by, or enter into exclusive arrangements with, our competitors. As a result, these sole source and limited source suppliers may stop selling their components to our contract manufacturers at commercially reasonable prices, or at all. Any such interruption, delay or inability to obtain these components from alternate sources at acceptable prices and within a reasonable amount of time would adversely affect our ability to meet scheduled product deliveries to our customers and reduce margins realized by us.

System or network failures or information security breaches in connection with our solutions and services could reduce our sales, impair our reputation, increase costs or result in liability claims, and seriously harm our business.

We provide hosting services as part of our Cloud solutions. These hosting services, which generally take place through third-party data centers, depend upon the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by natural disaster, pandemics, fire, power loss, telecommunications or internet failure, unauthorized intrusion, computer viruses and other similar damaging events. If any of the data centers we use were to become inoperable for an extended period, we might be unable to provide our customers with contracted services, which may result in lost revenue and our customers may cease to use our services entirely. Moreover, to the extent that any system failure or similar event results in damages to customers or their businesses, these customers could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly to address. Although we take what we believe to be reasonable precautions against such occurrences, and we maintain business interruption insurance in certain limited circumstances, no assurance can be given that damaging events such as these will not result in a prolonged interruption of our services, which could result in customer dissatisfaction, loss of revenue and damage to our business.

As a provider of hosted services, we receive confidential information. There can be no assurance that this information will not be subject to computer break-ins, theft, and other improper activity that could jeopardize the security of information for which we are responsible. Any such lapse in security could expose us to litigation, loss of customers, or otherwise harm our business. In addition, any person who is able to circumvent our security measures could misappropriate proprietary or confidential customer information or cause interruptions in our operations.

Interruptions or other issues in the proper functioning of or upgrades to our information technology systems could cause disruption to our operations.

Our information technology systems require periodic modifications, upgrades, and replacement that subject us to costs and risks, including potential disruption to our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel or outside firms to implement and operate existing or new systems, diversion of management's attention from other aspects of our business, and other risks and costs of delays or difficulties in transitioning to new or modified information technology systems or of integrating new or modified information technology systems into our current technical infrastructure.

We are continually improving and upgrading our information technology systems. Implementation of new information technology systems is complex, expensive, and time-consuming. If we fail to timely and successfully implement new information technology systems, or improvements or upgrades to existing information technology systems, or if such information technology systems do not operate as intended, this could have an adverse impact on our business, internal controls (including internal controls over financial reporting), results of operations and financial condition.

We heavily rely on our information technology systems to manage our various business operations and regulatory compliance. Our technical infrastructure may be subject to damage or interruption from a variety of sources, including power outages, computer and telecommunications failures, computer viruses, cyber security breaches, vandalism, severe weather conditions, catastrophic events, terrorism, and human error. If our information technology systems are damaged, fail to function properly, or otherwise become compromised or unavailable, we may incur substantial costs to repair or replace them, and we may experience loss of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business, results of operations and financial condition.

We rely on carriers and network service providers to provide network capacity and connectivity, the absence or disruption of which may adversely affect our cloud segment.

We purchase network capacity wholesale from carriers, which we resell to our customers in various retail offerings. If any of these carriers or network service providers experience disruptions to their operations, even if only for a limited time, cease operations, or otherwise terminate the services that we depend on, the delay in switching our technology to another carrier or network service provider, if available, and qualifying them could damage our reputation with our customers, expose us to liability, cause us to lose customers, or have a material adverse effect on our business, financial condition or operating results. We may incur significant costs for switching our technology or taking other actions in preparation for, or in reaction to, disruptions in the operations of these carriers or network service providers. The rates we pay to our carriers and network service providers may also increase, which may reduce our profitability and increase the retail price of our service.

Any impairment of the performance of our solutions or problems in providing our network services to our customers, even if for a limited time, could have an adverse effect on our business, financial condition and operating results.

The significance of our international operations increases our exposure to international business risks that could cause our operating results to suffer.

We intend to maintain our international operations, which may include entry into additional international markets. The possible expansion of our international operations will require management attention and financial resources to establish additional foreign operations, hire additional personnel, and recruit additional international resellers. Incremental revenue may not be adequate to cover the expenses of international expansion. Our possible expansion into new international markets may take longer than anticipated and could directly impact how quickly we increase product sales into these markets. International markets may take additional time and resources to penetrate successfully. Any disruption in the ability of our personnel to travel could impact our ability to expand international operations and to service our international customers, which could, in turn, have a material adverse effect on our business, results of operations and financial condition. Other risks that we may encounter in conducting international business activities generally could include the following: economic and political instability; unexpected changes in foreign regulatory requirements and laws; tariffs and other trade barriers; timing, cost, and potential difficulty of adapting our product to the local language standards; longer sales cycles and accounts receivable cash collections cycles; potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems; fluctuations in foreign currencies; difficulty in enforcing contracts; lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing foreign laws, standards, regulatory requirements, export controls and other barriers; difficulties in ensuring compliance with countries' multiple, conflicting and changing international trade, customs and sanctions laws; compliance with U.S., Canadian and foreign anti-corruption, anti-bribery, and anti-money laundering laws; data privacy laws which may require that customer and consumer data be stored and processed in a designated territory; difficulties in managing systems integrators and technology partners; different technology standards; limitations on technology infrastructure, which could limit our ability to migrate international operations to our existing systems and, could result in increased costs; reduced or uncertain protection for intellectual property rights in some countries; new and different sources of competition; reduced demand for our products at historical price points; difficulties in managing and staffing international operations and differing employer/employee relationships and local employment laws; and restrictions on the repatriation of funds.

Changes in the value of the United States dollar, as compared to the currencies of other countries where we transact business, including the U.S., could harm our operating results and financial condition.

We actively pursue a strategy of growth by acquisition, which exposes us to revenue denominated in numerous foreign currencies. Our organizational structure has changed to include a larger presence in the US and International markets.

Approximately 93% of our revenue in Fiscal 2022 was generated from our North American operations and approximately 7% of our revenue was derived from our international operations. Substantially all of the revenue generated in Fiscal 2022 was denominated in US dollars. Please refer to Note 19 entitled "Segment Disclosures" of the 2022 Annual Financial Statements.

Changes in foreign exchange rates between the currencies in which the Company transacts could have a material effect, either favourable or adverse, on both our revenue, expenses and financial condition on a go-forward basis.

We may have exposure to greater than anticipated tax liabilities or expenses.

We conduct our business operations in various foreign jurisdictions and through legal entities or branch offices primarily in Canada, the United States, Ireland, United Kingdom, Hong Kong, the Philippines and India. Accordingly, we are subject to income taxes as well as non-income based taxes in Canada, as well as these and other foreign jurisdictions and our tax structure is subject to review by numerous taxation authorities. The tax laws of these jurisdictions have detailed and varied tax rules, which are subject to change.

Significant judgment is required in determining our worldwide provision for income taxes, deferred tax assets and other tax liabilities. Although we strive to ensure that our tax estimates and filing positions are reasonable, no assurance can be provided that the final determination of any tax audits or litigation will not be different from what is reflected in our historical income tax provisions and accruals, and any such differences may materially affect our operating results for the affected period or periods. We also have exposure to additional non-income tax liabilities such as payroll, sales, use, value-added, non-resident withholding, repatriation, net worth, property, harmonized and goods and services taxes in Canada, the United States, Ireland, the United Kingdom, Hong Kong, India and other foreign jurisdictions.

International taxation authorities, including the Canada Revenue Agency, the United States Internal Revenue Service, the Irish Tax Authorities, the United Kingdom's HM Revenue and Customs and the India Revenue Agency, could challenge the validity of our tax filings or introduce new tax legislation. If any of these taxation authorities are successful in challenging our tax filings or introduce new tax legislation, our income tax expense may be adversely affected and it could also be subject to interest and penalty charges. Any such increase in our income tax expense and related interest and penalties could have a significant impact on future net earnings and future cash flows.

Transfer pricing rules may adversely affect our income tax expense.

We conduct business operations in various jurisdictions and through legal entities in Canada, the United States, throughout Europe and elsewhere. We and certain of our subsidiaries provide solutions and services to, and undertake certain significant transactions with, other subsidiaries in different jurisdictions. The tax laws of many of these jurisdictions have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles. Contemporaneous documentation must exist to support this pricing. The taxation authorities in the jurisdictions where we carry on business could challenge our transfer pricing policies. International transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgment. If any of these taxation authorities are successful in challenging our transfer pricing policies, our income tax expense may be adversely affected and we could also be subjected to interest and penalty charges. Any increase in our income tax expense and related interest and penalties could have a significant impact on our future earnings and future cash flows.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

We currently conduct activities in the United States and other jurisdictions through our subsidiaries pursuant to transfer pricing arrangements and may in the future conduct operations in other jurisdictions pursuant to similar arrangements. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us.

Changes in privacy and contact center laws and regulations may adversely impact our ability to compete and operate in our current markets and cause our operating results to suffer.

Our customers can use our solutions and services to collect, use, process and store information regarding their customers and other individuals. Federal, provincial, and foreign government bodies and agencies may adopt or change laws and regulations regarding the collection, use, processing, storage and disclosure of personal information obtained from consumers and other individuals. In the EU, some of our operations are subject to the EU's General Data Protection Regulation ("**GDPR**") which took effect May 25, 2018. The GDPR introduced a number of obligations for companies including, for example, expanded disclosures about how personal data is to be used, mechanisms for obtaining consent from data subjects, controls for data subjects with respect to their personal data, limitations on retention of personal data and mandatory data breach notifications. Additionally, the GDPR places companies under certain obligations relating to data transfers and the security of the personal data they possess. Given the breadth of the GDPR, there can be no assurance that the measures we have taken for the purposes of compliance will be successful in preventing breach of the GDPR. Recently, the Federal Communication Commission has introduced new rules and regulations regarding compliance with "do not call" lists and robocall mitigation which could adversely affect our TaaS offering given the increased compliance. In addition to government regulatory activity, privacy advocacy groups and the technology industry and other industries may consider various new, additional or different self-regulatory standards that may place additional burdens directly on our customers and target customers, and indirectly on us. Our solutions and services are expected to be capable of use by our customers in compliance with all applicable laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business, and failure to enable our products to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect our customers' ability or desire to collect, use, process and store certain information, which could reduce demand for our solutions and services.

We may incur additional costs to maintain legitimate means for our transfer and receipt of personal data from the EEA, or may be unable to maintain such legitimate means.

With regard to transfers to the United States of personal data (as such term is defined under the General Data Protection Regulation) from employees, customers and users or our European companies, we relied until March 2021 upon the EU – U.S. Privacy Shield, as well as EU standard contractual clauses in certain circumstances, and upon GDPR. The EU – U.S. Privacy Shield and EU standard contractual clauses have been subject to legal challenge, resulting in the EU – U.S. Privacy Shield being invalidated by the Court of Justice of the European Union (CJEU). While the validity of the EU standard contractual clauses was confirmed by the Court, the use of the standard contractual clauses with respect to data transfers from the EEA or the UK to the United States may be subject to further challenge. Sangoma withdrew from the EU-US Privacy Shield in March 2021 and since that time we have relied on GDPR and EU standard contractual clauses. We may experience reluctance or refusal by current or prospective European customers to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of EEA or UK residents, including arrangements to store and process such data outside the United States. The regulatory environment applicable to the handling of personal data from the EEA or the UK, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs, and could result in our business, operating results and financial condition being harmed. Should we transfer the personal data of EEA/UK residents to the United States without a GDPR-compliant solution, we and our customers may face a risk of enforcement actions by data protection authorities in the EEA and the UK relating to personal data transfers to us and by us from the EEA or the UK. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results and financial condition.

Our results of operating activities may vary significantly from quarter to quarter and therefore may be difficult to predict or may fail to meet investment community expectations.

Our revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. In addition, our operating results may not follow any past trends. The factors affecting revenue and results, many of which are outside of our control, include: foreign exchange fluctuations; competitive conditions; market acceptance of our solutions and services; the ability to hire, train and retain sufficient sales and professional services staff; the ability to complete our service obligations related to product sales in a timely manner; varying size, timing and contractual terms of orders for products, which may delay the recognition of revenue; the ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts; the discretionary nature of customers' purchase and budget cycles and changes in their budgets for, and timing of, software and related purchases; the length and variability of the sales cycles for our products; strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy; general weakening of the economy resulting in a decrease in the overall demand for enterprise communication solutions and services or otherwise affecting customers' capital investment levels in enterprise communications; changes in our pricing policies and the pricing policies of our competitors; timing of product development and new product initiatives; changes in the mix of revenue attributable to substantially lower-margin product revenue as opposed to higher-margin product and Cloud solutions and/or services revenue; timing of expenses and recognition of revenue; the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure; and changes in laws and regulations that impact our business.

While we have consistently managed our businesses by scaling our costs to prevailing revenue levels to ensure that we operate profitably and generate positive cash flows to, in part, fund our acquisition strategy, no assurance can be provided that we will be able to sustain this profitability on a quarterly or annual basis.

We, on at least an annual basis, review the value of acquired intangibles and goodwill to determine whether any impairment exists. We also periodically review opportunities to organize operations more efficiently, and may record restructuring charges in connection with any such reorganization. Our acquisition strategy provides management with a regular opportunity with each new acquisition to revisit and re-organize our operations to leverage the strength and synergies introduced by new organizations. Any write-down of intangible assets or goodwill or restructuring charges in the future could affect our results of operations materially and adversely and as a result our share price may decline.

We incur increased costs as a result of being a public company in the United States, and our management is required to devote substantial time to public company compliance efforts.

During Fiscal 2022 we became a public company in the United States on the Nasdaq and as a result, we incur additional legal, accounting, stock exchange, reporting and other expenses that we did not incur as a public company in Canada. The additional demands associated with being a U.S. public company may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue-producing activities to additional management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our business. Any of these effects could harm our business, results of operations and financial condition. If our efforts to comply with new United States laws, regulations and standards differ from the activities intended by regulatory or governing bodies, such regulatory bodies or third parties may initiate legal proceedings against us and our business may be adversely affected. As a public company in the United States, it is more expensive for us to maintain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to continue our coverage. These factors could also make it more difficult for us to attract and retain qualified directors.

We identified a material weakness in our internal controls which, if not remediated appropriately or in a timely manner, could result in, among other things, loss of investor confidence and adversely impact our stock price.

The U.S. Sarbanes-Oxley Act 2002, as amended (the "**U.S. Sarbanes-Oxley Act**"), requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. Pursuant to Section 404 of the U.S. Sarbanes-Oxley Act ("**Section 404**"), we will be required to furnish a report by our management on our internal control over financial reporting ("**ICFR**"), which, if or when we are no longer an emerging growth company, must be accompanied by an attestation report on ICFR issued by our independent registered public accounting firm.

To achieve compliance with Section 404 within the prescribed period, we will document and evaluate our ICFR, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of our ICFR, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for ICFR.

As disclosed in our management's discussion and analysis for the year ended June 30, 2022, management identified a material weakness in internal control related to certain identified deficiencies, as further described therein. As a result, management concluded that our ICFR was not effective as of June 30, 2022. We are in the process of implementing remedial measures and, while there can be no assurance that our efforts will be successful, if at all, we anticipate that our plan to remediate the material weakness will be completed prior to the end of fiscal 2023. These measures will result in additional technology and other expenses. If we are unable to remediate the material weakness, or are otherwise unable to maintain effective ICFR or disclosure controls and procedures, or should another material weakness be identified, our ability to record, process and report financial information accurately, and prepare financial statements within required time periods, could be materially and adversely affected, any of which could subject us to litigation or investigations by regulatory authorities, such as the United States Department of Justice and the United States Securities and Exchange Commission (the "**SEC**"), requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq or any other U.S.-based exchange.

As a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to our shareholders.

We are a "foreign private issuer" as such term is defined in Rule 405 under the United States Securities Act of 1933, as amended, and are permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare our disclosure documents filed under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") in accordance with Canadian disclosure requirements. Under the Exchange Act, we are subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, we do not file the same reports that a U.S. domestic issuer would file with the SEC, although we are required to file or furnish to the SEC the continuous disclosure documents that we are required to file in Canada under Canadian securities laws. In addition, our officers, directors, and principal shareholders are exempt from the reporting and "short swing" profit recovery provisions of Section 16 of the Exchange Act. Therefore, our shareholders may not know on as timely a basis when our officers, directors and principal shareholders purchase or sell shares, as the reporting deadlines under the corresponding Canadian insider reporting requirements are longer than those set forth under U.S. securities laws.

As a foreign private issuer, we are also exempt from the rules and regulations promulgated under the Exchange Act related to the furnishing and content of proxy statements. We are also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While we expect to comply with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should therefore not expect to receive in every case the same information at the same time as such information is provided by U.S. domestic companies.

In addition, as a foreign private issuer, we have the option to follow certain Canadian corporate governance practices, except to the extent that such laws would be contrary to U.S. securities laws, and provided that we disclose the requirements we are not following and describe the Canadian practices we follow instead. For example, we do not intend to follow the minimum quorum requirements for shareholder meetings as well as certain shareholder approval requirements prior to the issuance of securities under Nasdaq listing rules, as permitted for foreign private issuers. As a result, our shareholders may not have the same protections afforded to shareholders of U.S. domestic companies that are subject to all U.S. corporate governance requirements.

We may cease to qualify as a foreign private issuer if a majority of our shares are held in the United States and we fail to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if (i) a majority of our directors or executive officers are U.S. citizens or residents; (ii) a majority of our assets are located in the United States; or (iii) our business is administered principally in the United States. If we cease to qualify, we will be subject to the same reporting requirements and corporate governance requirements as a U.S. domestic issuer which could increase our costs of being a public company in the United States. Additionally, the regulatory and compliance costs to us under securities laws as a U.S. domestic issuer will be significantly more than the costs incurred as a Canadian foreign private issuer, and therefore could materially impact our financial condition.

We are an emerging growth company and intend to take advantage of reduced disclosure requirements applicable to emerging growth companies, which could make our Common Shares less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earliest to occur of (i) the last day of the fiscal year in which we have total annual gross revenue of $1.07 billion or more; (ii) June 30, 2027 (the last day of the fiscal year ending after the fifth anniversary of the effective date of our registration statement on Form F-10); (iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period; or (iv) the date we qualify as a "large accelerated filer" under the rules of the SEC, which means the market value of our Common Shares held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second fiscal quarter after we have been a reporting company in the United States for at least 12 months. For so long as we remain an emerging growth company, we are permitted to and intend to rely upon exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404. We may take advantage of some, but not all, of the available exemptions available to emerging growth companies. We cannot predict whether investors will find our Common Shares less attractive if we rely on these exemptions. If some investors find our Common Shares less attractive as a result, there may be a less active trading market for our Common Shares and the price of our Common Shares may be more volatile.

Dual listed shares may be exposed to increased volatility.

The Company's listing on both the TSX and Nasdaq may increase volatility due to the ability to buy and sell Common Shares in two places, different market conditions in different capital markets, and different trading volumes, This may result in less liquidity on both exchanges, different liquidity levels, and different prevailing trading prices.

If a United States person is treated as owning at least 10% of our Common Shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our Common Shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group. Because our group includes one or more U.S. subsidiaries, we expect that certain of our non-U.S. subsidiaries will be treated as controlled foreign corporations (regardless of whether or not we are treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income," and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to any such controlled foreign corporation or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our Common Shares.

We may be a passive foreign investment company, which may result in adverse U.S. federal income tax consequences for U.S. Holders of Common Shares.

Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes. Based on the nature of our income and the value and composition of our assets, we do not believe we were a PFIC during the taxable year ended June 30, 2022. We have not yet completed our PFIC analysis for the taxable year ended June 30, 2023. Because PFIC status is determined on an annual basis and generally cannot be determined until the end of the taxable year, there can be no assurance that we will not be a PFIC for the current or future taxable years and that we were not a PFIC in 2022. If we are characterized as a PFIC, our shareholders who are U.S. Holders may suffer adverse tax consequences, including the treatment of gains realized on the sale of our Common Shares as ordinary income, rather than as capital gain, the loss of the preferential rate applicable to dividends received on our Common Shares by individuals who are U.S. Holders, and the addition of interest charges to the tax on such gains and certain distributions. A U.S. shareholder of a PFIC generally may mitigate these adverse U.S. federal income tax consequences by making a Qualified Electing Fund election, or, to a lesser extent, a mark-to-market election. However, we do not intend to provide the information necessary for U.S. Holders to make Qualified Electing Fund elections if we are classified as a PFIC.

Our share price in the past has been volatile, and may continue to be volatile or may decline significantly regardless of our operating performance, and investors may not be able to resell shares at or above the price at which they purchased the shares.

Our Common Shares are publicly traded on the TSX and the Nasdaq. At times, the share price has been volatile. The market price of our Common Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control and which may be accentuated due to the relatively low average daily trading volume in our Common Shares. The factors include:

- fluctuations in the overall stock market;
- actual or anticipated fluctuations in our quarterly operating results;
- the exercise of options and subsequent sales of shares by option holders, including those held by our senior management and other employees;
- sales or perceived sales of additional Common Shares;
- addition to or departure of our executive officers, directors and/or other key personnel;
- actual or anticipated developments in our competitors' businesses or the competitive landscape generally;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- the failure of securities analysts to cover the Company and/or changes in financial forecasts and recommendations by securities analysts;
- operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies;
- fluctuations to the costs of vital products and services used by us in our business;
- size of our public float;
- short sales, hedging and other derivative transactions involving our Common Shares;
- release or expiration of transfer restrictions on outstanding Common Shares (including Common Shares subject to lock-up restrictions);
- fluctuations in foreign exchange rates;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- financial projections we may provide to the public, any changes in these projections or failure to meet these projections;
- litigation involving us, our industry, or both;
- news reports, investor speculation, social media, chat rooms and other methods of information dissemination concerning trends, concerns, technological or competitive developments, regulatory matters and other related issues in our industry or target markets;
- current and future global economic, political and social conditions, including the COVID-19 pandemic, rising inflation rates and fears about a global recession;
- regulatory changes affecting our industry generally and our business and operations; and
- natural disasters, terrorist attacks and acts of war, including the ongoing military conflict in Ukraine.

In addition, at various times, the stock markets, including the TSX and the Nasdaq, have experienced extreme price and volume fluctuations that have affected the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have initiated securities class action litigation following declines in stock prices of technology companies. Any future litigation may subject us to substantial costs, divert resources and the attention of management from our business, which could harm our business and operating results.

There can be no assurance that an active trading market for the Common Shares will be sustained in the future on the TSX and the Nasdaq or any other regulated public market. If an active public market is not sustained, the liquidity of an investment in the Common Shares may be limited and our share price may decline.

We are subject to export and import controls and anti-corruption and economic sanctions laws that could impair our ability to offer our platform internationally or subject us to liability if we are not in compliance with applicable laws.

As a result of our international operations, we and the companies we have acquired are subject to a number of Canadian, U.S. and foreign laws relating to anti-corruption, economic sanctions and to export and import controls which presently limit and could limit further our ability to offer our platform in certain jurisdictions or to certain customers. In addition, the export of our technology, hardware or software in certain jurisdictions may require governmental authorizations. Complying with export or import controls and anti-corruption and economic sanctions laws may be time-consuming and result in the delay or loss of business opportunities.

Any change in export or import controls, anti-corruption laws, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such restrictions or legislation, could result in decreased use of our products by customers or in our decreased ability to offer our products internationally, which would harm our business, operating results and financial condition. Furthermore, failure to comply with export or import controls or with anti-corruption or economic sanctions laws may expose us to government investigations, more onerous compliance requirements and significant penalties, which could harm our business, operating results and financial condition. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

Trade wars and changes in international trade law and policies may have a material adverse effect on our business, financial condition and results of operations.

As a global company, our success depends on our ability to sell across borders. Trade wars and changes in laws and policy relating to trade or taxes may have an adverse effect on our business, financial condition and results of operations. More specifically, the geopolitical environment of the markets where we operate may influence customer demand for our products and may have an impact on input costs. For instance, any potential changes in the economic and political climate in the United States, such as the potential changes to, or the termination of, trade agreements between the United States and the EU, or among Canada, the United States and Mexico, or the increased geopolitical uncertainty in the EU, could impact our business and our sales and profitability.

Changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regards to a wide range of matters that are relevant to our business, including revenue recognition, impairment of goodwill and intangible assets, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments or if actual circumstances differ from those in our assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Further, our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Climate change may have an impact on our business.

While we seek to mitigate our business risks associated with climate change, we recognize that there are inherent climate-related risks wherever business is conducted. Any of our locations may be vulnerable to the adverse effects of climate change. Furthermore, it is more difficult to mitigate the impact of these events on our employees while they work from home as a result of the COVID-19 pandemic. Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the United States, Canada and elsewhere have the potential to disrupt our business, the business of our suppliers, and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. In particular, we rely on data centers to deliver our solutions, which consume significant amounts of energy. To the extent that energy prices increase as a result of carbon pricing or other measures, this could affect our cost structure.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Annual Information Form and within the Company's financial statements, no director or executive officer of Sangoma and, to the knowledge of the directors and executive officers of Sangoma, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the Company's outstanding Common Shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within our three most recently completed financial years or in any proposed transaction which has materially affected or is reasonably expected to materially affect Sangoma or any of its subsidiaries on a consolidated basis.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Sangoma is not aware of any legal proceedings material to the Company to which it is a party, or that any of the Company's property is or was the subject of, during Fiscal 2022 nor is Sangoma aware of any such legal proceedings being contemplated.

To the best of the Company's knowledge, Sangoma is not currently a party to any regulatory investigation or proceeding or subject to any potential penalty or sanction, individually or in the aggregate, relating to securities legislation, which is likely to have a material adverse effect on the business, operations or financial condition of the Company as a whole. Further, Sangoma has not entered into any settlement agreements before a court or regulatory authority relating to securities legislation during Fiscal 2022.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Except as follows, Sangoma did not enter into any material contracts during the twelve months ended June 30, 2022 or before the twelve months ended June 30, 2022 that are still in effect, other than in the ordinary course of business:

- Second Amended and Restated Credit Agreement among Sangoma Technologies Inc. and Sangoma U.S. Inc. and the Toronto-Dominion Bank and certain of its subsidiaries and the Bank of Montreal and certain of its subsidiaries dated as of March 28, 2022, as amended on June 28, 2022.
- Stock purchase agreement among the Company, Sangoma Technologies U.S. Inc., the Sellers and Holdings, solely in its capacity as the sellers' representative, dated January 28, 2021, in connection with the StarBlue Acquisition.
- Underwriting agreement among the 2020 Offering Underwriters and the Company dated July 24, 2020 in connection with the 2020 Offering.
- Asset Purchase Agreement among Sangoma, certain of Sangoma's subsidiaries, Dialogic Corporation and certain of Dialogic Corporation's subsidiaries dated January 8, 2018 in connection with the acquisition of Converged Communications Division.

INTERESTS OF EXPERTS

MNP LLP, the external auditors of the Company, reported on the 2022 Annual Financial Statements. MNP LLP has advised the Company that they are independent of the Company within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario). None of the directors, officers or employees of MNP LLP, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any of associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under Sangoma's SEDAR profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular dated November 25, 2021 prepared and filed in connection with our annual meeting of shareholders held on December 29, 2021. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the year ended June 30, 2022.

GLOSSARY OF TECHNICAL TERMS

Analog: Analog telephony is the telephone system that dates back to the original experiments by Alexander Graham Bell. The voice signal is picked up by a microphone and transmitted to the central office. Voice signals from the central office consist of voltages that drive a headset to produce sound. Analog means that the voice pressure signals are represented by voltages levels on the line.

API: An Application Program Interface ("**API**") is a purpose-built interface that allows fourth party software to interact with a particular application. A typical API is the user interface for Windows that allow programmers to write programs for Windows that use all its built-in utilities. APIs do not depend on revealing source code, in general. They are usually well documented and include sample programs that make development easy.

Codec: In the telephony context a codec is a mechanism of digitally encoding voice. On the PSTN a voice channel takes up 64kbps in a codec standard called G.711. Cell phones use a codec called GSM that compress the voice further so that a GSM call consumes about 24kbps. Other compressed codecs are used in VoIP to conserve bandwidth. These include standards such as G.729 and G.723. Most audio codecs are lousy, in that some of the voice quality is degraded by the compression. On the other hand, as bandwidth becomes cheaper, VoIP allows one to use other codecs that in fact use more bandwidth than the PSTN, the so-called broadband codecs that have DVD-like voice quality.

Digital telephony: In the modern PSTN only the "last mile" line to the customer is still analog, all other internal parts of the network are digital. Digital in this case means that at the central office the analog signal from the subscriber's telephone is sampled digitally, converting the line voltages to a series of numbers that can be easily transmitted error free over long distances. See T1, E1 below.

Gateway: In the telephony context this is typically a separate unit with its own case and power supply that provides VoIP-to-PSTN services for a VoIP network. Almost all gateway devices use SIP interfaces to the VoIP system over Ethernet and have analog or digital telephony interfaces that connect to the PSTN. VoIP gateways are available from many manufacturers including Audiocodes, Cisco, Grandstream, Patton Electronics and many others.

ISDN: Integrated Services Digital Network ("**ISDN**") is a set of communications standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network. Of the many variations of ISDN, Sangoma supports Basic Rate Interface ("**BRI**") which is essentially an all-digital replacement for ordinary analog lines and Primary Rate Interface ("**PRI**") which is used over T1 and E1 lines. BRI is very popular outside of North America. PRI is used worldwide.

IP: The Internet Protocol ("**IP**") is the primary protocol in the internet layer of the IP suite and delivers data packets from the source host to the destination host solely based on the IP address.

IP-PBX: IP-PBX is a VoIP-based PBX that uses IP to deliver calls from the PSTN or VOIP network to phones in a single or multiple locations.

ISP: Internet Service Provider ("**ISP**").

IVR: Interactive Voice Response ("**IVR**") systems use the phone to navigate a menu, for example those used by banks to allow access to customer's account information. IVR systems have typically been driven by dial tones as the buttons on your phone are pressed, but increasingly they are using voice recognition for navigation.

Open Source: Open Source software is distributed free subject to certain conditions. Open Source licenses usually stipulate that source code must always be distributed or made available, and any improvements in the code have to be donated back to the community. It is possible to have dual licensing: Open Source to the community and also a closed, commercial license of the same or similar software.

NetBorder: NetBorder is the trade name of a Sangoma SIP to PSTN gateway product. It includes several other functions in addition to the PSTN gateway function. The mass marketed version is known as NetBorder Express or NBE.

PBX: A Private Branch Exchange ("**PBX**") is an enterprise communication system that is typically On- premise to deliver calls from the PSTN or VoIP network to phones in a single or multiple locations.

PSTN: A Public Switched Telephone Network (" **PSTN**") is the standard telephone network that has been in operation for many decades. A telephone or FAX or PBX or other telephony device is generally connected to an analog line at a wall plug, which is connected by "last mile" cabling to the central office. The analog signal from the device is converted to a digital signal at the Telco central office and is multiplexed, 24 simultaneous voice channels per line (in North America) onto a T1 for onward transmission. At the other end of the line the digital channel is reconverted to analog for transmission over the "last mile" to the receiving phone or other device.

SBC: A Session Border Controller ("**SBC**") is a device deployed in VoIP networks to exert control over the signaling and usually also the media streams involved in setting up, conducting, and tearing down telephone calls or other interactive media communications. SBCs are deployed as demarcation points between enterprises and service providers and between service provider networks.

Signalling: Call setup and tear down is remarkably complicated, involving such things as responding to the different tones as well as generating them, caller identification and handling the different features like hook- flash and voicemail properly. There are different signalling mechanisms for different types of circuits. Analog circuits use tones such as out-of-order, busy, ringing as well as the dialling tones. T1 lines often use a data protocol called ISDN PRI, where packets of control data are exchanged on a separate data channel. ISDN PRI is a simplification of the general signalling protocol used internally by the telecommunications networks known as SS7. In all cases signalling has to be exactly compatible with what the Telco expects, so interoperability and standards are important.

SIP: Session Initiation Protocol ("**SIP**") is the emerging standard signalling protocol for VoIP, though it has much broader applications. SIP is responsible for setting up and teardown of two party and multiparty calls, as well as a host of management features. To a great and increasing extent, VoIP calls are SIP based. The term SIP Trunk is used to describe the provision of a SIP line to an end customer.

T1, E1: A T1 line is a circuit that carries 24 digital telephone calls simultaneously. At higher densities, 28 T1s are aggregated into a T3 line carrying 672 calls. Larger offices can also connect to the central office via T1 directly, so as to have only one circuit for up to 24 calls. T1 is standard in North America and Japan while E1 is the standard in the rest of the world. E1 carries 30 channels of digitized voice per line.

TDM: Time Division Multiplexing ("**TDM**") is used in circuit switched networks to increase the number of calls carried simultaneously on any one circuit and formed the basis for the digital telephony networks.

Unified Communications: Unified Communications ("**UC**") is a concept in which voice, email, messaging, video and any other type of communication are all considered forms of data that can be combined, manipulated and used in intelligent applications in a seamless way.

VoIP: Voice over IP ("**VoIP**") is the transfer of voice traffic over the IP. IP is used universally for all networking including local area networks and private networks, not just the Internet. As such, VoIP is not necessarily voice over the Internet, but voice over general data networks.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

SANGOMA TECHNOLOGIES CORPORATION

(the "Corporation")

(Implemented pursuant to National Instrument 52-110)

National Instrument 52-110 – *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees, effective March 30, 2004, as amended, applies to the Corporation. The Instrument requires all affected issuers to have a written audit committee Charter which must be disclosed, as stipulated by Form 52-110F1 - *Audit Committee Information Required in an AIF*, in its annual information form.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

(a) improve the quality of the Corporation's financial reporting;

(b) assist the board of directors to properly and fully discharge its responsibilities;

(c) provide an avenue of enhanced communication between the directors and external auditors;

(d) enhance the external auditor's independence;

(e) increase the credibility and objectivity of financial reports;

(f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors; and

(g) overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation.

1.1 ***Definitions***

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"Affiliate" means a corporation that is a subsidiary of another corporation or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Charter" means this audit committee charter;

"Committee" means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

"financially literate" has the meaning set forth in Section 1.2;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"Instrument" means National Instrument 52-110 – *Audit Committees*;

"MD&A" has the meaning ascribed to it in National Instrument 51-102; "Member" means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 – *Continuous Disclosure Obligations*; and

"non-audit services" means services other than audit services.

1.2 *Meaning of Financially Literate*

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

PART 2

2.1 *Audit Committee*

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 *Relationship with External Auditors*

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall review and, if advisable, select and recommend for the board of directors and shareholder approval the appointment of the external auditors for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.

2. The Committee shall recommend to the board of directors and have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

3. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

    (a) reviewing the audit plan with management and the external auditor;

    (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

    (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;

(f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

(g) reviewing interim unaudited financial statements before release to the public;

(h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, and management's discussion and analysis;

(i) reviewing the evaluation of internal controls by the external auditor, together with management's response;

(j) reviewing the terms of reference of the internal auditor, if any;

(k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses;

(l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable;

(m) reviewing and assessing the Committee's performance, effectiveness and contribution, including an evaluation of whether this Charter appropriately addresses the matters that are and should be within its scope. The Committee will conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the board of directors, including any recommended changes to this Charter and to the Corporation's policies and procedures; and

(n) ensuring the Committee's receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Corporation, actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and taking, or recommending that the full board of directors take, appropriate action to oversee the independence of the outside auditor.

4. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

5. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

6. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.

7. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.

8. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

9. The Committee shall, as applicable, establish procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

10. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

11. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 ***De Minimus Non-Audit Services***

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

(a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the corporation's external auditor during the financial year in which the services are provided;

(b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 ***Delegation of Pre-Approval Function***

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 ***Composition***

1. The Committee shall be appointed annually by the board of directors and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be independent as required by applicable securities legislation and stock exchange regulations and free from any direct or indirect relationship that, in the opinion of the board of directors, could reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the board of directors, may not serve as members of the Audit Committee.

2. The board of directors, at its organizational meeting held in conjunction with each annual meeting of shareholders, shall appoint the Members for the ensuing year. The board of directors may at any time remove or replace any Member and may fill any vacancy in the Committee. Any Member ceasing to be a director shall cease to be a Member. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the board of directors on the recommendation of the Committee and will be filled by the board of directors if the membership of the Committee falls below three directors.

3. The board of directors shall appoint the Chairman of the Committee.

4. Unless an exemption is provided for under the Instrument and applicable securities laws and stock exchange requirements, each audit committee member shall be financially literate.

PART 4

4.1 Authority

The Committee shall have the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

4.2 The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the board of directors, for payment of (a) compensation to its external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (b) compensation to any advisors employed by the Committee pursuant to Section 4.1(a) and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

PART 5

5.1 Disclosure in Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular a cross-reference to the sections in the Corporation's annual information form that contain the information required by Form 52-110F1 - *Audit Committee Information Required in an AIF*.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

3. Notice of the time and place of every Committee meeting will be given verbally or in writing to each Member and to the Chief Executive Officer and the Chief Financial Officer at least 24 hours prior to the time fixed for such meeting. The external auditor of the Corporation will be given notice of every Committee meeting and, at the expense of the Corporation, will be entitled to attend and be heard thereat.

4. If requested by a Committee member, the external auditor will attend every Committee meeting held during such external auditor's term of office.

5. A majority of the Committee constitutes a quorum. No business may be transacted by the Committee except by resolution in writing signed by all the Members or at a Committee meeting at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. At Committee meetings, Committee actions shall require approval of a majority of the Members.

6. Minutes shall be kept of all meetings of the Committee.

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Exhibit 99.2



SANGOMA TECHNOLOGIES CORPORATION

Consolidated financial statements for

years ended June 30, 2022 and 2021

(in thousands of US Dollars)

100 Renfrew Drive, Suite 100,
Markham, Ontario,
Canada L3R 9R6

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Sangoma Technologies Corporation

June 30, 2022 and 2021

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Independent Auditor's Report

To the Shareholders of Sangoma Technologies Corporation:

Opinion

We have audited the consolidated financial statements of Sangoma Technologies Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022, June 30, 2021, and July 1, 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years ended June 30, 2022 and June 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022, June 30, 2021, and July 1, 2020, and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2022 and June 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Change in Accounting Policy

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its presentation currency from the Canadian dollar to the US dollar effective July 1, 2021. This change has been retrospectively applied. The statement of financial position as of July 1, 2020 has been included pursuant to the requirements of International Financial Reporting Standards.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of NetFortris Corporation

Key Audit Matter Description

As described in Note 20(c) to the consolidated financial statements, on March 28, 2022, the Company completed its acquisition of NetFortris Corporation for a total purchase price of $64,820 (in thousands). The identifiable assets acquired and the liabilities assumed are measured at fair value as of the acquisition date. Where the net of the fair value of the assets acquired and liabilities assumed is less than the fair value of consideration transferred, the difference is accounted for as goodwill. In assessing fair value of the acquired assets, management used various valuation techniques involving significant judgement and subjectivity.

We considered this to be a key audit matter due to the complexity of the transaction, which included valuation of the acquired intangible assets. This resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the audit evidence related to management's estimates. As such, an increased extent of audit effort was required, which included the involvement of internal valuation specialists.

Audit Response

We responded to this matter by performing procedures over management's valuation techniques in determining fair value of the acquired assets and in determining goodwill. Our audit work in relation to this included, but was not limited to, the following:

- Analyzed the signed purchase agreement to obtain an understanding of the key terms and conditions and to identify the necessary accounting considerations.
- Tested the mathematical accuracy of management's valuation models and supporting calculations.
- Evaluated the fair value of the consideration transferred including the fair value of common shares and consideration payable.
- Evaluated the reasonableness of key assumptions in management's models, including testing of historical financial results that were used as a basis for future projections.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the acquisition in the notes to the consolidated financial statements.
- With the assistance of internal valuation specialists, evaluated the reasonableness of management's model, through assessing the appropriateness of valuation models used and testing the significant assumptions and inputs by:
    - Comparing to externally available industry and economic trends;
    - Evaluating budgets and forecasts for future operations; and
    - Comparing against guideline companies within the same industry.

Impairment Analysis of Goodwill and Long-Lived Assets

Key Audit Matter Description

We draw attention to Notes 7, 8, 9 and 12 to the consolidated financial statements. The Company has recorded goodwill, property and equipment, right-of-use assets and intangibles assets of USD $428,626 (in thousands) as of June 30, 2022. The Company performs impairment testing for goodwill and long-lived assets on an annual basis or more frequently when there is an indication of impairment. An impairment is recognized if the carrying amount of an asset, or its cash generating unit (CGU), exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In determining the estimated recoverable amounts, the Company's significant assumptions include future cash flows based on expected operating results, long term growth rates, the revenue exit multiple, and the discount rate.

We considered this a key audit matter due to the significant judgment made by management in estimating the recoverable amount for goodwill and long-lived assets and a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates. This resulted in an increased extent of audit effort, including the involvement of internal valuation specialists.

Audit Response

We responded to this matter by performing procedures over the impairment of goodwill and long-lived assets. Our audit work in relation to this included, but was not limited to, the following:

- Tested management's key assumptions, including performing a 'retrospective review' to compare management's assumptions in the prior year expected future cash flows to the actual results to assess the accuracy of the Company's budgeting process.
- Evaluated the reasonableness of key assumptions in the impairment model, including future cash flows based on expected operating results, long-term growth rates, the revenue exit multiple, and the discount rate.
- Tested the mathematical accuracy of management's impairment model and supporting calculations.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.
- With the assistance of internal valuation specialists, evaluated the reasonableness of the Company's impairment model, which included:
    - Evaluating the reasonableness of the discount rate and revenue exit multiple by comparing the Company's weighted average cost of capital and revenue exit multiple against publicly available market data;
    - Developing a range of independent estimates and comparing those to the discount rate selected by management; and
    - Performing a sensitivity analysis of the recoverable amount of the CGU by varying the weighted average cost of capital and the revenue exit multiple.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report on Form 40-F.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis and the Annual Report on Form 40-F prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ajmer Singh Sran.

/s/ MNP LLP

Toronto, Ontario
September 26, 2022

Chartered Professional Accountants
Licensed Public Accountants



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Sangoma Technologies Corporation

Consolidated statements of financial position
As at June 30, 2022, June 30, 2021 and July 1,2020
(in thousands of US dollars, except per share data)

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Assets			
Current assets			
Cash and cash equivalents (Note 4)	**12,702**	22,096	19,995
Trade and other receivables (Note 4, 20)	**23,943**	14,734	8,244
Inventories (Note 6)	**17,426**	11,820	9,278
Income tax receivable	**—**	663	—
Contract assets	**1,225**	740	474
Derivative assets (Note 15)	**1,348**	—	—
Other current assets	**4,364**	3,296	1,749
	61,008	53,349	39,740
Non-current assets			
Property and equipment (Note 7)	**10,274**	7,653	2,202
Right-of-use assets (Note 8)	**16,974**	13,530	11,872
Intangible assets (Note 9)	**191,369**	193,978	36,841
Development costs (Note 10)	**2,861**	1,533	1,800
Deferred income tax assets (Note 11)	**2,762**	2,052	3,880
Goodwill (Note 12)	**210,009**	267,398	32,296
Contract assets	**2,567**	854	320
Other non-current assets	**709**	—	—
	498,533	540,347	128,951
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 4)	**28,568**	22,360	10,411
Provisions (Note 13)	**200**	442	486
Sales tax payable	**5,895**	1,319	593
Income tax payable	**1,885**	—	1,934
Consideration payable (Note 14)	**8,986**	2,336	—
Operating facility and loans (Note 15)	**17,700**	14,550	12,400
Contract liabilities (Note 16)	**11,580**	11,412	7,905
Derivative liabilities (Note 15)	**—**	333	585
Lease obligations on right-of-use assets (Note 8)	**3,592**	2,421	2,166
	78,406	55,173	36,480
Long term liabilities			
Consideration payable (Note 14)	**3,782**	6,766	—
Operating facility and loans (Note 15)	**86,925**	60,413	24,650
Contract liabilities (Note 16)	**3,487**	4,342	2,915
Non-current lease obligations on right-of-use assets (Note 8)	**14,397**	11,821	10,032
Deferred income tax liabilities (Note 11)	**16,657**	24,761	—
Other non-current liabilities	**1,071**	917	—
	204,725	164,193	74,077
Shareholders' equity			
Share capital	**203,032**	172,462	47,423
Shares to be issued	**179,132**	192,102	—
Contributed surplus	**15,055**	5,393	1,788
Accumulated other comprehensive income (loss)	**839**	(333)	(585)
Retained earnings (deficit)	**(104,250)**	6,530	6,248
	293,808	376,154	54,874
	498,533	540,347	128,951

Approved by the Board

(Signed) Al Guarino Director

(Signed) Allan Brett Director

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from Canadian dollars to US dollars (Note 2).

Sangoma Technologies Corporation

Consolidated statements of income (loss) and comprehensive income (loss)
For the years ended June 30, 2022 and 2021
(in thousands of US dollars, except per share data)

	2022	2021
	$	$
Revenue (Note 19)	**224,352**	131,383
Cost of sales	**67,464**	41,938
Gross profit	**156,888**	89,445
Expenses		
Sales and marketing	**53,057**	24,615
Research and development	**34,158**	21,438
General and administration	**75,199**	37,722
Foreign currency exchange (gain) loss	**358**	(343)
	162,772	83,432
Income (loss) before interest expense (net), business integration costs, exchange listing expense, gain on change in fair value of consideration payable, business acquisition costs, goodwill impairment and income taxes	**(5,884)**	6,013
Interest expense (net) (Notes 4, 8, 14, 15)	**3,863**	1,908
Business acquisition costs (Note 20)	**2,939**	3,888
Business integration costs	**1,222**	—
Exchange listing expense	**1,051**	—
Gain on change in fair value of consideration payable (Note 14)	**(2,254)**	(4,167)
Goodwill impairment (Note 12)	**91,685**	—
	98,506	1,629
Income (loss) before income tax	**(104,390)**	4,384
Provision for income taxes		
Current (Note 11)	**3,980**	1,935
Deferred (Note 11)	**2,410**	2,167
Net income (loss)	**(110,780)**	282
Other comprehensive income (loss)		
Items to be reclassified to net income (loss)		
Change in fair value of interest rate swaps, net of tax (Note 15)	**1,172**	252
Comprehensive income (loss)	**(109,608)**	534
Earnings (loss) per share		
Basic (Note 17(iii))	**$ (3.520)**	$ 0.010
Diluted (Note 17(iii))	**$ (3.520)**	$ 0.010
Weighted average number of shares outstanding (Note 17(iii))		
Basic	**31,475,255**	28,944,216
Diluted	**31,475,255**	29,182,433

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from Canadian dollars to US dollars (Note 2).

Sangoma Technologies Corporation

Consolidated statements of changes in shareholders' equity
For the years ended June 30, 2022 and 2021
(in thousands of US dollars, except per share data)

	Number of common shares	Share capital	Shares to be issued	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total shareholders' equity
		$	$	$	$	$	$
Balance, July 1, 2020	10,869,676	47,423	—	1,788	(585)	6,248	54,874
Net income	—	—	—	—	—	282	282
Change in fair value of interest rate swaps, net of tax (Note 15)	—	—	—	—	252	—	252
Common shares reserved for issuance related to business combination (Note 20)	—	—	192,102	—	—	—	192,102
Common shares issued for transaction cost payment (Note 17(i))	18,456	330	—	—	—	—	330
Common shares issued through business combination (Note20)	3,018,685	66,873	—	—	—	—	66,873
Common shares issued through short form prospectus, net of costs (Note 17(i))	5,000,857	56,295	—	—	—	—	56,295
Deferred tax benefit on share issuance costs (Note 11)	—	1,160	—	—	—	—	1,160
Common shares issued for options exercised (Note 17(i))	113,968	381	—	(153)	—	—	228
Share-based compensation expense (Note 17(ii))	—	—	—	3,758	—	—	3,758
Balance, June 30, 2021	**19,021,642**	**172,462**	**192,102**	**5,393**	**(333)**	**6,530**	**376,154**
Net loss	—	—	—	—	—	(110,780)	(110,780)
Change in fair value of interest rate swaps, net of tax (Note 15)	—	—	—	—	1,172	—	1,172
Common shares issued through business combination (Note 17(i), 20)	1,494,536	16,801	—	—	—	—	16,801
Common shares issued as instalment for shares to be issued (Note 17(i))	857,142	12,970	(12,970)				—
Common shares issued for options exercised (Note 17(i))	66,340	799	—	(267)	—	—	532
Rounding of fractional shares after share consolidation (Note 2(xxi))	(28)	—	—	—	—	—	—
Share-based compensation expense (Note 17(ii))	—	—	—	9,929	—	—	9,929
Balance, June 30, 2022	**21,439,632**	**203,032**	**179,132**	**15,055**	**839**	**(104,250)**	**293,808**

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from Canadian dollars to US dollars (Note 2).

Sangoma Technologies Corporation

Consolidated statements of cash flows
For the years ended June 30, 2022 and 2021
(in thousands of US dollars, except per share data)

	2022	2021
Operating activities	**$**	$
Net income (loss)	**(110,780)**	282
Adjustments for:		
Depreciation of property and equipment (Note 7)	**3,153**	884
Depreciation of right-of-use assets (Note 8)	**3,308**	2,513
Amortization of intangible assets (Note 9)	**31,609**	12,063
Amortization of development costs (Note 10)	**1,281**	1,370
Income tax expense (Note 11)	**6,390**	4,102
Income tax paid	**(2,752)**	(3,088)
Income tax refunds	**1,197**	478
Share-based compensation expense (Note 17(ii))	**9,929**	3,758
Interest on obligation on right-of-use assets (Note 8)	**442**	374
Unrealized foreign exchange gain (loss)	**174**	(1,012)
Goodwill Impairment (Note 12)	**91,685**	—
Accretion expense (Note 14)	**798**	—
Gain on lease modification (Note 8)	**(105)**	—
Loss on disposal of property and equipment (Note 7)	**266**	133
Gain on change in fair value of consideration payable (Note 14)	**(2,254)**	(4,167)
Changes in working capital		
Trade receivables	**1,555**	(928)
Inventories	**(5,190)**	(1,094)
Contract assets	**(2,198)**	(800)
Other assets	**(611)**	(51)
Sales tax payable	**(930)**	726
Accounts payable and accrued liabilities	**(3,234)**	3,624
Provisions	**(242)**	(44)
Other non current liabilites	**(81)**	(8)
Contract liabilities	**(2,353)**	(598)
Net cash flows from operating activities	**21,057**	18,517
Investing activities		
Purchase of property and equipment (Note 7)	**(1,868)**	(1,133)
Development costs (Note 10)	**(3,237)**	(1,551)
Business combinations, net of cash and cash equivalents acquired (Note 20)	**(50,712)**	(105,562)
Net cash flows used in investing activities	**(55,817)**	(108,246)
Financing activities		
Proceeds from operating facility and loan (Note 15)	**45,000**	52,500
Repayments of operating facility and loan (Note 15)	**(15,338)**	(14,588)
Repayment of right-of-use lease obligation (Note 8)	**(3,407)**	(2,605)
Payment of consideration payable (Note 14)	**(1,421)**	—
Issuance of common shares through short form prospectus, net (Note 17(i))	—	56,295
Issuance of common shares for stock options exercised (Note 17(i))	**532**	228
Net cash flows from financing activities	**25,366**	91,830
(Decrease) Increase in cash and cash equivalents	**(9,394)**	2,101
Cash and cash equivalents, beginning of the year	**22,096**	19,995
Cash and cash equivalents, end of the year	**12,702**	22,096

The accompanying notes are an integral part of these consolidated financial statements. The comparative periods have been retrospectively adjusted to reflect the change in presentation currency from Canadian dollars to US dollars (Note 2).

Sangoma Technologies Corporation

Notes to the consolidated financial statements
For the years ended June 30, 2022 and 2021
(in thousands of US dollars, except per share data)

1. General information

Founded in 1984, Sangoma Technologies Corporation ("Sangoma" or the "Company") is publicly traded on the Toronto Stock Exchange (TSX: STC) and NASDAQ (NASDAQ: SANG). The Company's shares were traded on the TSX Venture Exchange under the symbol STC until November 1, 2021, at which point the Company's shares commenced trading on the TSX. In conjunction with listing on the TSX, the Company's shares were delisted from the TSX Venture Exchange. The Company's shares commenced trading on NASDAQ on December 16, 2021. The Company was incorporated in Canada, its legal name is Sangoma Technologies Corporation and its primary operating subsidiaries for fiscal 2022 are Sangoma Technologies Inc., Sangoma US Inc., VoIP Supply LLC, Digium Inc., VoIP Innovations LLC, Star2Star Communications LLC, and NetFortris Corporation.

Sangoma is a leading provider of hardware and software components that enable or enhance Internet Protocol Communications Systems for both telecom and datacom applications. Enterprises, small to medium sized businesses ("SMBs") and telecom operators in over 150 countries rely on Sangoma's technology as part of their mission critical infrastructures. The product line includes data and telecom boards for media and signal processing, as well as gateway appliances and software.

The Company is domiciled in Ontario, Canada. The address of the Company's registered office is 100 Renfrew Dr., Suite 100, Markham, Ontario, L3R 9R6 and the Company operates in multiple jurisdictions.

2. Significant accounting policies

(i) Statement of compliance and basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These audited consolidated financial statements were prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the year ended June 30, 2021, except for the change in presentation currency of the Company from Canadian dollars to US dollars described below.

(ii) Change in presentation currency of the Company

Effective July 1, 2021, the Company elected to change the presentation currency in its consolidated financial statements from Canadian dollars to US dollars, which was applied on a retrospective basis.

A change in presentation currency represents a change in accounting policy in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company has retrospectively applied the change to its comparative information for the fiscal year ended June 30, 2021 and presented an opening balance sheet as at July 1, 2020 by removing the translation adjustments applied in prior year's consolidated financial statements and reverting to present the amounts and balances in their US dollar functional currency.

It should be noted that the functional currencies of the Company's primary economic environments in which underlying businesses operate remain unchanged and that foreign exchange exposures will therefore be unaffected by the change, albeit that the effects of such exposures will be presented in US dollars. All other accounting policies remain consistent with those adopted in the audited consolidated financial statements for the year ended June 30, 2021.

2. Significant accounting policies (continued)

(iii) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Sangoma Technologies Inc. (Canada), Sangoma US Inc. (United States), Sangoma Technologies US Inc. (United States), VoIP Supply LLC (United States), Digium Inc. (United States), Digium Cloud Services LLC (United States), Sangoma Technologies Ltd. (Ireland), Sangoma HK Ltd. (Hong Kong), Sangoma Technologies Private Limited (India), VoIP Innovations LLC (United States), Vocally LLC (United States), Trybe Labs LLC (United States), .e4 LLC (United States), StarBlue Inc. (United States), Star2Star Communications LLC (United States), NetFortris Acquisition Company Inc. (United States), NetFortris Corporation (United States), NetFortris Inc. (Philippines), NetFortris Operating Co. Inc. (United States), Fonality Inc. (United States), and Fonality Pty Ltd. (Australia).

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

(iv) Financial instruments

Non-Derivative Financial Assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

2. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Non-Derivative Financial Assets (continued)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, trade receivables, contract assets and other current assets.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Classification and subsequent measurement

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

2. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Non-Derivative Financial Assets (continued)

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants.

For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

2. Significant accounting policies (continued)

(iv) Financial instruments (continued)

Non-Derivative Financial Liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Derivative Financial Liabilities

The Company holds interest rate swaps to hedge its interest rate risk exposures on the variable-interest credit arrangement. At the inception of the hedging relationship, there is formal designation and documentation prepared by the Company of the hedging relationship between the hedging instruments and hedged items and the risk management objective and strategy for undertaking the hedge including how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. The Company assesses at the inception of the hedging relationship, and on ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements.

Recognition and initial measurement

The Company recognizes interest rate swaps at fair value initially; attributable transaction costs are recognized in comprehensive income (loss) as incurred.

Classification and subsequent measurement

Subsequent to initial recognition, interest rate swaps are measured at fair value and the effective portion of changes in fair value of the derivative that is designated and meets the definition of the hedge is recognized in accumulated other comprehensive income (loss). The amount recognized in other comprehensive income (loss) is removed and included in earnings in the same period as the hedged cash flows affect earnings under the same line item in the consolidated statements of comprehensive income (loss) as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in earnings.

2. Significant accounting policies (continued)

(v) Inventories

Parts and finished goods are stated at the lower of cost and net realizable value. Inventory cost includes all expenses directly attributable to the manufacturing process, which include the cost of materials and labor, as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinary interchangeable items are assigned using weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(vi) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of income (loss) and comprehensive income (loss) during the period in which they are incurred.

Depreciation is calculated on a straight-line basis for all classes of property and equipment over their useful life as outlined below:

Leasehold improvements, tradeshow equipment, software and books	5 years
Office furniture and computer equipment	3 -5 years
Stockroom and production equipment	5 -7 years

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted, if required.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income (loss) and comprehensive income (loss).

2. Significant accounting policies (continued)

(vii) Leases

At commencement of the contract, the Company evaluates if the contract is a lease based on whether the contract conveys the right to control the use of a specific asset for a period of time in exchange for a consideration. To determine whether the contract results in right of control, the Company assesses whether it has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Once the Company has determined that the contract conveys the right to control the use of the asset, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The asset is initially measured at cost which comprises of the lease liability, lease payments made at or before the commencement date less any lease incentives. Subsequently the asset is measured at net carrying value, which is cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the future lease payments discounted using the Company's incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company applies recognition exemptions for short-term leases (leases with term less than 12 months) and low-dollar value leases.

The Company leases properties which make up the entire right-of-use asset and lease liability balances.

(viii) Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization on a straight-line basis over the following periods:

Purchased technology	6 -10 years
Customer relationship	3 -10 years
Brand	6 -10 years
Other purchased intangibles	3 - 10 years

Amortization expense is included in the consolidated statements of income (loss) and comprehensive income (loss) in general and administration expense.

The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis. These assets are subject to impairment testing as described below in Note 2(xix).

2. Significant accounting policies (continued)

(ix) Revenue

The Company determines revenue recognition through the following steps: a) identification of the contract with a customer; b) identification of the performance obligations in the contract; c) determination of the transaction price; d) allocation of the transaction price for the performance obligations in the contract; and e) recognition of revenue when the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration receivable in exchange for those goods or services, net of discounts and sales taxes.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as right to use and right to access software licenses, hosted software-as-a-service, maintenance and support, and professional services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each performance obligation based on their estimated standalone selling price ("SSP").

The Company recognizes revenue when the transfer of control of the promised products or services has occurred to customers in exchange for consideration the Company expects to receive, net of discounts and taxes. Revenue from the sale of software products is recognized when the product is shipped and received by the customer, and depending on the delivery conditions, title and risk have passed to the customer. Revenues from installation and training relating to the sale of software products are recognized as the services are performed. Software support and maintenance revenue is recognized over the term of the maintenance agreement. Revenue from the Company's hosted software-as-a-service ("SaaS") application are recognized as services are provided. The Company defers revenues that have been billed but which do not meet the revenue recognition criteria. Cash received in advance of revenue being recognized is classified as contract liabilities (unearned revenues).

2. Significant accounting policies (continued)

(ix) Revenue (continued)

The Company recognizes an asset (contract assets) for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and has determined that such costs meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The amortization period includes specifically identifiable contract renewals where there is no substantive commission paid on renewals. The expected customer renewal period is estimated based over the life of the intellectual property, including expected software upgrades by the customer. The Company does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. As at June 30, 2022, the Company has $1,225 (June 30, 2021 - $740 and July 1, 2020 - $474) as current contract assets and $2,567 (June 30, 2021 - $854 and July 1, 2020 - $320) as long term contract assets in the consolidated statements of financial position.

(x) Cost of sales

Cost of product sales includes the cost of finished goods inventory and costs related to shipping and handling. Cost of service sales include cost of delivery of service, third party carrier charges, data center and software licenses.

(xi) Foreign currency

Since July 1, 2020, the Company and all of its significant wholly-owned operating subsidiaries are measured in US dollar as the functional currency. The US dollar translated amounts of non-monetary assets and liabilities as at July 1, 2020 became the historical accounting basis for those assets and liabilities at July 1, 2020. Transactions in currencies other than USD are initially recorded in the US dollar by applying the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in other than US dollar are revaluated at the foreign exchange rate at the reporting date. Foreign exchange differences arising on translation are recognized in the consolidated statement of income (loss) and comprehensive income (loss). As both functional currency and presentation currency are US dollar, there is no further need to translate for presentation.

Assets and liabilities of subsidiaries having a functional currency other than the US dollar are translated at the rate of exchange at the reporting period end date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

(xii) Interest income

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on the basis of time that has passed, by reference to the principal outstanding and at the effective interest rate applicable.

2. Significant accounting policies (continued)

(xiii) Share-based payments

The Company grants stock options to its employees. Stock options vest over and expire after various periods of time. The general vesting policy is 25% of the options vest on the first anniversary of the grant and the remainder vest in equal amounts every 3 months thereafter until the fourth anniversary of the commencement date. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. During the year ended June 30, 2022, performance-based options were issued to an executive of the Company and these options were valued using a Monte Carlo simulation methodology. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 17(ii).

Share-based compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(xiv) Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income (loss) against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized.

The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

(xv) Research and development expenditures

The Company qualifies for certain investment tax credits related to its research and development activities in Canada. Research costs are expensed as incurred and are reduced by related investment tax credits, which are recognized when it is probable that they will be realized.

2. Significant accounting policies (continued)

(xv) Research and development expenditures (continued)

Costs that are directly attributable to the development phase of identified new products are recognized as intangible assets and amortized over a useful life of three years provided they meet the following recognition requirements:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Company intends to complete the intangible asset and use or sell it and also has the ability to use or sell it.
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalization are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs (if any). Internally generated software development costs recognized as intangible assets are subject to the same subsequent measurement method as externally acquired software licenses. These assets are subject to impairment testing as described below in Note 2(xix).

Any gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss within “other income” or “other expenses”.

(xvi) Foreign currency hedging

The Company enters into forward foreign currency exchange contracts to hedge the cash flow risk associated with forecasted transactions in foreign currencies and foreign-currency denominated balances. The Company does not enter into derivative contracts for speculative purposes. The contracts, which have not been designated as hedges for accounting purposes, are marked to market each period. The resulting gain or loss is recorded as foreign currency exchange (gain) loss on the consolidated statements of income (loss) and comprehensive income (loss). The Company does not hold any forward foreign currency exchange contracts as at June 30, 2022, June 30, 2021 or July 1, 2020.

(xvii) Investment tax credits

Investment tax credits (“ITCs”) are recognized where there is reasonable assurance that the ITCs will be received, and all attached conditions will be complied with. When the ITCs relates to an expense item, it is netted against the related expense. Where the ITCs relates to an asset, it reduces the carrying amount of the asset. The ITCs are then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. The Company is actively engaged in scientific research and development (“R&D”) and, accordingly, has previously filed for ITC refunds under both the Canadian federal and Ontario provincial Scientific Research and Experimental Development (“SR&ED”) tax incentive programs. The ITCs recorded in the accounts are based on management’s interpretation of the Income Tax Act of Canada, provisions which govern the eligibility of R&D costs. The claims are subject to review by the Canada Revenue Agency and the Minister of Revenue for Ontario before the refunds can be released.

2. Significant accounting policies (continued)

(xviii) Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

(xix) Impairment testing of goodwill and long-lived assets

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company has one cash generating unit and intangible assets not yet available for use are tested for impairment at least annually. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

Impairment losses for the cash-generating unit reduce first the carrying amount of any goodwill allocated to that cash-generating unit, with any remaining impairment loss charged pro rata to the other assets in the cash-generating unit. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

(xx) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2. Significant accounting policies (continued)

(xxi) Earnings per share

Basic earnings per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similarly to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive, as well as shares to be issued as part of the acquisition as described in Note 20. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

Share consolidation (reverse stock split)

On November 2, 2021, the Company implemented a consolidation of its outstanding Common Shares (the "reverse stock split") on the basis of one new Common Share for every seven currently outstanding Common Shares (the "Consolidation Ratio"). At the special meeting of the Company's shareholders held on September 23, 2021, the Company's shareholders granted the Company's Board of Directors discretionary authority to implement a consolidation of the issued and outstanding common shares of the Company on the basis of a consolidation ratio of up to 20 pre-consolidation common shares for one post-consolidation common share. The Board of Directors selected a share consolidation ratio of seven pre-consolidation common shares for one post-consolidation common share. The Company's common shares began trading on the TSX on a post-consolidation basis under the Company's existing trade symbol "STC" on November 8, 2021. In accordance with IFRS, the change has been applied retrospectively.

The reverse stock split did not cause an adjustment to the par value or the authorized shares of the common stock. As a result of the reverse stock split, the Company further adjusted the share amounts and exercise prices under its option plans and outstanding options.

IAS 33 Earnings per Share (paragraph 64) requires retrospective adjustment of earnings per share for a reverse stock split that occurs subsequent to the balance sheet date but before the date of authorization of the consolidated financial statements. As a result, all disclosures of common shares, per common share data and data related to options in the accompanying consolidated financial statements and related notes reflect this reverse stock split for all years presented.

2. Significant accounting policies (continued)

(xxii) Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value as of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

3. Significant accounting judgments, estimates and uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised.

In December 2019, there was a global outbreak of coronavirus, identified as "COVID-19", which has had a significant impact on businesses through the restrictions put in place by the national, provincial and municipal governments around the world regarding travel, business operations and isolation and quarantine orders. At the commencement of the COVID-19 outbreak, the Company was designated as an essential business in many of the jurisdictions in which it operates and continued to receive shipments and make deliveries to customers around the world throughout fiscal year 2021 and 2022. There continues to be uncertainty regarding the full impact, duration and pace of recovery from the COVID-19 pandemic on the Company's operations and markets, due to the evolving nature of the virus and the global economic slowdown (including varied governmental responses which may affect the Company's business and prospects). Despite these uncertainties, the Company believes it is well equipped to handle the uncertainty and has taken several proactive steps in an attempt to better manage the challenges of the COVID-19 pandemic including potential future impact on the Company's assets, cash flows and liquidity, operations and financial reporting.

3. Significant accounting judgments, estimates and uncertainties (continued)

Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of long-lived assets, business combinations, income taxes, estimated useful life of long-lived assets, internally generated development costs, the fair value of share-based payments, provision for expected credit losses, inventory obsolescence, investment tax credits receivable, warranty provision, sales returns and allowances provision, and stock rotation provision. These estimates and judgments are further discussed below:

(i) Goodwill impairment testing and recoverability of long-lived assets

Goodwill and long-lived assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. The recoverable amounts of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach and fair value less costs to sell. The approach uses cash flow projections based upon a financial forecast approved by management, covering a four-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate for value in use impairment analysis. Cash flows for the terminal period for fair value less costs to sell impairment analysis is determined using an exit multiple. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

(ii) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

(iii) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

3. Significant accounting judgments, estimates and uncertainties (continued)

(iii) Income taxes (continued)

The Company's effective income tax rate can vary significantly period-to-period for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

(iv) Estimated useful lives of long-lived assets

Management reviews useful lives of depreciable assets at each reporting date. Management assessed that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.

(v) Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria listed in Note 2(xv). Otherwise, research and development costs are expensed as incurred.

(vi) Fair value of share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model and Monte Carlo simulation which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of the options. The Company has a significant number of options outstanding and expects to continue to make grants.

(vii) Provision for expected credit losses ("ECLs")

The Company is exposed to credit risk associated with its trade receivables. This risk is reduced by having customers' trade receivables insured by Export Development Canada ("EDC") wherever possible. Management reviews the trade receivables at each reporting date in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

3. Significant accounting judgments, estimates and uncertainties (continued)

(viii) Inventory obsolescence

Inventory consists of parts and finished goods recorded at the lower of cost and net realizable value. Inventory represents a significant portion of the asset base of the Company and its value is reviewed at each reporting period. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or slow movement. Actual net realizable value can vary from the estimated provision.

(ix) Investment tax credits receivable

Investment tax credits are recorded based on management's estimate that all conditions attached to its receipt have been met. The Company has significant investment tax credits receivable and expects to continue to apply for future tax credits as their research and development activities remain applicable. Therefore, the estimates related to the recoverability of these investment tax credits are important to the Company's financial position.

(x) Warranty provision

The warranty provision represents management's best estimate of costs of product warranties at the time the product is installed or delivered. Therefore, the estimates and assumptions related to costs of repairs and/or replacement costs to correct product failures impact the Company's financial position.

(xi) Sales returns and allowances provision

The sales returns and allowances provision represent management's best estimate of the value of the products sold in the current financial year that may be returned in a future year.

(xii) Stock rotation provision

The stock rotation provision represents management's best estimate of the value of the products sold in the current financial year that may be rotated in a future year.

(xiii) Fair value of interest rate swaps

The estimated fair values of derivative instruments resulting in financial assets and liabilities, by their very nature, are subject to measurement uncertainty. The Company determines the fair value of interest rate swaps based on the present value of projected future cash flows using the implied zero-coupon forward swap yield curve. The change in the difference between the discounted cash flow streams for the hedged item and the hedging item is deemed to be hedge ineffectiveness and is recorded in the consolidated statements of income (loss) and comprehensive income (loss). The fair value of the interest rate swap is based on forward yield curves, which are observable inputs provided by banks and available in other public data sources and are classified within Level 2.

4. Financial instruments

The fair values of the cash and cash equivalents, trade and other receivables, derivative assets, contract assets, other current assets, accounts payable and accrued liabilities, consideration payable and derivative liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments or as these financial instruments are fair valued at each reporting period. The fair values of operating facility and loans approximate their carrying values due to variable interest loans or fixed rate loan, which represent market rate.

Cash and cash equivalents are comprised of:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Cash at bank and on hand	**12,702**	22,096	19,995

Cash includes demand deposits with financial institutions and cash equivalents consist of short-term, highly liquid investments purchased with original maturities of three months or less. As at June 30, 2022, June 30, 2021, and July 1, 2020, the Company had no cash equivalents.

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	2022	2021
	$	$
Interest income	**(12)**	(38)
Interest expense (Note 15)	**2,635**	1,572
Accretion expense (Notes 8, 14)	**1,240**	374
Interest expense (net)	**3,863**	1,908

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, foreign currency risk, interest rate risk and market risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Where possible, the Company uses an insurance policy with Export Development Canada (“EDC”) for its trade receivables to manage this risk and minimize any exposure.

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Trade receivables	**16,045**	14,734	8,244
Receivable related to working capital adjustment (Note 20)	**7,898**	—	—
Trade and other receivables	**23,943**	14,734	8,244

During the year ended June 30, 2022, receivable related to working capital adjustment of $ 1,044 was settled. Following the settlement, the remaining balance as at June 30, 2022 was $7,898.

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4. Financial instruments (continued)

Credit risk (continued)

The Company's maximum exposure to credit risk for its trade receivables is summarized as follows with some of the over 90-day receivable not being covered by EDC:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Trade receivables aging:			
0-30 days	**12,809**	11,692	6,834
31-90 days	**2,541**	2,787	1,349
Greater than 90 days	**2,976**	1,351	493
	18,326	15,830	8,676
Expected credit loss provision	**(2,281)**	(1,096)	(432)
	16,045	14,734	8,244

The movement in the provision for expected credit losses can be reconciled as follows:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Expected credit loss provision:			
Expected credit loss provision, beginning balance	**(1,096)**	(432)	(220)
Net change in expected credit loss provision during the year	**(1,185)**	(664)	(212)
Expected credit loss provision, ending balance	**(2,281)**	(1,096)	(432)

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables.

				June 30, 2022
	Total	**Up to 30 days past due**	**Over 30 days past due**	**Over 90 days past due**
Default rates		2.02 %	7.79 %	61.29 %
Trade receivables	**$18,326**	$ 12,809	$ 2,541	$ 2,976
Expected credit loss provision	**$ 2,281**	$ 259	$ 198	$ 1,824

				June 30, 2021
	Total	Up to 30 days past due	Over 30 days past due	Over 90 days past due
Default rates		1.80 %	16.81 %	30.76 %
Trade receivables	$15,830	$ 11,692	$ 2,787	$ 1,351
Expected credit loss provision	**$** 1,096	$ 211	$ 468	$ 417

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4. Financial instruments (continued)

Credit risk (continued)

				July 1, 2020
	Total	Up to 30 days past due	Over 30 days past due	Over 90 days past due
Default rates		1.68 %	5.39 %	49.58 %
Trade receivables	$8,676	$ 6,834	$ 1,349	$ 493
Expected credit loss provision	$ 432	$ 115	$ 73	$ 244

The Company also has a receivable associated with the acquisition of NetFortris in the amount of $ 7,907.

Substantially all of the Company's cash and cash equivalents are held with major Canadian or US financial institutions and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained. The following are the undiscounted contractual maturities of significant financial liabilities of the Company as at June 30, 2022:

	For the year ended					
	June 30, 2023	**June 30, 2024**	**June 30, 2025**	**June 30, 2026**	**Thereafter**	**Total**
	$	$	$	$	$	**$**
Accounts payable and accrued liabilities	28,568	—	—	—	—	**28,568**
Sales tax payable	5,895	—	—	—	—	**5,895**
Consideration payable	9,473	1,399	1,116	1,116	465	**13,569**
Operating facility and loans	17,700	17,700	19,875	22,050	27,300	**104,625**
Lease obligations on right of use assets	4,075	3,153	3,091	2,310	7,354	**19,983**
Other non-current liabilities	—	—	—	—	1,071	**1,071**
	65,711	**22,252**	**24,082**	**25,476**	**36,190**	**173,711**

4. Financial instruments (continued)

Foreign currency risk

A portion of the Company's transactions occur in a foreign currency (Canadian dollars (CAD), Euros (EUR), and Great British Pounds (GBP), Hong Kong dollars (HKD), Indian Rupees (INR), Philippine Peso (PHP), Australian Dollar (AUD)) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its foreign denominated cash, trade receivables, contract assets, accounts payable and accrued liabilities, and operating facility and loans. As at June 30, 2022, a 10% depreciation or appreciation of the CAD, EUR, GBP, HKD, INR, PHP, and AUD currencies against the U.S. dollar would have resulted in an approximate $59 (June 30, 2021 - $89) increase or decrease, respectively, in total comprehensive income (loss).

Interest rate risk

The Company's exposure to interest rate fluctuations is with its credit facility (Note 15) which bears interest at a floating rate. As at June 30, 2022, a change in the interest rate of 1% per annum would have an impact of approximately $ 522 (June 30, 2021 - $626) per annum in finance costs. The Company also entered an interest rate swap arrangement for its loan facility (Note 15) to manage the exposure to changes in LIBOR-rate based interest rate. The fair value of the interest rate swaps was estimated based on the present value of projected future cash flows using the LIBOR forward rate curve. The model used to value the interest rate swaps included inputs of readily observable market data, a Level 2 input. As described in detail in Note 15, the fair value of the interest rate swaps was an asset of $1,348 on June 30, 2022 (June 30, 2021 and July 1, 2020 was a liability of $333 and $585, respectively).

5. Capital management

The Company's objectives in managing capital are to safeguard the Company's assets, to ensure sufficient liquidity to sustain the future development of the business via advancement of its significant research and development efforts, to conservatively manage financial risk and to maximize investor, creditor, and market confidence. The Company considers its capital structure to include its shareholders' equity and operating facilities and loans. Working capital is optimized via stringent cash flow policies surrounding disbursement, foreign currency exchange and investment decision-making. There have been no changes in the Company's approach to capital management during the year and apart from the financial covenants as discussed in Note 9, the Company is not subject to any other capital requirements imposed by external parties.

6. Inventories

Inventories recognized in the consolidated statements of financial position are comprised of:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Finished goods	**13,190**	8,423	6,150
Parts	**5,155**	3,902	3,379
	18,345	12,325	9,529
Provision for obsolescence	**(919)**	(505)	(251)
Net inventory carrying value	**17,426**	11,820	9,278

During the year ended June 30, 2022, inventories in the amount of $ 42,585 (2021 - $31,685) were included in cost of sales.

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7. Property and equipment

	Office furniture and computer equipment	Software and books	Stockroom and production equipment	Tradeshow equipment	Leasehold improvements	Total
Cost	$	$	$	$	$	$
Balance at July 1, 2020	1,989	413	1,291	47	322	4,062
Additions through business combinations (Note 20)	473	—	4,862	—	—	5,335
Additions	867	4	235	—	27	1,133
Disposals	—	—	(133)	—	—	(133)
Balance at June 30, 2021	**3,329**	**417**	**6,255**	**47**	**349**	**10,397**
Additions through business combination (Note 20)	540	2	3,619	—	11	4,172
Additions	893	41	807	—	126	1,867
Disposals	(25)	(2)	(231)	—	(10)	(268)
Balance at June 30, 2022	**4,737**	**458**	**10,450**	**47**	**476**	**16,168**
Accumulated depreciation						
Balance at July 1, 2020	996	224	492	39	109	1,860
Depreciation expense	376	90	380	2	36	884
Balance at June 30, 2021	**1,372**	**314**	**872**	**41**	**145**	**2,744**
Depreciation expense	1,081	99	1,888	6	78	3,152
Disposals	—	—	(1)	—	(1)	(2)
Balance at June 30, 2022	**2,453**	**413**	**2,759**	**47**	**222**	**5,894**
Net book value as at:						
Balance at July 1, 2020	993	189	799	8	213	2,202
Balance at June 30, 2021	1,957	103	5,383	6	204	7,653
Balance at June 30, 2022	**2,284**	**45**	**7,691**	—	**254**	**10,274**

For the year ended June 30, 2022, depreciation expense of $ 1,289 (June 30, 2021 - $687) was recorded in general and administration expense in the consolidated statements of income (loss) and comprehensive income (loss). Depreciation expense in the amount of $1,864 was included in cost of sales for the year ended June 30, 2022 (June 30, 2021 - $197).

8. Leases: Right-of-use assets and lease obligations

The Company's lease obligations and right-of-use assets are presented below:

	Right-of-use assets
	$
Present value of leases	
Opening IFRS 16 value as at July 1, 2020	14,354
Additions	1,904
Addition through business combination (Note 20)	2,584
Terminations	(887)
Balance at June 30, 2021	17,955
Additions	5,536
Addition through business combination (Note 20)	3,277
Terminations	(1,536)
Adjustments due to lease modification	(2,002)
Balance at June 30, 2022	23,230
Accumulated depreciation and repayments	
Opening IFRS 16 value as at July 1, 2020	2,482
Depreciation expense	2,513
Terminations	(570)
Balance at June 30, 2021	4,425
Depreciation expense	3,308
Terminations	(1,477)
Balance at June 30, 2022	6,256
Net book value as at:	
July 1, 2020	11,872
June 30, 2021	13,530
June 30, 2022	**16,974**

8. Leases: Right-of-use assets and lease obligations (continued)

	Lease Obligations
	$
Present value of leases	
Opening IFRS 16 value as at July 1, 2020	12,198
Additions	1,905
Addition through business combination (Note 20)	2,663
Repayments	(2,605)
Accretion expense	374
Terminations	(292)
Balance at June 30, 2021	14,243
Additions	5,535
Addition through business combination (Note 20)	3,277
Adjustments due to lease modification	(2,107)
Repayments	(3,407)
Accretion expense	442
Effects of movements on exchange rates	6
Balance at June 30, 2022	**17,989**
Lease Obligations - Current	**3,592**
Lease Obligations - Non-current	**14,397**
	17,989

(1) Includes the impact of recognition exemptions including those for short-term and low-dollar value leases; includes the impact of judgment applied with regard to renewal options in the lease terms in which the Company is a lessee.

(2) Right-of-use assets opening balance includes the impact of estimated restoration costs.

(3) Addition through business combination represents the right-of-use asset and leased obligation of the leased office buildings of NetFortris Corporation which was acquired on March 28, 2022 and Star2Star Communications LLC which was acquired on March 31, 2021.

Amounts recognized in consolidated statements of income (loss) and comprehensive income (loss)	**2022**	2021
	$	$
Depreciation charge on right-of-use assets	**3,308**	2,513
Interest expense on lease obligations	**442**	374
Income from sub-leasing right-of-use assets	**(80)**	(85)
Expenses relating to leases of low-value assets	**181**	235

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9. Intangible assets

	Purchased technology	Customer relationships	Brand	Other purchased intangibles*	Total
	$	$	$	$	$
Cost					
Balance at July 1, 2020	8,523	29,856	6,787	2,748	47,914
Business combinations (Note 20)	86,800	82,400	—	—	169,200
Balance at June 30, 2021	95,323	112,256	6,787	2,748	217,114
Business combinations (Note 20)	14,800	14,200	—	—	29,000
Balance at June 30, 2022	**110,123**	**126,456**	**6,787**	**2,748**	**246,114**
Accumulated amortization					
Balance at July 1, 2020	3,034	5,437	1,449	1,153	11,073
Amortization expense	4,775	5,899	686	703	12,063
Balance at June 30, 2021	7,809	11,336	2,135	1,856	23,136
Amortization expense	16,097	14,128	685	699	31,609
Balance at June 30, 2022	**23,906**	**25,464**	**2,820**	**2,555**	**54,745**
Net book value as at:					
Balance at July 1, 2020	5,489	24,419	5,338	1,595	36,841
Balance at June 30, 2021	87,514	100,920	4,652	892	193,978
Balance at June 30, 2022	**86,217**	**100,992**	**3,967**	**193**	**191,369**

Amortization expense is included in general and administration expense in the consolidated statements of income (loss) and comprehensive income (loss). For the year ended June 30, 2022, amortization expenses was $31,609 (June 30, 2021 - $12,063).

10. Development costs

Cost	**$**
Balance at July 1, 2020	17,285
Additions	1,551
Investment tax credits	(448)
Cost fully amortized	(15,028)
Balance at June 30, 2021	3,360
Additions	3,237
Investment tax credits	(628)
Balance at June 30, 2022	**5,969**
Accumulated amortization	
Balance at July 1, 2020	(15,485)
Amortization	(1,370)
Cost fully amortized	15,028
Balance at June 30, 2021	(1,827)
Amortization	(1,281)
Balance at June 30, 2022	**(3,108)**

10. Development costs (continued)

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Net capitalized development costs	**2,861**	1,533	1,800

Each period, additions to development costs are recognized net of investment tax credits accrued. In addition to the above amortization, the Company has recognized $32,877 of engineering expenditures as an expense during the year ended June 30, 2022 (June 30, 2021 - $20,068).

11. Income tax

The Company income tax expense is determined as follows:

	2022	**2021**
Statutory income tax rate	**26.15 %**	26.37 %
	$	$
Net income (loss) before income taxes	**(104,390)**	4,384
Expected income tax expense	**(27,297)**	1,156
Difference in foreign tax rates	**(75)**	(106)
Tax rate changes and other adjustments	**1,437**	(17)
Share based compensation	**2,596**	961
Other non deductible expenses	**(42)**	167
True-up of prior years	**1,194**	38
Scientific Research and Experimental Development (SR&ED)	**87**	(155)
Business acquisition costs	**470**	877
Sec 481(a) adjustment	**136**	129
Gain on consideration payable	**(591)**	(1,037)
Stock options deduction revaluation adjustment	**4,239**	2,287
Goodwill impairment	**23,756**	—
Earn-out amortization	**209**	—
Currency translation adjustment and other adjustments	**—**	(165)
Changes in tax benefits not recognized	**271**	(33)
Income tax expense	**6,390**	4,102

The Company's income tax expense is allocated as follows:	**$**	$
Current tax expense	**3,980**	1,935
Deferred income tax expense	**2,410**	2,167
Income tax expense	**6,390**	4,102

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11. Income tax (continued)

The following table summarizes the components of deferred tax assets (liabilities):

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Deferred income tax assets and liabilities			
Non-deductible reserves - Canadian	**125**	317	78
Non-deductible reserves - USA	**5,319**	4,712	1,885
SR&ED investment tax credits, net of 12(1)(x)	**2,001**	1,457	1,459
Property and equipment - Canadian	**(83)**	(212)	(228)
Property and equipment - USA	**(2,349)**	(1,493)	(499)
Deferred development costs	**(548)**	(608)	(735)
Intangible assets including goodwill - Canadian	**(89)**	(82)	(66)
Intangible assets including goodwill - USA	**(42,242)**	(41,967)	(2,798)
Non-capital losses carried forward - USA	**15,140**	5,159	4,074
Non-capital losses carried forward - Canadian	**480**	—	94
Capital losses carried forward and other - Canadian	**3**	3	272
Right of use assets net of obligations - Canadian	**27**	30	6
Right of use assets net of obligations - USA	**239**	148	76
Share issuance costs - Canadian	**834**	1,146	262
Acquisition costs and other - USA	**404**	421	—
Stock options - USA	**4,096**	8,260	—
163J interest	**3,593**	—	—
Interest rate swap	**(507)**	—	—
Capital development cost-USA	**(338)**	—	—
Net deferred income tax assets (liabilities)	**(13,895)**	(22,709)	3,880

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The following table shows the movement in net deferred tax assets (liabilities):

	June 30, 2022	June 30, 2021
	$	$
Balance at the beginning of the year	**(22,709)**	3,880
Recognized in profit/loss	**(2,410)**	(2,167)
Recognized in goodwill	**11,091**	(25,462)
Recognized in equity	**—**	1,160
Recognized in deferred development costs	**628**	(124)
Recognized in OCI	**(507)**	**—**
Other foreign exchange movement	**12**	4
Balance at the end of the year	**(13,895)**	(22,709)

11. Income tax (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Capital losses carried forward and other - Canadian	**41**	41	—
Capital losses carried forward - USA	**12,885**	12,885	—

The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company has deducted available SR&ED for federal and provincial purposes and unutilized SR&ED tax credits. These consolidated financial statements take into account an income tax benefit resulting from tax credits available to the Company to reduce its net income for federal and provincial income tax purposes in future years as follows:

Year of expiration	**Federal tax credits carry forward**	**Ontario tax credits carry forward**
	$	$
2034	212	—
2035	233	—
2036	270	—
2037	242	—
2038	184	—
2039	263	—
2040	244	35
2041	426	168
2042	355	61
	2,429	264

The income tax benefit of eligible SR&ED costs incurred in prior years but not utilized have been taken into account in these consolidated financial statements.

12. Goodwill

The carrying amount and movements of goodwill was as follows:

	$
Balance at July 1, 2020	32,296
Addition through business combinations (Note 20)	235,102
Balance at June 30, 2021	267,398
Addition through business combinations (Note 20)	34,296
Goodwill Impairment	(91,685)
Balance at June 30, 2022	**210,009**

The addition to goodwill for the year ended June 30, 2022 was from the acquisition of NetFortris Corporation on March 28, 2022 (Note 20(c)) and M2 Telecom LLC on July 16, 2021 (Note 20(b)). For the year ended June 30, 2021, the addition to goodwill was from the acquisition of StarBlue Inc. on March 31, 2021 (Note 20(a)).

The Company performed an annual impairment test for its single CGU as at June 30, 2022. The recoverable amount of the Company's only CGU ("Sangoma") was determined based on a fair value less costs to sell valuation model which used cash flow projections based on financial forecasts from management covering a four-year period and an after-tax discount rate of 14.3% (pre-tax – 16.1%) per annum. The terminal value beyond the four-year period was determined using an enterprise value to revenue exit multiple based on peer group valuations. The cash flow projections used in estimating the recoverable amount were generally consistent with results achieved historically adjusted for anticipated growth. The Company concluded that the carrying value of its Sangoma CGU was higher than the recoverable amount and a non-cash goodwill impairment charge totaling $91,685 was recognized in the year ended June 30, 2022 (year ended June 30, 2021 - $nil). As at June 30, 2022, the carrying value of the Sangoma CGU was $ 508,710 and the recoverable amount was $417,025 giving rise to an impairment of $ 91,685.

The Company performed sensitivities of key assumptions used in the impairment test and determined that if all other assumptions were held constant:

- A 0.5% increase or decrease in the after-tax discount rate would change the estimated fair value by $6,000.
- A 10% increase or decrease in the enterprise value to the revenue exit multiple used in determining the terminal value would change the estimated fair value by $31,000.

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13. Provisions

	Warranty provision	Sales returns & allowances provision	Stock rotation provision	Total
	$	$	$	$
Balance at July 1, 2020	157	69	260	486
Additional provision recognized	84	106	(234)	(44)
Balance at June 30, 2021	241	175	26	442
Additional provision recognized (reversed)	(168)	(48)	(26)	(242)
Balance at June 30, 2022	**73**	**127**	**—**	**200**

The provision for warranty obligations represents the Company's best estimate of repair and/or replacement costs to correct product failures. The sales returns and allowances provision represent the Company's best estimate of the value of the products sold in the current financial period that may be returned in a future period. The stock rotation provision represents the Company's best estimate of the value of the products sold in the current financial period that may be exchanged for alternative products in a future period. The Company accrues for product warranties, stock rotation, and sales returns and allowances at the time the product is delivered.

14. Consideration payable

As described in Note 20(a), consideration in the amount of $ 13,269 was payable as part of the acquisition of Star2Star on March 31, 2021. The fair value of consideration payable as of June 30, 2022 in the amount of $6,017 (June 30, 2021 – $9,102 and July 1, 2020 – $ nil) was determined using an effective tax rate of 26.22% (June 30, 2021 – 24.56% and July 1, 2020 – nil) and a discount rate of 4.9% (June 30, 2021 – 4.9% and July 1, 2020 – nil). The fair value of the consideration payable is dependent upon the Company's share price, foreign exchange rates and Company's ability to utilize the underlying tax losses as they become available in each reporting period. During the year ended June 30, 2022, the Company made payments of $1,421 (June 30, 2021 and July 1, 2020 – $ nil, respectively), recognized accretion expense of $684 (June 30, 2021 and July 1, 2020 - $ nil, respectively), and recognized a gain on change in fair value of $2,349 (June 30, 2021 - $4,167 and July 1, 2020 - $ nil).

As described in Note 20(c), additional consideration in the amount of $ 6,543 was payable as part of the acquisition of NetFortris Corporation. The fair value of consideration payable as of June 30, 2022 in the amount of $6,751 (June 30, 2021 and July 1, 2020 - $nil, respectively) was determined using a discount rate of 13.0% (June 30, 2021 and July 1, 2020 - nil, respectively). The fair value of the consideration payable is dependent upon the Company's ability to meet certain operating targets as specified in the acquisition agreement. During the year ended June 30, 2022, the Company made payments of $nil (June 30, 2021 and July 1, 2020 - $nil, respectively), recognized accretion expense of $114 (June 30, 2021 and July 1, 2020 - $nil, respectively), and recognized a loss on change in fair value of $ 95 (June 30, 2021 and July 1, 2020 - $nil, respectively).

The balance of consideration payable as at June 30, 2022 is summarized below:

	$
Opening balance, July 1, 2020	—
Additions through business combination (Note 20)	13,269
Gain on change in fair value	(4,167)
Ending balance, June 30, 2021	9,102
Additions through business combination (Note 20)	6,543
Payments	(1,421)
Accretion value of earn out (Note 4)	798
Gain on change in fair value	(2,254)
Ending balance, June 30, 2022	**12,768**
Consideration payable - Current	8,986
Consideration payable - Non-current	3,782
	12,768

15. Operating facility and loan and derivative assets and liabilities

(a) Operating facility and loan

(i) The Company entered into a new loan facility with two banks and drew down the first tranche of $34,800 (CAD$45,699) on October 18, 2019. This new loan facility was used to pay down and close all existing loans and to fund part of the purchase of VoIP Innovations LLC. This term facility is repayable over six years on a straight-line basis.

The interest rates charged are based on Prime rate, US Base rate, London Inter-Bank Offered Rate (LIBOR) or Canadian Dollar Offered Rate (CDOR) plus the applicable margin. Under the terms of these term facilities, the Company may convert the loans from variable to a fixed loan. The Company is required to lock in the interest rate on one half of the term loan within three months of each draw down. On January 21, 2020, the Company converted its US Base Rate loan to a one-month LIBOR loan plus the credit spread based on the syndicated loan agreement entered on October 18, 2019. Separately, as required under the agreement, the Company locked in half of the original loan amount by entering a 5-year interest rate credit swap with the two banks for $8,700 each. On March 28, 2022 the credit agreement was amended and the LIBOR rate was replaced with the Secured Overnight Financing Rate (SOFR). The repayment schedule for the loan has not been impacted by these changes. The swaps together with protection against the 0% LIBOR floor have effectively converted one half of the variable LIBOR rate to a fixed loan of approximately 4.2% for five years of the six-year remaining balance on the loan. The repayment schedule for the loan has not been impacted by either of these changes. The balance outstanding against this term loan facility as of June 30, 2022 is $18,850(June 30, 2021 – $24,650 and July 1, 2020 – $30,450). As at June 30, 2022, term loan facility balance of $5,800 (June 30, 2021 and July 1, 2020 – $5,800, respectively) is classified as current and $13,050 (June 30, 2021 - $18,850 and July 1, 2020 – $24,650) as long-term in the consolidated statements of financial position.

(ii) The Company also had revolving credit facilities which included a committed revolving credit facility for up to CAD $8,000 and a committed swingline credit facility for up to CAD $2,000 both of which may be used for general business purposes. On April 3, 2020, the Company drew down $1,300 (CAD $1,838) on the swingline credit facility available under the Credit Agreement. On April 17, 2020, the Company drew down $5,300 (CAD $7,440) from the revolving credit facility. During August 2020, the Company paid back in full the outstanding amounts on the swingline credit facility and the revolving credit facility. Both facilities remain fully available to the Company.

(iii) On March 31, 2021, the Company amended its term loan facility with its lenders and drew down an additional $52,500 to fund part of the acquisition of StarBlue Inc. At the time of the draw down of the additional amounts, the following amendments were made to the agreement:

- The provision for additional funding related to VoIP Innovations under the original agreement was no longer necessary and has been cancelled.
- The swingline facility was converted from CAD $2,000 to USD $1,500
- The revolver facility was converted from CAD $8,000 to USD $6,000
- The debt to equity ratio calculation now allows the Company to offset up to $10,000 of unrestrained funds against the outstanding amount of the debt.

The interest rates charged continue to be based on Prime rate, US Base rate, London Inter-Bank Offered Rate (LIBOR) or Canadian Dollar Offered Rate (CDOR) plus the applicable margin until March 28, 2022 when the LIBOR rate was replaced with the Secured Overnight Financing Rate (SOFR). The incremental draw is repayable, on a straight-line basis, through quarterly payments of $2,188 and is due to mature on October 18, 2024. As at June 30, 2022, $8,750 (June 30,2021 - $8,750 and July 1, 2020 – $ nil) of the incremental facility is classified as current and $32,812 (June 30, 2021 - $41,563 and July 1, 2020 – $ nil) is classified as long-term in the consolidated statements of financial position.

15. Operating facility and loan and derivative assets and liabilities (continued)

(a) Operating facility and loan (continued)

(iv) On March 28, 2022, the Company amended its term loan facility with its lenders and drew down an additional $45,000 to fund part of the acquisition of NetFortris Corporation. At the time of the draw down of the additional amounts, the following amendments were made to the agreement:

The interest rates charged is based on Prime Rate Loans, US Base Rate Loans, US Prime Rate Loans, Secured Overnight Financing Rate (SOFR) or Canadian Dollar Offered Rate (CDOR) plus the applicable margin. The incremental draw is repayable, on a straight-line basis, through quarterly payments of $1,875 and is due to mature on March 28, 2027. On June 28, 2022, the Company amended its term loan facility with its lenders, the amended repayment for the first twelve quarterly payments of $788 and $2,963 thereafter. As at June 30, 2022, $3,150 (June 30, 2021 and July 1, 2020 – $nil, respectively) of the incremental facility is classified as current and $41,063 (June 30, 2021 and July 1, 2020 – $nil, respectively) is classified as long-term in the consolidated statements of financial position.

For the year ended June 30, 2022, the Company incurred interest costs to service the borrowing facilities in the amount of $2,635 (June 30, 2021 - $1,572). During the year ended June 30, 2022, the Company borrowed $45,000 (June 30, 2021 - $52,500) in operating facility and loans and repaid $15,338 (June 30, 2021 - $14,588).

Under its credit agreements with its lenders, the Company must satisfy certain financial covenants, principally in respect of total funded debt to earnings before interest, taxes and amortization (“EBITDA”), and debt service coverage ratio. As at June 30, 2022, June 30, 2021, and July 1, 2020 the Company was in compliance with all covenants related to its credit agreements.

(b) Derivative assets and liabilities

The Company uses derivative financial instruments to hedge its exposure to interest rate risks. All derivative financial instruments are recognized as either assets or liabilities at fair value on the consolidated statements of financial position. Upon entering into a hedging arrangement with an intent to apply hedge accounting, the Company formally documents the hedge relationship and designates the instrument for financial reporting purposes as a fair value hedge, a cash flow hedge, or a net investment hedge. When the Company determines that a derivative financial instrument qualifies as a cash flow hedge and is effective, the changes in fair value of the instrument are recorded in accumulated other comprehensive income (loss), net of tax in the consolidated statements of financial position and will be reclassified to earnings when the hedged item affects earnings.

15. Operating facility and loan and derivative assets and liabilities (continued)

(b) Derivative assets and liabilities (continued)

On January 21, 2020, the Company converted its US Base Rate loan to a one-month LIBOR loan plus the credit spread based on the syndicated loan agreement entered into on October 18, 2019. Separately, as required under the agreement, the Company locked in half of the original loan amount by entering into a 5-year interest rate credit swap with the two banks for $8,700 each to manage its exposure to changes in LIBOR-based interest rates. The interest rate swap hedges the variable cash flows associated with the borrowings under the loan facility, effectively providing a fixed rate of interest for five years of the six-year loan term.

The interest rate swap arrangement with two banks became effective on January 31, 2020, with a maturity date of December 31, 2024. The notional amount of the swap agreement at inception was $17,400 and decreases in line with the term of the loan facility. Effective March 31, 2022, Sangoma US Inc. entered into a fixed rate swap transaction worth $43,750 over a five year period and terminating on February 28, 2027. As of June 30, 2022, the notional amount of the interest rate swap was $51,397 (June 30, 2021 – $12,861 and July 1, 2020 – $15,887). The interest rate swap has a weighted average fixed rate of 1.80% (June 30, 2021 – 1.65% and July 1, 2020 – 1.65%) and have been designated as an effective cash flow hedge and therefore qualifies for hedge accounting.

As at June 30, 2022, the fair value of the interest rate swap assets net were valued at $ 1,348 (June 31, 2021 and July 1, 2020 liabilities were valued at $333 and $585, respectively) and were recorded as derivative assets (liabilities) in the consolidated statements of financial position.

For the year ended June 30, 2022, the change in fair value of the interest rate swaps, net of tax, was a gain of $ 1,172 (June 30, 2021 – $252) was recorded in other comprehensive income (loss) in the consolidated statements of income (loss) and comprehensive income (loss). The fair value of interest rate swap is determined based on the market conditions and the terms of the interest rate swap agreement using the discounted cash flow methodology. Any differences between the hedged SOFR rate and the fixed rate are recorded as interest expense on the same period that the related interest is recorded for the loan facility based on the SOFR rate.

16. Contract liabilities

Contract liabilities, which includes deferred revenues, represent the future performance obligations to customers in respect of services or customer activation fees for which consideration has been received upfront and is recognized over the expected term of the customer relationship.

Contract liabilities as at June 30, 2022, June 30, 2021 and July 1, 2020 are below:

	$
Opening balance, July 1, 2020	10,820
Revenue deferred during the year	19,776
Deferred revenue recognized as revenue during the year	(20,374)
Additions through business combination (Note 20)	5,532
Ending balance, June 30, 2021	15,754
Revenue deferred during the year	40,272
Deferred revenue recognized as revenue during the year	(42,625)
Additions through business combination (Note 20)	1,666
Ending balance, June 30, 2022	**15,067**

Contract liabilities - Current	11,580
Contract liabilities - Non-current	3,487
	15,067

17. Shareholders' equity

(i) Share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at June 30, 2022 and 2021, the Company's issued and outstanding common shares consist of the following:

	June 30, 2022	June 30, 2021
	#	#
Shares issued and outstanding:		
Outstanding, beginning of the year	**19,021,642**	10,869,676
Shares issued for business combinations (Note 20)	**1,494,536**	3,018,685
Shares issued for acquisition costs (Note 20)	**—**	18,456
Shares issued as instalment for shares to be issued (Note 20)	**857,142**	—
Shares issued through short form prospectus	**—**	5,000,857
Shares issued upon exercise of options	**66,340**	113,968
Rounding of fractional shares in 2021 after share consolidation	**(28)**	—
Outstanding, end of the year	**21,439,632**	19,021,642

On March 28, 2022, the Company acquired NetFortris Corporation and issued 1,494,536 common shares valued in the amount of $16,801 as part of the consideration (Note 20).

17. Shareholders' equity (continued)

(i) Share capital (continued)

On March 31, 2021, the Company acquired StarBlue Inc. and issued 3,018,685 common shares valued in the amount of $66,873 as part of the consideration, and 18,456 common shares valued in the amount of $ 330 as part of the acquisition costs (Note 20). Under the terms of the agreement, a further 12,695,600 common shares valued in the amount of $192,102 are to be issued in instalments commencing on April 1, 2022. On April 5, 2022, 857,142 common shares were issued to StarBlue sellers in accordance with the instalment schedule defined in the share purchase agreement. Following this issuance 11,838,458 common shares remain to be issued and the remaining $ 179,132 discounted value of the common shares is recorded as shares to be issued in the consolidated statements of changes in shareholders' equity.

On July 30, 2020, the Company closed its short-form prospectus offering with 5,000,857 common shares being issued at a price of CAD$16.10 per common share including 652,285 common shares issued upon the exercise in full of the over-allotment option grant to the Underwriter for aggregate gross proceeds of CAD $80,514 and net proceeds of CAD $75,283 ($56,295).

During the year ended June 30, 2022, a total of 66,340 (June 30, 2021 – 113,968) options were exercised for cash consideration of $532 (June 30, 2021 - $228), and the Company recorded a charge of $ 267 (June 30, 2021 – $153) from contributed surplus to share capital.

(ii) Stock options

During the year ended June 30, 2020, the shareholders of the Company amended the stock option plan (the "plan") for officers, employees and consultants of the Company. The number of common shares that may be set aside for issuance under the plan (and under all other management stock option and employee stock option plans) is limited to 10% of the outstanding common shares of the corporation provided that the Company complies with the provisions of policies, rules and regulations of applicable securities legislation. The maximum number of common shares that may be reserved for issuance to any one person under the plan is 5% of the common shares outstanding at the time of grant (calculated on a non-diluted basis) less the number of common shares reserved for issuance to such person under any stock option to purchase common shares granted as a compensation or incentive mechanism. Any common shares subject to a stock option, which for any reason are terminated, cancelled, exercised, expired, or surrendered will be available for a subsequent grant under the plan, subject to regulatory requirements.

The stock option price of any common shares cannot be less than the closing price or the minimum price as determined by applicable regulatory authorities of the relevant class or series of shares, on the day immediately preceding the day on which the stock option is granted.

Stock options granted under the plan may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination on the termination of the optionee's employment, on the optionee's ceasing to be an employee, officer or director of the Company or any of its subsidiaries, as applicable, or on the optionee's retiring, becoming permanently disabled or dying, subject to certain grace periods to allow the optionee or his or her personal representative time to exercise such stock options. The stock options are non-transferable. The plan contains provisions for adjustment in the number of common shares issuable thereunder in the event of the subdivision, consolidation, reclassification or change of the common shares, a merger, or other relevant changes in the Company's capitalization. The board of directors may, from time to time, amend or revise the terms of the plan or may terminate the plan at any time.

17. Shareholders' equity (continued)

(ii) Stock options (continued)

The following table shows the movement in the stock option plan:

Measurement date	Number of options	Weighted average price
	#	$
Balance, July 1, 2020	642,600	7.96
Granted	1,102,571	24.12
Exercised	(113,968)	(1.91)
Expired	(3,429)	(8.19)
Forfeited	(40,464)	(10.86)
Balance, June 30,2021	1,587,310	19.55
Granted	590,211	13.92
Exercised	(66,340)	(8.07)
Forfeited	(290,644)	(17.80)
Cancelled	(612,497)	(27.10)
Rounding of fractional shares	(132)	—
Balance, June 30, 2022	**1,207,908**	**14.02**

The Company uses the fair value method to account for all share-based awards granted to employees, officers, and directors. The estimated fair value of most stock options granted is determined using the Black-Scholes option pricing model and is recorded as a charge to the consolidated statement of income (loss) and comprehensive income (loss) over the vesting period of the stock options, with a corresponding increase to contributed surplus. Stock options are granted at a price equal to or above the fair value of the common shares on the day immediately preceding the date of the grant. The consideration received on the exercise of stock options is added to stated capital at the time of exercise.

The Company authorized and granted 62,857 options to an officer on September 30, 2021 in accordance with the Company's stock option plan. The options contain an exercise price equal to the closing market price of the Company's common shares on September 30, 2021. The options vest as follows:

a) 20,952 of these options shall vest if the Company's share price is at or above CAD $33.25 (CAD equivalent of the 30-day VWAP) on or before June 30, 2023 tested at each month end.

b) 20,952 of these options shall vest if the Company's share price is at or above CAD $39.90 (CAD equivalent of the 30-day VWAP) on or before June 30, 2024 tested at each month end.

c) 20,953 of these options shall vest if the Company's share price is at or above CAD $47.88 (CAD equivalent of the 30-day VWAP) on or before June 30, 2025 tested at each month end.

d) If for any of the tranches above, the vesting target share price is not met, one half of that tranche can be recovered if the subsequent vesting target share price is met (limited to a single tranche look back).

17. Shareholders' equity (continued)

(ii) Stock options (continued)

The options granted had a service condition as well as a market performance condition linked to share price. The fair value of the options was determined using Monte Carlo simulation. The fair value for each tranche was in the range of CAD $7.46 – CAD $8.87 per option with vesting dates between April 30, 2022 and February 28, 2023.

On September 30, 2021, the Company granted 222,854 stock options to employees, officers, and directors at a strike price of $18.62 vesting over a period of four years. On March 30, 2022 the Company granted 55,000 options to employees and officers with a strike price of $14.23 vesting over a period of four years. On June 30, 2022 the Company granted 249,500 options to employees and officers with a strike price of $ 8.47.

On February 9, 2021, the Company granted 814,286 stock options to employees, officers, and directors at a strike price of $26.97 vesting over a period of four years. On June 30,2021, the Company granted 288,285 stock options to employees, officers, and directors at a strike price of $17.34.

	2022	2021
Share price	**$ 8.47 - $18.62**	$ 17.34 - $26.97
Exercise price	**$ 8.47 - $18.62**	$ 17.34 - $26.97
Expected volatility	**57.63% - 60.16 %**	62.27% - 65.55 %
Expected option life	**4.5 - 5 years**	5 years
Risk-free interest rate	**0.78% - 2.58 %**	0.33% - 0.71 %

17. Shareholders' equity (continued)

(ii) Stock options (continued)

The following table summarizes information about the stock options outstanding and exercisable at the end of each year:

	June 30, 2022		June 30, 2021	
Exercise price	**Number of stock options outstanding and exercisable**	**Weighted average remaining contractual life**	Number of stock options outstanding and exercisable	Weighted average remaining contractual life
$3.01 - $5.00	**23,299**	**0.50**	23,586	1.50
$5.01 - $10.00	**51,881**	**1.49**	68,535	2.54
$10.01 - $15.00	**104,313**	**2.93**	75,750	3.92
$15.01 - $18.00	**45,808**	**4.00**	—	—
$18.01 - $27.00	**35,951**	**3.61**	—	—
	261,252	**2.71**	167,871	3.02

For the year ended June 30, 2022, the Company recognized share-based compensation expense in the amount of $9,929 (June 30, 2021 - $3,758).

(iii) Earnings (loss) per share

Both the basic and diluted earnings (loss) per share have been calculated using the net income (loss) attributable to the shareholders of the Company as the numerator.

	2022	2021
Number of shares:		
Weighted average number of shares outstanding	**19,636,797**	16,248,616
Shares to be issued	**11,838,458**	12,695,600
Weighted average number of shares used in basic earnings per share	**31,475,255**	28,944,216
Shares deemed to be issued in respect of options and warrants	**—**	238,217
Weighted average number of shares used in diluted earnings per share	**31,475,255**	29,182,433
Net income (loss) for the year	**(110,780)**	282
Earnings (loss) per share:		
Basic earnings (loss) per share	**$ (3.520)**	$ 0.010
Diluted earings (loss) per share	**$ (3.520)**	$ 0.010

18. Related parties

The Company's related parties include key management personnel and directors. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances payable are usually settled in cash and relate to director fees.

The Company had incurred no related party transactions and had no outstanding balance with related parties for the years ended June 30, 2022 and 2021.

Compensation of key management personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and five officers.

The remuneration of directors and other members of key management personnel during the fiscal years ended June 30, 2022 and 2021 were as follows:

	2022	2021
	$	$
Short-term benefits	**3,271**	1,912
Long-term benefits	**54**	16
Shared-based payment transactions	**8,335**	2,070
Total compensation	**11,660**	3,998

19. Segment disclosures

The Company operates in one operating segment; development, manufacturing, distribution and support of voice and data connectivity components for software-based communication applications. The majority of the Company's assets are located in Canada and the United States of America ("USA"). The Company sells into three major geographic centers: USA, Canada and other foreign countries. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

Revenues for group of similar products and services can be summarized years ended June 30, 2022 and 2021 as follows:

	2022	2021
	$	$
Products	**65,742**	50,082
Services	**158,610**	81,301
Total revenues	**224,352**	131,383

Sangoma Technologies Corporation

Notes to the consolidated financial statements
For the years ended June 30, 2022 and 2021
(in thousands of US dollars, except per share data)

19. Segment disclosures (continued)

The sales, in US dollars, in each of these geographic locations for the years ended June 30, 2022 and 2021 as follows:

	2022	2021
	$	$
USA	**202,886**	109,700
Canada	**5,334**	3,844
All other countries	**16,132**	17,839
Total revenues	**224,352**	131,383

The non-current assets, in US dollars, in each of the geographic locations as at June 30, 2022, June 30, 2021 and July 1, 2020 are below:

	June 30, 2022	June 30, 2021	July 1, 2020
	$	$	$
Canada	**7,000**	6,715	5,515
USA	**430,525**	480,283	83,696
Total non-current assets	**437,525**	486,998	89,211

20. Business combinations

a) On March 31, 2021, the Company acquired all of the shares of StarBlue Inc. (dba Star2Star Communications, herein "Star2Star"). The Company paid an aggregate purchase price of $381,636, which comprised of $109,392 cash consideration (adjusted from $105,000 as a result of initial closing adjustments), 15,714,285 common shares at a discounted value of $258,975, and an additional consideration payable for future tax benefit in the amount of $13,269. The Company issued 3,018,685 common shares (3,142,857 common shares less 124,172 shares representing a holdback for indemnification purposes) on closing of the acquisition, with the remaining 12,571,428 common shares to be issued and distributed in fourteen quarterly installments commencing on April 1, 2022. The fair value of the share consideration is determined using a put option pricing model with a share price of $22.99 ($28.91 CAD), volatility of 56.58%, risk free rate of 0.221% - 0.855%, time to maturity of 0.003 – 4.25 years. The fair value of $13,269 of consideration payable is related to estimated tax losses to be utilized in future years, and is determined using an effective tax rate of 24.56% and a discount rate of 4.9%. The Company acquired Star2Star to expand and broaden the suite of service offerings, add key customers and realize synergies by removing redundancies.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired.

Consideration	**$**
Cash consideration on closing	101,111
Net working capital adjustment	447
Cash paid relating to debt	2,581
Cash held in escrow for working capital	1,000
Cash held in escrow for PPP loan forgiveness	4,253
Additional consideration for tax	13,269
Common shares issued on closing	66,873
Common shares reserved in escrow for indemnification	2,129
Common shares reserved for future issuance	189,973
	381,636

Purchase price allocation	**$**
Cash	3,830
Trade receivables	5,562
Inventories	1,448
Property and equipment	5,335
Right-of-use assets	2,584
Other current assets	1,496
Accounts payable and accrued liabilities	(8,325)
Contract liabilities	(5,532)
Other non-current liabilities	(925)
Lease obligations on right-of-use assets	(2,663)
Intangible assets	169,200
Deferred income tax liability	(25,476)
Goodwill	235,102
	381,636

20. Business combinations (continued)

The Company incurred estimated transaction costs in the amount of $ 3,888 which were expensed and included in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended June 30, 2021. These costs were including 18,456 common shares valued at $330, which were issued at closing to an advisor. The acquisition has been accounted for using the acquisition method under IFRS 3, *Business Combinations*.

b) On July 16, 2021, the Company purchased certain assets of M2 Telecom LLC. M2 was a channel partner for the Company's wholesale Trunking as a Service "TaaS" business and the Company has taken over the sales team. The Company paid an aggregate purchase price of $2.0 million which was allocated as goodwill (Note 12).

c) On March 28, 2022, the Company acquired NetFortris Corporation. The Company paid an aggregate purchase price of $64,820 net of a net working capital adjustment of ($8,942), and comprised of $50,418 cash consideration, 1,494,536 common shares at a fair value of $16,801. The Company issued 1,494,536 common shares including 327,241 shares representing a holdback for indemnification purposes on closing of the acquisition. The Company estimates that a further payment of $6,543 will be paid as part of an earn out that is up to $12,000 if certain operating targets are met. The Company incurred estimated transaction costs in the amount of $2,939 which were expensed and included in the consolidated statements of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2022. The acquisition has been accounted for using the acquisition method under IFRS 3, Business Combinations.

The following table summarizes the fair value of consideration paid on the acquisition date and the preliminary allocation of the purchase price to the assets and liabilities acquired.

Consideration	**$**
Cash consideration on closing	43,868
Net working capital adjustment	(8,942)
Cash held in escrow for working capital	350
Cash held in escrow for telecom taxes	3,400
Cash held in escrow for indemnification	2,800
Additional consideration for earn out	6,543
Common shares issued on closing	13,122
Common shares reserved in escrow for indemnification	3,679
	64,820

20. Business combinations (contniued)

Purchase price allocation	$
Cash	1,706
Trade receivables	1,822
Inventories	416
Property and equipment	4,172
Right-of-use assets	3,277
Other current assets	796
Other non-current assets	370
Deferred income tax asset	11,091
Accounts payable and accrued liabilities	(9,442)
Sales tax payable	(5,506)
Contract liabilities	(1,666)
Lease obligations on right-of-use assets	(3,277)
Other non-current liabilities	(235)
Intangible assets	29,000
Goodwill	32,296
	64,820

21. Government assistance

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Government Canada and the Bank of Canada have responded with significant monetary and fiscal interventions designed to stabilize economic conditions as temporary measures and one of them is the Canada Emergency Wage Subsidy (CEWS). The CEWS program offers assistance in the form of wage subsidy for qualifying businesses faced with specified levels of revenue decline, and the subsidy is targeted to either retain workforce on payroll or to re-hire furloughed employees.

The Company received $nil under the CEWS for the fiscal year ended June 30, 2022 (June 30, 2021- $ 107) which was recorded as an offset against salaries and wages in operating expenses in the consolidated statements of income (loss) and comprehensive income (loss).

22. Subsequent events

On August 3, 2022, a total of 857,144 shares were issued to StarBlue seller in accordance with the share purchase agreement. Following this issuance 10,981,314 shares remain to be issued over the next four years.

Under the terms of the Normal Course Issuer Bid (“NCIB”), the Company purchased and cancelled 16,200 common shares at an average price of $7.85 per share for total consideration of $127. In addition, the Company’s agent purchased 14,700 common shares at an average price of $6.81 for total consideration of $100. As at September 26, 2022, these common shares have not been settled and cancelled.

23. Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on September 26, 2022.

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Exhibit 99.3



Management discussion and analysis of financial condition and results of operations

Fiscal Year Ended June 30, 2022

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INTRODUCTION

As used in this Management Discussion and Analysis ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Sangoma", "we", "us", or "our" refer to Sangoma Technologies Corporation, together with our subsidiaries, on a consolidated basis as constituted on June 30, 2022. The MD&A compares the financial results for the fiscal fourth quarter of 2022 with those of the same period in the previous year. Please note that Sangoma changed its presentation currency on July 1, 2021, and so, unless otherwise noted, all amounts shown are in millions of United States dollars, except per share data. Also, the Company undertook a 7:1 share consolidation on November 2, 2021, and the share count, option count, exercise prices and earnings per share reflect this share consolidation for all periods reported. This MD&A should be read in conjunction with Sangoma's audited annual consolidated financial statements and related notes for the year ended June 30, 2022 ("Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information about us, including copies of our continuous disclosure materials such as our annual information form, is available on our website at www.sangoma.com, through the EDGAR website at www.sec.gov or through the SEDAR website at www.sedar.com.

This MD&A is dated as of September 26, 2022.

NON-IFRS MEASURES

This MD&A contains references to certain non-IFRS financial measures such as Adjusted Operating Income, Adjusted EBITDA and Adjusted Cash Flow. Non-IFRS financial measures are used by management to evaluate the performance of the Company and do not have any meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other reporting issuers. Non-IFRS financial measures used herein have been applied on a consistent basis. "Adjusted Operating Income (Loss)" means IFRS income (loss) before interest expense (net), business integration costs, exchange listing expense, change in fair value of consideration payable, business acquisition costs, goodwill impairment and income taxes. "Adjusted EBITDA" means earnings before income taxes, interest expense (net), share-based compensation, depreciation (including for right-of-use assets), amortization, business integration costs, exchange listing expense, business acquisition costs, goodwill impairment and change in fair value of consideration payable. Adjusted EBITDA is a measure used by many investors to compare issuers. "Adjusted Cash Flow" means net cash flows from operating activities as defined by IFRS less the capitalized development costs that Sangoma amortized during the period, plus interest expense (net), business acquisition costs paid, business integration costs, and exchange listing expense. We believe that Adjusted Operating Income, Adjusted EBITDA and Adjusted Cash Flow are useful supplemental information as they provide an indication of the results generated by the Company's main business activities before taking into consideration how they are financed, taxed, depreciated or amortized. Investors are cautioned that non-IFRS financial measures, such as those presented herein, should not be construed as an alternative to net income or cash flow determined in accordance with IFRS. The reconciliation of the closest IFRS measure to each non-IFRS measure is set out on pages 20, 21, and 23 herein.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements, including statements regarding the expected fiscal 2023 financial results and the future success of our business, development strategies and future opportunities.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include, but are not limited to, statements relating to management's guidance on revenue and Adjusted EBITDA, statements relating to expected inventory levels, statements relating to future lease and interest payments, statements relating to the impact of the continuing COVID-19 pandemic, 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.

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 herein include, but are not limited to, risks and uncertainties associated with the integration of NetFortris Corporation ("NetFortris"), the remediation of material weakness identified in our internal control over financial reporting, the impact of the continuing COVID-19 pandemic, changes in exchange rate between the United States dollar and other currencies, expectations regarding the amount of frequency of impairment losses, including as a result of the write-down of intangible assets, including goodwill, changes in technology, changes in the business climate, changes in the regulatory environment, the decline in the importance of the PSTN, new competitive pressures, the impact of global supply chain delays, the retention of key staff, the increase in cost and availability of our components and materials, and the impact of changes to interest rates and the other risk factors described in our most recently filed Annual Information Form for the fiscal year ended June 30, 2022. See also "Guidance" and "Controls and Procedures" below for more information on certain of these risks and uncertainties.

The forward-looking statements contained in this management's discussion and analysis are expressly qualified by this cautionary statement. Sangoma undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by law.

OVERALL PERFORMANCE

Operational

Sangoma Technologies is a trusted leader in delivering cloud-based CaaS and MSP solutions for businesses of all sizes. Customers include companies from small/medium businesses (SMB's) right up to large enterprises who are looking for all the advantages of cloud-based communications and managed network services at a fair price. In addition to those cloud-based Services, Sangoma also has a broad suite of Products to complement its Services.

Enterprises, SMBs and carriers in over 150 countries rely on Sangoma's technology as part of their mission-critical infrastructures. Through a worldwide network of distribution partners, Sangoma delivers high-quality services and products, some of which carry the industry's first lifetime warranty.

Sangoma has always been operated and managed as a single economic entity. There is one management team that directs the activities of all aspects of the Company and it is managed globally by our executive team. As a result, we believe that we have one reporting segment, being the consolidated Company. Over time, this may change as the Company grows and when this occurs, we will reflect the change in our reporting practice.

Revenue

Sangoma primarily generates revenue from Services and Products.

Our Services revenue is recurring revenue generated primarily from customers entering into agreements for cloud services that provide for subscription fees, for maintenance, and for recurring software licences. Product revenues are comprised of non-recurring revenue such as one-time perpetual software licences, the sale of phones or connectivity products, and some professional services.

Innovation

As a technology company, Sangoma is continuously working on a large number of projects across its broad portfolio of existing products and services. While the Company has introduced several new additions to its portfolio over the last few years, the majority of the Company's investment in Research and Development ("R&D") is dedicated to sustaining, improving on and enhancing its broad portfolio of existing products and services. Sangoma believes that innovation is essential to a technology company's future. The Company also believes that R&D investment is necessary in order to address the needs of the Company's wide-ranging group of customers (which include business of all sizes including service providers, enterprises, small-medium sized businesses, and original equipment manufacturers) in over 150 countries, to keep pace with technology developments in the cloud communications industry, to meaningfully compete in that industry, and to achieve and maintain market acceptance.

The Company focuses on creating and introducing products to the market as soon as commercially practical and, thereafter, focuses on enhancements to further improve its products. Such product introductions enable the Company to validate product acceptance to some degree, and to get products to market efficiently to start generating revenue. Furthermore, the Company focuses on keeping its product development costs for new projects under control in a number of ways, including by reusing its existing code base where applicable and by leveraging open-source software.

Sangoma continues to invest in R&D to develop new products and to improve existing offerings with spending on R&D increasing each year.

Sales and marketing

R&D is important, but without Sales and Marketing, customers can be too unaware of the advancements that Sangoma has made in innovation. So, Sangoma continues to increase its investment in both Sales and in Marketing, to promote awareness of the Company, to communicate the critical shift from single products to full solutions to cloud, and to drive customer acquisition.

Sales

Sangoma uses a dual sales path 'go to market' approach: direct sales to some of our largest customers and indirect distribution to most of our other clients.

- **Direct Sales** is typically used for selling to 'service providers', OEMs and large enterprise type businesses.

  Service Providers is a broad category of customers that included telcos, ISPs, ITSPs, wireless/mobile operators, MSPs, UCaaS operators, etc. These types of organizations are potential customers for Sangoma.

  OEM partners are companies that "design in" Sangoma products as a component of their solutions. OEM customers tend to be committed participants in their given markets and have longer-term focus. It is important to reach these potential customers in the early days of any project to secure 'design wins' and to have sales and marketing programs that will ensure close collaboration during product and sales development cycles.

  Enterprise customers are the classic 'larger' companies who buy products or services for their own use. This type of customer has similar 'use cases' to a SMB type customer but is large enough that they prefer to do business directly with Sangoma, the Company wants a direct relationship with them as well, and they are buying enough for Sangoma to cost effectively service them directly.

- **Indirect Sales**: In most cases, Sangoma uses the indirect or channel model. We value the 'multiplier effect' of a channel model (i.e., one of our salespeople sells to dozens of partners who sell to hundreds/thousands of customers), the more 'local nature' of a channel partner who is often based quite near to their end customers, and the more cost-effective structure of indirect distribution in a typical sales cycle. In such cases, Sangoma utilizes this indirect distribution model to reach the full breadth of customers, often based upon a two-tier Channel model:

The ‘upper tier’ of the indirect model is typically made up of Distributors or Master Agents, who normally sell not to the end customer, but to the ‘second tier’ of the channel. Master Agents are now sometimes called Technology Service Brokers or Telecom Solution Distributors. This upper tier of the channel tends to be larger organizations and cover broader geographic regions.

The ‘second tier’ of the indirect model is normally made up of Resellers and Agents. Distributors typically sell to resellers, and Master Agents typically sell to Agents. The Resellers and Agents then sell to end users (with some performing other ancillary services such as installation and/or support). The second tier tend to be smaller organizations (though not always) and are usually more ‘local’ in nature.

Sangoma has parts of its sales team that focus on Direct customers, whereas the majority focuses on the Channel. In the Channel, partners require frequent attention to keep Sangoma ‘on their mind’ in a crowded product marketplace. Therefore, a portion of the Channel sales team services the distributors and master agents as the upper tier of the channel, while a different part of the team focuses on the resellers/agents. Finally, Sangoma has professional sales teams across all our key geographic regions as well.

Marketing

Sangoma also continues to increase its efforts in marketing. The Company has assembled corporate marketing programs with two key objectives in mind:

- to promote the Sangoma brand and positioning, which included conveying the message about the Company’s full solutions and its Cloud-First approach.
- leads generation as one of the front-end steps in customer acquisition.

Sangoma is now using various marketing techniques typical of technology firms to accomplish those two objectives. This includes participation in tradeshows, speaking at selected industry events, attending specialized seminars run by Sangoma’s distribution channel and other partners, investing in electronic marketing strategies (e.g., web presence, social media and blogging, online advertising, search engine campaigns, etc.), conducting lead generation campaigns via email/social media/etc., webinars, creating thought leadership pieces, PR, etc.

In addition to the overall corporate messaging, in support of the above two objectives, Sangoma has developed a comprehensive set of channel promotion programs, aimed at the Company’s indirect partners described above, both distributors/master agents as well as resellers/agents. The Company seeks to attract new channel partners and to grow the business with existing partners. Sangoma has implemented several incentive programs to reward its channel partners for performance and behaviours that Sangoma believes will grow revenues.

OVERVIEW

Sangoma’s products and services are used by leading companies throughout the world and in leading UC, PBX, IVR, contact center, carrier networks, and data communication applications worldwide. Sangoma’s portfolio of products also enable service providers, carriers, enterprises, SMBs, and OEMs alike to leverage their existing infrastructure for maximum financial return, while still delivering the most advanced applications and services from the latest technologies available. Please refer to the Glossary of Terms for detailed definitions of terms used throughout this MD&A.

Communications as a Service (CaaS) Portfolio

Sangoma is a trusted leader in delivering value-based Communications as a Service solutions for businesses of all sizes. The value-based communications segment includes small businesses to large enterprises who are looking for all the advantages of cloud-based communications at a fair price. Sangoma’s current Communications as a Service offerings are typically offered with monthly, yearly, or multi-year contracts and include:

Unified Communications as a Service (“UCaaS”)
Trunking as a Service (“TaaS”)

Contact Center as a Service (“CCaaS”)
Communications Platform as a Service (“CPaaS”)
Video Meetings as a Service (“MaaS”)
Collaboration as a Service (“Collab aaS”)
Desktop as a Service (“DaaS”)
Access Control as a Service (“ACaaS”)

Unified Communications as a Service (UCaaS)

Sangoma’s UC solutions are business communication systems (PBX’s with advanced UC features, such as presence/chat, conferencing, mobility, fax, and more) that can be deployed on-premise or hosted in the Cloud, allowing businesses to select the best option for their needs. Unified Communication systems, because of their mobility features such as having the business phone number ring on an app on your smartphone and/or desktop and instant messaging capability, enable remote work and work from home much more efficiently. Sangoma’s Unified Communication solutions fully integrate with our phones, soft clients, and network interoperability products to provide a fully interoperable solution from a single vendor.

Cloud-Based Business Phone Solution

Sangoma offers its customers full-scale cloud-based Unified Communications solutions. With Sangoma, businesses can get contact center, mobility, softphone, call control, and productivity features included for every user at a reasonable price. Sangoma’s hosted phone service delivers the customer experience businesses demand at an affordable price point. Customers can also choose pre-provisioned phones that customers simply plug into their network.

On-Premise Business Phone Solution

Sangoma also offers the more traditional on-premise UC phone system, for businesses still wanting to deploy their business phone system on premise. Whether deployed on a dedicated appliance or in the customer’s virtual environment, Sangoma provides the power and connectivity necessary.

IP Deskphones, Headsets and UC Clients: Sangoma provides desktop and softphone collaboration clients that integrate seamlessly with our UC solution offerings and deliver UC features (presence, contacts, chat, calling, audio and video conferencing, etc.) from a single application, on any device, at any location.

IP Deskphones: Sangoma offers a full line of phones that work with both our cloud and on-premise systems that are perfect for every user type, from casual to call center to managers and executives. Sangoma’s product line includes entry-level, mid-range, and executive-level phones. All models include HD Voice and plug-and-play deployment. Sangoma’s range of IP phones are customized to seamlessly integrate with all of our UC Systems and provide zero touch installation, simplified system management, and instant access to a wide range of features.

Headsets: Sangoma also offers headsets that either work in conjunction with the desktop phones (by plugging into the phone) or work in conjunction to our desktop soft client (by plugging directly into the computer). These headsets enable roaming of up to 325 feet from the phone or desk computer.

UC Clients and Softphones: Unified Communication Clients (or softphones) are used to make or receive phone calls with your business phone number and can be used as your main phone or as an extension of your desk phone. They are available as an app on your smartphone or computer. These UC clients have enabled employees to work remote seamlessly by enabling phone calls to customers and other employees as if they were in a physical office. Sangoma offers UC clients with all of our Unified Communication / Business phone system product lines.

Trunking as a Service (TaaS)

SIP trunks deliver Internet-based telephony services to businesses using their existing internet connection, eliminating the need for separate traditional PSTN or digital telecom connections. SIP trunking is fast becoming the technology of choice to interconnect an IP PBX system to a telephone company. The main drivers are cost efficiencies (over fixed lines such as ISDN or analog lines from incumbent telcos) and end-to-end UC features/transparency. Cost efficiencies are realized because SIP trunking uses already-available broadband connections at customer premises. Sangoma offers both retail and wholesale SIP Trunking which allows our customers to choose the service that best meets their needs. Either service offers DIDs and number porting.

Retail SIP Trunking

Retail SIP trunking offers predictable monthly expenses with pricing based per trunk. SIPStation, Sangoma's retail SIP trunking service, is seamlessly integrated into our various UC platforms, making it easy to get up and running. It also includes an integrated fax service option, enabling a business to send and receive faxes from a web interface or from a local fax machine. Typically, small to mid-sized businesses and enterprises would utilize this type of service.

Wholesale SIP Trunking

Sangoma's wholesale SIP trunking offer is now available following the acquisition of VoIP Innovations. Pricing for wholesale SIP trunking is usage-based but with a larger monthly minimum commitment. This includes origination, termination, SMS/MMS, e911, and fraud mitigation. Typically, very large businesses or service providers who resell SIP trunks would utilize this type of service.

Fax as a Service

Faxing remains an important communications tool, yet VoIP networks are sometimes unable to send faxes reliably because fax standards are based on very specific timing that can be interrupted in VoIP systems, especially where there is substantial latency. Sangoma's FoIP service, FaxStation, is a hosted service to remedy this problem, available with our TaaS. It features a telecom appliance with up to four analog connections for fax machines and operates in concert with Sangoma's fax server data center to encrypt and package the fax communication to make it fail-safe. This is particularly useful for small businesses that rely on fax communications but also for industries with challenging network conditions, such as mining, oil rigs, and ship-to-shore over satellite.

Contact Center as a Service (CCaaS)

Contact Center as a Service (CCaaS) is our cloud-based contact center, or customer experience, offering. It provides robust contact center capabilities running in various ways: either standalone, in conjunction with our other cloud services (such as UCaaS), or integrated "inside" our UCaaS product in a simplified version. This latter solution is intended for 'departmental' type usage, by companies that are not pure-play contact centers, but that might have a department such as customer service or technical support that operate inside that company almost like a mini contact center.

Communications Platform as a Service (CPaaS)

Communications Platform as a Service (CPaaS) allows developers to easily build services and applications using real-time communication features, such as voice, video, chat, and SMS, via the cloud. Our platform enables Sangoma, our integrator/developer partners, and advanced customers to build new communications services based on voice, rest APIs, WebRTC, and SMS. When running an application on a CPaaS platform, performance is critical. To ensure peak performance, Sangoma offers its own SIP trunking service, providing optimized connectivity in addition to easy access to phone numbers. Sangoma also sells a series of 'applications' (or Apps) based upon our CPaaS product that customers can purchase.

Video Meetings as a Service (MaaS)

Sangoma Meet is our video meetings, cloud-based service accessible from any device, be it desktop or mobile. It enables file sharing on screen so collaboration with co-workers is enhanced, integrates seamlessly with your calendar, and enables PSTN phone calls. Sangoma Meet is available in free and chargeable tiers.

Collaboration as a Service (Collab aaS)

Collaboration as a Service (Collab aaS) is Sangoma's cloud-based offering for enabling people to work together more productively. This service is called TeamHub. It allows users to interact using any of the various forms of communications, including chatting, calling, and video. TeamHub integrates Sangoma's softphone client software applications (desktop and mobile) and is designed to allow communications to start in one mode (such as chat), and move through different modes very elegantly, in effect 'upgrading' that mode of communications to a voice call in real time, and/or upgrading that voice call to a video meeting.

Desktop as a Service (DaaS)

Sangoma's Desktop as a Service helps companies adapt to today's modern, flexible, and remote workforce. It is the most secure method for staff to access their tools and applications from any location to do their work, delivers simplified IT administration and cuts down on the CapEx of deploying PCs. Sangoma is one of the only companies that can offer communications capability inside a DaaS product.

Access Control as a Service (ACaaS)

At Sangoma, this product offering is called SmartOffice Access. The SmartOffice product line is to be a family of IoT based services, and it was launched first with Access Control. Access Control is a means of controlling access to one's office or parts of an office and was traditionally done via the well-known white 'swipe cards' or fobs. Sangoma is innovating in that space by eliminating the need for such older technologies and extending our experience with mobile apps that so many of our customers and their employees already get from us, as a Softphone. This new mobile allows one to open doors using your smartphone and the app from Sangoma, wirelessly using IoT protocols. No more swipe cards, no more readers, no more wiring behind the walls. This is one of Sangoma's first forays into cloud services that extend our CaaS suite beyond the strict definition of 'communications'.

MSP Portfolio

Sangoma's cloud-based Managed Service Provider ("MSP") offerings deliver mission critical communication services that businesses need and complement our full line of Communications as a Service solutions. The MSP product line is built upon a tightly integrated, enterprise grade, and end-to-end managed network, which is all supported by an expert 24/7 network engineering team. The current MSP offering includes three primary services:

Managed Security: Sangoma provides a cloud-based service, sometimes called Unified Threat Management ("UTM"), whereby the customers network, including voice and data traffic, are secured by intrusion prevention and detection capabilities. The network security service helps protect customers against attacks and data losses from spam, viruses, ransomware, botnets, etc.

Managed SD-WAN: Sangoma offers a cloud-based software-defined approach to managing a customers wide area network. The SD-WAN service enables network redundancy through the ability to manage multiple internet connections from multiple providers, which is seen as one seamless connection for the customer. If one connection fails, the customer does not lose connectivity and has uninterrupted uptime. The service also provides traffic shaping whereby certain types of traffic can be given priority or forced in priority.

Managed Access: Sangoma also provides a robust broadband connectivity solution, including network monitoring, analytics, backup, and a fully PCI-compliant offering for payment card and credit card transactions. Additionally, our Managed Access solution integrates with Managed Security and Managed SD-WAN services, delivering unique capabilities such as secure, end-to-end peering connections to critical destinations (such as Public Cloud sites like AWS and Azure) and Quality of Service commitments.

Network Interconnection Products

In addition to the CaaS and MSP offerings described above, Sangoma also offers network interconnection products. These products connect different types of networks together, such as VoIP networks to PSTN networks, or VoIP networks to mobile networks or different types of VoIP networks.

Session Border Controllers (SBCs)

Anytime two VoIP networks interconnect, issues of security and interoperability arise. SBCs can manage these issues, including provider-to-provider connections, provider-to-enterprise connections, and enterprise-to-enterprise connections. Sangoma's SBCs are available as hardware appliances, as software-only solutions running on a virtual machine in hosted environments, or as a hybrid of both. The hybrid solution is unique to Sangoma and provides all the flexibility expected from virtual machine capability coupled with the scalability that is found in hardware-based solutions. Sangoma's SBCs have broad interoperability certifications.

VoIP Gateways

VoIP gateways are needed any time voice traffic moves from a VoIP network to a traditional PSTN telephone network. As the traffic traverses these networks, there are issues that need to be resolved regarding both the media (the sound of the caller's voice) and the signaling (the method used to control the media traveling over that connection).

In a service provider or carrier network, much larger gateways perform these same tasks. In addition, there are signaling protocols that are only used when carrier networks communicate with other carrier networks that are not included in the enterprise product line.

All Sangoma's gateways have broad interoperability certifications.

PSTN Interface and Media Processing Boards

Sangoma's complete line of boards connect and interface to the PSTN. Even though IP networks are growing and quickly becoming the standard, the PSTN still exists, and new communication solutions often need to connect to the PSTN. These boards are primarily used by communications solution developers in PC/Server based telecommunications systems that connect to the PSTN. They perform a very similar task to VoIP gateways, but are installed inside the server rather than being stand-alone devices. By providing customers with the option of using a PSTN interface board or a VoIP gateway, Sangoma maximizes flexibility based on installation requirements, particularly when space and power are at a premium. They may also be used in harsh conditions that require ruggedized servers.

Open-Source Software Products

Asterisk and FreePBX

Sangoma is the primary developer and sponsor of the Asterisk project, the world's most widely used open-source communications software, and the FreePBX project, the world's most widely used open-source PBX software.

Sangoma also offers revenue-generating products and services, beyond the open-source Asterisk or FreePBX software, to users of these open-source software projects. The types of products and services Sangoma offers includes software add-ons to Asterisk or FreePBX, IP phones, SIP trunking, cloud-based fax, training, technical support, maintenance, PSTN cards, VoIP gateways, session border controllers, and commercial/hardened versions of the PBX/UC software.

RESULTS OF OPERATIONS

SUMMARY

The following table outlines our consolidated statements of income (loss) and comprehensive income (loss) for the periods indicated:

	Three month period ended June 30,			Year ended June 30,		
	2022	2021	2020	**2022**	2021	2020
	$	$	$	**$**	$	$
Revenue	**62.50**	50.12	25.14	**224.35**	131.38	98.32
Cost of sales	**21.82**	14.24	8.80	**67.46**	41.93	34.80
Gross profit	**40.68**	35.88	16.34	**156.89**	89.45	63.52
Expenses						
Sales and marketing	**11.84**	12.15	2.63	**53.06**	24.62	15.44
Research and development	**9.80**	7.48	4.41	**34.16**	21.44	17.90
General and administration	**20.03**	18.26	7.15	**75.20**	37.72	22.57
Foreign currency exchange (gain) loss	**0.25**	(0.11)	(0.01)	**0.35**	(0.34)	0.04
	41.92	37.78	14.18	**162.77**	83.44	55.95
Income (loss) before interest expense (net), business integration costs, exchange listing expense, gain on change in fair value of consideration payable, business acquisition costs, goodwill impairment and income taxes	**(1.24)**	(1.90)	2.16	**(5.88)**	6.01	7.57
Interest expense (net)	**2.14**	0.88	0.50	**3.86**	1.91	1.85
Business acquisition costs	**(0.18)**	0.12	(0.01)	**2.94**	3.89	1.96
Business integration costs	**0.38**	—	—	**1.22**	—	—
Exchange listing expense	**—**	—	—	**1.05**	—	—
Gain on change in fair value of consideration payable	**(1.05)**	(4.17)	—	**(2.25)**	(4.17)	—
Goodwill impairment	**91.69**	—	—	**91.69**	—	—
	92.98	(3.17)	0.49	**98.51**	1.63	3.81
Income (loss) before income tax	**(94.22)**	1.27	1.67	**(104.39)**	4.38	3.76
Provision for income taxes						
Current	**2.20**	—	(0.24)	**3.99**	1.93	1.26
Deferred	**2.83**	2.56	0.02	**2.41**	2.17	(0.37)
Net income (loss)	**(99.25)**	(1.29)	1.89	**(110.79)**	0.28	2.87
Other comprehensive income (loss)						
Items to be reclassified to net income						
Change in fair value of interest rate swaps, net of tax	**0.12**	0.04	(0.02)	**1.17**	0.25	(0.60)
Foreign currency translation income (loss)	**—**	—	(0.62)	**—**	—	0.15
Comprehensive income (loss)	**(99.13)**	(1.25)	1.25	**(109.62)**	0.53	2.42
Earnings per share						
Basic	**(2.987)**	(0.041)	0.179	**(3.520)**	0.010	0.281
Diluted	**(2.987)**	(0.041)	0.176	**(3.520)**	0.010	0.276
Weighted average shares outstanding (thousands)						
Basic	**33,230**	31,675	10,605	**31,475**	28,944	10,198
Diluted	**33,230**	31,675	10,779	**31,475**	29,182	10,371
Other pertinent information						
Total assets				**498.53**	540.35	128.95
Non-current financial liabilities				**106.18**	79.92	34.68

REVIEW OF OPERATIONS

Revenue

Quarterly Comparison

Sales for the fourth quarter of fiscal 2022 ended June 30, 2022 were $62.50 million, up 25% from the $50.12 million in the comparable fourth quarter of fiscal 2021.

Revenue was $62.50 million in the fourth quarter, which was affected by a reclassification of revenue, as further described below under the heading “Quarterly Results of Operations”.

Excluding the reclassification, the increase in quarterly revenue primarily resulted from the NetFortris acquisition contributing to revenue for the full quarter, our existing Services business continuing to grow and compound, and a modest uptick in Products revenue versus the comparable fourth quarter of fiscal 2021. As a result, our Services revenue represented 72% of total revenue this quarter, up from 71% in the same quarter of the prior year, and consistent with our strategic objective.

Fiscal Year Comparisons

Sales for the year ended June 30, 2022 were $224.35 million, up 71% from the $131.38 million in the same period of fiscal 2021 and 128% from the $98.32 million in the same period in fiscal 2020.

The increase in revenue was primarily due to the additional revenue from the Star2Star acquisition being included for four quarters in fiscal 2022 (rather than one in fiscal 2021), revenue from NetFortris acquired March 28 of this year (thus included for just over one quarter), the existing Services business continuing to grow and compound, and some minor uptick in Product revenue, all slightly offset by the reclassification described above. Overall, our Services revenue grew as a percentage of total revenue from 49% for fiscal year 2020, to 62% in fiscal year 2021 and now 71% for fiscal year 2022.

Cost of revenue and gross profit

	Three month period ended June 30,			Year ended June 30,		
	2022	2021	2020	**2022**	2021	2020
	$	$	$	**$**	$	$
Cost of sales	**21.82**	14.24	8.80	**67.46**	41.93	34.80
Gross profit	**40.68**	35.88	16.34	**156.89**	89.45	63.52

Quarterly Comparison

The cost of sales for the quarter ended June 30, 2022 was $21.82 million compared to $14.24 million last year, driven primarily by the addition of the NetFortris business for the full fourth quarter and by the continuing supply chain pressures. Sangoma’s cost of sales has been impacted by global supply chain disruptions, for both electronic components and for shipping. In some cases, Sangoma has needed to order further ahead, pay more for electronic components, and to ship product by air versus by sea (at higher cost). Nevertheless, Sangoma was able to fill most customer orders in the fourth quarter, despite these supply chain pressures.

Gross profit for the quarter ended June 30, 2022 was $40.68 million, up 13% from the $35.88 million realized in the quarter ended June 30, 2021. Gross margin for the fourth quarter of fiscal 2022 was approximately 65% of revenue. This is down from the same quarter last year partly because of the revenue reclassification as further described below under the heading “Quarterly Results of Operations”, the global supply chain pressures referenced and the slightly lower average margin from the Managed Services portion of the NetFortris portfolio added this quarter.

Fiscal Year Comparisons

The cost of sales for the year ended June 30, 2022 was $67.46 million compared to $41.93 million in fiscal year 2021 and $34.80 million in fiscal year 2020, driven primarily by the addition of NetFortris in fiscal 2022 and Star2Star in fiscal 2021.

Gross profit for the fiscal year ended June 30, 2022 was $156.89 million, 75% higher than the $89.45 million realized in fiscal year 2021 and 147% higher than the $63.52 million in fiscal year 2020. Gross margin for the fiscal year was 70%, slightly above levels expected going forward, and up from last year and fiscal year 2020.

Operational expense

As permitted under IFRS, costs are allocated by function except for the impact of foreign exchange, which can result in swings between time periods.

	Three month period ended June 30,			Year ended June 30,		
	2022	2021	2020	**2022**	2021	2020
	$	$	$	**$**	$	$
Sales and marketing	**11.84**	12.15	2.63	**53.06**	24.62	15.44
Research and development	**9.80**	7.48	4.41	**34.16**	21.44	17.90
General and administration	**20.03**	18.26	7.15	**75.20**	37.72	22.57
Foreign currency exchange (gain) loss	**0.25**	(0.11)	(0.01)	**0.35**	(0.34)	0.04
Total Expenses	**41.92**	37.78	14.18	**162.77**	83.44	55.95

Sales and marketing

Quarterly Comparison

Sales and marketing expense was $11.84 million for the fourth quarter of fiscal 2022, a decrease from the $12.15 million incurred in the same quarter of fiscal 2021. This was primarily the impact of the reclassification described under “Quarterly Results of Operations” below, in which the ‘Sales and Marketing expense’ associated with the reclassified revenue is removed from the fourth quarter, all partly offset by the addition of the NetFortris sales and marketing expense.

Fiscal Year Comparisons

Sales and marketing expense was $53.06 million for the year ended June 30, 2022 compared to $24.62 million in fiscal year 2021 and $15.44 million in fiscal year 2020. The increase arises mostly from the additional sales staff, program spend, and channel partner commissions coming from having had the Star2Star team for the whole year versus one quarter in fiscal 2021, the NetFortris team having been included for the full fourth quarter, and targeted marketing and sales investment to help drive growth.

Research and development

Quarterly Comparison

A portion of the Company’s R&D costs are capitalized each period and amortized on a straight-line basis over three years (see the audited consolidated financial statements and related notes for the fiscal year ended June 30, 2022, available at www.sedar.com).

The engineering expenses incurred, and the development costs amortized during the fourth quarter of fiscal 2022 were $9.80 million or approximately 16% of revenue, higher than the $7.48 million in the same quarter last year, mostly as a result of the addition of the NetFortris development team. For the quarter ended June 30, 2022, the Company did not have any significant projects that have not yet generated revenue, nor did it have any products or services that are not fully developed, and which are material to the Company.

Fiscal Year Comparisons

The engineering expenses incurred, and the development costs amortized during the fiscal year ended June 30, 2022 were $34.16 million compared to $21.44 million in the same period last year and $17.90 million in fiscal year 2020. The increase year over year was a result of the additional development staff from Star2Star and NetFortris being included for the full year and one quarter respectively, as well as the Company's ongoing investment in innovation.

General and administration

Quarterly Comparison

General and administration expenses were $20.03 million for the quarter ended June 30, 2022, compared to $18.26 million in the same period of fiscal 2021. The increased spending is driven primarily by the addition of the NetFortris team and the non-cash expense of the additional amortization of the intangible assets acquired.

Fiscal Year Comparisons

General and administration expenses were $75.20 million for the fiscal year ended June 30, 2022, up from $37.72 million in fiscal year 2021 and $22.57 million in fiscal year 2020. The increase is a result of the acquisitions during the respective periods, the additional intangible amortization, increase in personnel required to support the Company's growing operations, and increased costs of compliance associated with the TSX and NASDAQ listings.

Foreign exchange

Quarterly Comparison

Foreign exchange loss for the quarter ended June 30, 2022 was $0.25 million, compared to a gain of $0.11 million in the same period of fiscal 2021.

Fiscal Year Comparisons

For the year ended June 30, 2022, there was a foreign exchange loss of $0.35 million compared to a gain of $0.34 million in fiscal year 2021 and loss of $0.04 million in fiscal year 2020.

Total expenses

Quarterly Comparison

Excluding the reclassification, total operating expense for the fourth quarter of fiscal 2022 was $41.92 million versus $37.78 million during the same period last year. The primary driver of the increase was the incremental expense associated with the addition of the NetFortris business, partly offset by cost savings from the initial stages of integration, which began in the fourth quarter of fiscal 2022.

Fiscal Year Comparisons

Operating expense for the fiscal year ended June 30, 2022 was $162.77 million compared to $83.44 million for the prior fiscal year and $55.95 million in fiscal year 2020. The increase year over year was a result of the additional businesses acquired during the comparable fiscal years, increase in personnel and marketing spend required to support the Company's growing operations, and increased costs of compliance associated with being a TSX and NASDAQ listed company.

Adjusted Operating Income (Loss)

Quarterly Comparison

Adjusted Operating loss for the quarter ended June 30, 2022 was $1.24 million, slightly lower than the loss of $1.90 million loss in the same period last year, for the reasons described earlier in this section.

Fiscal Year Comparisons

Adjusted Operating loss for the year ended June 30, 2022 was $5.88 million compared to the Adjusted Operating income of $6.01 million in fiscal year 2021 and $7.57 million in fiscal year 2020. This was a result of the additional revenue and gross profit from the Company's growth and acquisitions, primarily offset by the associated non-cash incremental amortization of intangibles assets and less so by the increases in cash operating expenses.

Interest

Quarterly Comparison

Net interest expense for the quarter ended June 30, 2022 was $2.14 million, higher than the $0.88 million in the same period last year, primarily due to the additional interest expense on the new debt from the acquisition of NetFortris, the non-cash accretion expense associated with the consideration payable and from the increases in prevailing interest rates.

Fiscal Year Comparisons

Net interest expense for the fiscal year ended June 30, 2022 was $3.86 million, versus $1.91 million in the prior year and $1.85 million in fiscal year 2020. The primary driver for the increase is the additional debt taken on to finance the Star2Star and NetFortris acquisitions, the non-cash accretion expense associated with the consideration payable and from the increases in prevailing interest rates.

Business acquisition costs

Quarterly Comparison

Sangoma closed the acquisition of NetFortris on March 28, 2022 and has recorded a slight reduction to the previously estimated transaction costs of $0.18 million in the quarter, compared to the $0.12 million in the same period last year for the Star2Star Acquisition. For further information on the transactions, please refer to note 20 (a) and (c) of the June 30, 2022 audited consolidated financial statements filed on SEDAR and EDGAR.

Fiscal Year Comparisons

During the fiscal year ended 2022, Sangoma recorded $2.94 million of costs directly associated with the closing of NetFortris on March 28, 2022. During the fiscal year ended 2021, the Company incurred $3.89 million for the acquisition of Star2Star on March 31, 2021. During the fiscal year ended 2020, the Company incurred $1.96 million for the acquisition of VoIP Innovations on October 18, 2019.

Business integration costs

Quarterly Comparison

For the fourth quarter of fiscal year 2022, Sangoma recorded $0.38 million of costs directly associated with the reduction of staff between the two companies following the NetFortris acquisition with some further costs expected in the first quarter of fiscal year 2023. There were no business integration costs in the same period last year.

Fiscal Year Comparisons

For the fiscal year ended 2022, Sangoma recorded $1.22 million of costs related to the business integration of NetFortris and Star2Star. There were no business integration costs for fiscal year 2021 and 2020.

Exchange listing expense

Quarterly Comparison

There were no exchange listing expenses for the fourth quarter of fiscal years 2022, 2021 or 2020.

Fiscal Year Comparisons

During the fiscal year ended 2022, Sangoma graduated from the TSX Venture exchange to commence trading on the TSX (November 1, 2021) and on the Nasdaq (December 16, 2021), incurring a one-time $1.05 million expense associated with the listings. There were no exchange listing expenses in fiscal years 2021 and 2020.

Consideration payable

As part of the agreement for the purchase of Star2Star, Sangoma processes certain payroll transactions for Star2Star Holdings ("Holdings") option holders each time an instalment of the remaining share consideration is distributed. This gives rise to a tax deduction for Sangoma, the benefit of which is paid to Holdings when it is realized by Sangoma. To account for this, the estimated amount is calculated each quarter and recorded as a deferred tax asset, with the associated liability to Holdings recorded as consideration payable. The amount of the potential payment is tied to Sangoma's share price, the US to Canadian dollar exchange rate and the current US tax rate. As this changes, the Company will update the potential payout. As at the end of fiscal 2022, the changes in these factors gave rise to a gain versus the amount established at the end of fiscal 2021. An offset equivalent to the gain was included in deferred tax expense. There is no cash exposure to Sangoma since the payment is only due when the tax benefit is actually realized, and the two balances will largely offset each other over time.

Goodwill Impairment

Sangoma undertakes an annual assessment of potential impairment, as required by IFRS. IFRS considers the recoverable amount to be the higher of fair value less costs to sell and value-in-use. See the Company's annual audited consolidated financial statements available on SEDAR and EDGAR for more information.

Sangoma performed the valuation of the recoverable amount of the Company's single cash generating unit (CGU). The assessment determined that the recoverable amount was less than the carrying value as of June 30, 2022. Accordingly, the Company recorded a non-cash $91.69 million write down of the goodwill, to bring down the carrying value to the recoverable amount. This goodwill impairment resulted primarily from, among other factors, a significant decline in our market capitalization, which other companies in our industry sector have also experienced, during the latter months of fiscal 2022.

Tax

Taxable income is impacted by the intangible asset amortization arising from the Star2Star acquisition which is not tax deductible. The deferred tax balance includes the amount of the expected tax benefit from the remaining share distributions to Star2Star Holdings option holders, which will change over time as the share price fluctuates and is largely offset by the corresponding change in consideration payable as noted above.

Net income (loss)

Quarterly Comparison

Net loss for the fourth quarter was $99.25 million ($2.987 loss per share fully diluted), compared to a net loss of $1.29 million ($0.041 loss per share fully diluted) for the equivalent quarter ended June 30, 2021.

Fiscal Year Comparisons

Net loss for the year ended June 30, 2022 was $110.79 million ($3.520 loss per share fully diluted), compared to net income of $0.28 million ($0.010 per share fully diluted) in fiscal year 2021 and net income of $2.87 million ($0.276 per share fully diluted) in fiscal year 2020.

Adjusted EBITDA

The derivation of Adjusted EBITDA and the reconciliation of net income to Adjusted EBITDA for the comparable quarter and each fiscal year is shown in the table below.

	Three month period ended June 30,			Year ended June 30,		
	2022	2021	2020	**2022**	2021	2020
	$	$	$	**$**	$	$
Net income (loss)	**(99.25)**	(1.29)	1.89	**(110.79)**	0.28	2.87
Tax	**5.03**	2.56	(0.22)	**6.40**	4.10	0.89
Interest expense (net)	**2.14**	0.88	0.50	**3.86**	1.91	1.85
Share-based compensation	**0.94**	2.84	0.06	**9.93**	3.76	0.30
Depreciation of property and equipment	**1.69**	0.43	0.15	**3.15**	0.88	0.52
Depreciation of right-of-use assets	**1.07**	0.75	0.71	**3.31**	2.51	2.50
Amortization of intangibles	**8.67**	7.66	1.37	**31.61**	12.06	5.17
Business acquisition costs	**(0.18)**	0.12	(0.01)	**2.94**	3.89	1.96
Business integration costs	**0.38**	—	—	**1.22**	—	—
Exchange listing expense	**—**	—	—	**1.05**	—	—
Change in fair value of consideration payable	**(1.05)**	(4.17)	—	**(2.25)**	(4.17)	—
Goodwill impairment	**91.69**	—	—	**91.69**	—	—
Adjusted EBITDA	**11.13**	9.78	4.45	**42.12**	25.22	16.06
Percentage of revenue	**18 %**	20 %	18 %	**19 %**	19 %	16 %

Quarterly Comparison

For the fourth quarter of fiscal 2022, Adjusted EBITDA at $11.13 million, was up from $9.78 million of the same quarter last year, primarily resulting from the addition of the NetFortris business, the underlying growth in our business, and the initial integration of NetFortris along with the accompanying cost restructuring.

Fiscal Year Comparisons

For the fiscal year ended June 30, 2022, Adjusted EBITDA at $42.12 million was 67% higher than the $25.22 million in the prior fiscal year and 162% higher than the $16.06 million in fiscal year 2020. The increase year over year is a result of the Star2Star acquisition in 2021, the NetFortris acquisition in 2022, underlying growth in the business, and the cost restructurings.

QUARTERLY RESULTS OF OPERATIONS

Sangoma's quarterly revenue has now exceeded the same period in the prior year for each of the last 27 quarters. Selected financial information over the prior eight quarters is shown in the table below.

Sales and Net Income by Quarter

	First quarter 2020-2021	Second quarter 2020-2021	Third quarter 2020-2021	Fourth quarter 2020-2021	First quarter 2021-2022	Second quarter 2021-2022	Third quarter 2021-2022	Fourth quarter 2021-2022
Sales	$ 26.22	$ 27.09	$ 27.95	$ 50.12	$ 52.48	$ 54.24	$ 55.13	$ 62.50
Gross Profit	$ 17.32	$ 17.93	$ 18.32	$ 35.88	$ 37.85	$ 39.40	$ 38.96	$ 40.68
Expenses	$ 14.77	$ 15.13	$ 15.76	$ 37.78	$ 38.71	$ 40.24	$ 41.90	$ 41.92
Adjusted operating income (loss)	$ 2.55	$ 2.80	$ 2.56	$ (1.90)	$ (0.86)	$ (0.84)	$ (2.94)	$ (1.24)
Net income (loss)	$ 1.58	$ 1.77	$ (1.78)	$ (1.29)	$ (2.30)	$ (2.48)	$ (6.76)	$ (99.25)
Net earnings (loss) per share								
Non-diluted basis	$ 0.111	$ 0.112	$ (0.112)	$ (0.041)	$ (0.073)	$ (0.078)	$ (0.212)	$ (2.987)
Fully diluted basis	$ 0.109	$ 0.110	$ (0.112)	$ (0.041)	$ (0.073)	$ (0.078)	$ (0.212)	$ (2.987)
Adjusted EBITDA	$ 4.95	$ 5.14	$ 5.35	$ 9.78	$ 10.09	$ 10.43	$ 10.47	$ 11.13

Revenues over the comparative periods have been positively impacted by the acquisitions of NetFortris in March 2022, the acquisition of Star2Star in March 2021, the organic growth within the existing Services business, as well as an uptick in the Product business. Revenue streams continue to have minor seasonal trends with the first quarter being the most impacted.

In line with revenue, cost of goods sold, gross profit, operating expenses, and Adjusted EBITDA have all increased over the comparable periods. In addition, cost of goods has been impacted by the related global supply chain pressures, for both electronic components and for shipping. In some cases, Sangoma has needed to order further ahead, pay more for electronic components, and to ship product by air versus by sea (at higher cost).

Reclassification of Certain Gross vs Net Revenues

During the fourth quarter of fiscal 2022, the Company identified an inconsistency in its treatment of certain gross versus net revenues. As a result, the Company reclassified certain items from gross revenue to net revenue, resulting in a total reduction of approximately $3.79 million across the first three quarters of fiscal 2022. Management assessed the materiality of the reclassification described above on the Q1, Q2 and Q3 interim financial statements for fiscal 2022, and concluded that these reclassifications were not material. Accordingly, the total amount of the reclassification was taken in Q4 of fiscal 2022 and is fully reflected in these Financial Statements. The reclassification has no impact on Adjusted EBITDA or on prior years' results and reflects no change in the underlying operation of our business.

The affected amounts from the Q1, Q2, Q3 interim periods of fiscal 2022, have been re-presented below, to correct the relevant revenue and offsetting reduction in sales and marketing expense for those periods. These updated figures will be used by the Company for comparison purposes going, forward without restatement of those prior interim financial statements.

	3 months ending September 30, 2021			3 months ending December 31, 2021			3 months ending March 31, 2022			3 months ending June 30, 2022		
	Reported	Change	Updated	Reported	Change	Updated	Reported	Change	Updated	Reported	Change	Updated
Revenue	52.48	(0.98)	51.50	54.24	(1.05)	53.19	55.13	(1.76)	53.37	62.50	3.79	66.29
Cost of sales	14.63	—	14.63	14.84	—	14.84	16.17	—	16.17	21.82	—	21.82
Gross profit	37.85	(0.98)	36.87	39.40	(1.05)	38.35	38.96	(1.76)	37.20	40.68	3.79	44.47
Expenses												
Sales and marketing	13.09	(0.98)	12.11	14.25	(1.05)	13.20	13.88	(1.76)	12.12	11.84	3.79	15.63
Research and development	8.36	—	8.36	7.76	—	7.76	8.24	—	8.24	9.80	—	9.80
General and administration	17.27	—	17.27	18.15	—	18.15	19.75	—	19.75	20.03	—	20.03
Foreign currency exchange loss	(0.01)	—	(0.01)	0.08	—	0.08	0.03	—	0.03	0.25	—	0.25
	38.71	(0.98)	37.73	40.24	(1.05)	39.19	41.90	(1.76)	40.14	41.92	3.79	45.71
Income before interest, income taxes, business integration and acquisition costs	(0.86)	—	(0.86)	(0.84)	—	(0.84)	(2.94)	—	(2.94)	(1.24)	—	(1.24)
Adjusted EBITDA	10.09	—	10.09	10.43	—	10.43	10.47	—	10.47	11.13	—	11.13

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2022, Sangoma had current assets of $61.01 million, current liabilities of $78.41 million, and closed the fourth quarter with $12.70 million of cash.

Trade receivables of $16.05 million on June 30, 2022, were higher than the $14.73 million on June 30, 2021, primarily as a result of the addition of NetFortris and from the growth in our business.

Inventories were $17.43 million on June 30, 2022, $5.61 million higher than at June 30, 2021, primarily reflecting the addition of NetFortris, as well as the inventory build undertaken to offset potential supply chain delays described earlier. Sangoma expects this elevated inventory level to continue for the next few quarters until the supply chain stabilizes.

Sangoma generated $11.54 million of Adjusted Cash Flow from operations during the fourth fiscal quarter of 2022 ended June 30, 2022, compared to $7.80 million in the same quarter last year. For the fiscal year, Sangoma generated $25.65 million, compared to $22.39 million in the same period last year and $10.70 million in fiscal year 2020. The reconciliation of net cash flows from operating activities to Adjusted Cash Flow for the three and twelve month periods ended June 30, 2020, 2021 and 2022 are shown in the table below.

	Three month period ended June 30,			Year ended June 30,		
	2022	2021	2020	**2022**	2021	2020
	$	$	$	**$**	$	$
Net cash flows from operating activities	**9.55**	4.98	5.76	**21.06**	18.52	8.72
Less capitalization of development costs	**(1.56)**	(0.37)	(0.34)	**(3.24)**	(1.55)	(1.47)
Interest expense (net)	**0.90**	0.75	0.38	**2.62**	1.53	1.49
Business acquisition costs paid	**2.27**	2.44	(0.01)	**2.94**	3.89	1.96
Business integration costs	**0.38**	—	—	**1.22**	—	—
Exchange listing expense	**—**	—	—	**1.05**	—	—
Adjusted cash flow from operations	**11.54**	7.80	5.79	**25.65**	22.39	10.70

There are no existing or anticipated defaults or arrears on lease payments or interest payments and Sangoma is in full compliance with all debt covenants. Management of the Company believes that the current working capital and expected funds generated from operations will be sufficient to meet the operating and planned capital expenditures of the Company for the foreseeable future.

Credit Facility

On October 18, 2019, the Company entered into a new credit agreement (the "Original Credit Agreement") in favour of its subsidiaries, Sangoma Technologies Inc. and Sangoma US Inc. (the "Borrowers") with *inter alia* The Toronto-Dominion Bank and The Bank of Montreal, as lenders (the "Lenders"). Under the terms of the Original Credit Agreement, the Lenders provided the Borrowers with a term loan facility to refinance the Company's existing credit facilities and to fund part of the purchase of VI Acquisition.

On March 31, 2021, the Company entered into an amended and restated credit agreement (the "Amended and Restated Credit Agreement") which amended and restated the Original Credit Agreement to allow the Company to fund part of the StarBlue Acquisition.

On March 28, 2022, the Company entered into the Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") which amended and restated the Amended and Restated Credit Agreement to allow the Company to fund part of the NetFortris Acquisition. The Second Amended and Restated Credit Agreement is comprised of: (i) a $6,000,000 revolving credit facility, (ii) a $21,750,000 term credit facility, which was used to partially fund the VI Acquisition (iii) a $45,937,500 term credit facility, which was used to partially fund the StarBlue Acquisition, (iv) a $45,000,000 term credit facility, which was used to partially fund the NetFortris Acquisition (the "Term 3 Facility"), and (v) a $1,500,000 swingline credit facility.

On June 28, 2022, the Company entered into the first amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments and to amend the amount of the Term 3 Facility quarterly principal installments.

Under its Second Amended and Restated Credit Agreement with its lenders, the Company must satisfy certain financial covenants, principally in respect of total funded debt to earnings before interest, taxes and amortization, and debt service coverage ratio. As at June 30, 2022, the Company was in compliance with all covenants related to its Credit Agreement.

CONTRACTUAL OBLIGATIONS

The following table shows the movement in contractual liabilities from July 1, 2020 to June 30, 2022:

	$
Opening balance, July 1, 2020	10.82
Revenue deferred during the year	19.78
Deferred revenue recognized as revenue during the year	(20.38)
Additions through business combination	5.53
Ending balance, June 30, 2021	**15.75**
Revenue deferred during the year	40.27
Deferred revenue recognized as revenue during the year	(42.62)
Additions through business combination	1.67
Ending balance, June 30, 2022	**15.07**
Contract liabilities - Current	11.58
Contract liabilities – Non-current	3.49
	15.07

Commitments

The table below outlines our contractual commitments as of June 30, 2022:

	Payment Due by Period				
	Total	Less than 1 year	1–3 years	4-5 years	After 5 years
	$	$	$	**$**	$
Debt	**104.63**	17.70	37.58	42.65	6.70
Operating Leases	**19.98**	4.08	6.24	4.08	5.58
Purchase Obligations	**34.46**	34.46	—	**—**	—
Other Obligations	**14.64**	9.47	2.52	1.58	1.07
Total Contractual Obligations	**173.71**	65.71	46.34	48.31	13.35

USE OF PROCEEDS FROM EQUITY FINANCINGS

As of the date of this MD&A, there has not been, and the Company does not anticipate, any changes to its previously made disclosure about the Company's intended use of proceeds from the Offerings.

Offering	**Previously Disclosed Proposed Use of Proceeds**	**Actual Use of Proceeds and Explanation of Variances**
Prospectus Supplement dated July 24, 2020 to the Short Form Base Shelf Prospectus Dated June 29, 2020	The Company intends to use net proceeds of the Offering for future acquisitions, with any unused net proceeds to be used for working capital and other general corporate purposes, including to reduce debt. The Company will have discretion in the actual application of Net Proceeds.	Substantially all of the proceeds were used in the Company's acquisition of StarBlue Inc. and its wholly-owned operating subsidiary Star2Star Communications, LLC completed on March 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Sangoma.

RELATED PARTY TRANSACTIONS

Except as disclosed in the notes to the consolidated financial statements, the Company is not party to any material transactions with related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. All significant estimates and critical judgments, estimates, and assumptions are described in Note 2 of the Company's Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The fair values of the cash and cash equivalents, trade and other receivables, derivative assets , contract assets, other current assets, accounts payable and accrued liabilities, consideration payable and derivative liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments or as these financial instruments are fair valued at each reporting period. The fair values of operating facility and loans approximate their carrying values due to variable interest loans or fixed rate loan, which represent market rate. Further details relating to our financial instruments, the risks associated with the financial instruments and how we manage those risks, are described in Note 4 of the Company's Financial Statements.

SIGNIFICANT EVENTS

Acquisition of NetFortris Corporation

Sangoma acquired NetFortris on March 28, 2022 for upfront consideration and contingent earn-out consideration totalling up to $80 million. The acquisition represented the opportunity to further accelerate Sangoma into the upper echelon of SaaS communications providers, and extended the Company's industry leading suite of cloud services with the new MSP capabilities. For more details on the March 28, 2022 acquisition of NetFortris Corporation, please see note 20 (c) of the June 30, 2022 annual audited consolidated financial statements available at www.sedar.com and www.sec.gov.

COVID-19

In December 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the national, provincial and municipal governments around the world regarding travel, business operations and isolation and quarantine orders. At the commencement of the COVID-19 pandemic, Sangoma was designated as an essential business in many of the jurisdictions in which it operates and continued to receive factory shipments and make deliveries to customers around the world throughout fiscal years 2020, 2021, and 2022.

As indicated in previous business updates, there continues to be uncertainty regarding the full impact, duration and pace of recovery from the COVID-19 pandemic on Sangoma's operations and markets. While these effects are mitigated through vaccinations, the effectiveness of vaccines against variant strains of COVID-19 (including the Delta and Omicron variants) and the severity of variant strains, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time.

In addition to the varying government responses in each of the countries that Sangoma operates in, there have been global electronic component supply shortages with associated higher prices, longer lead times for the supply of both components and finished goods, delays in and increased cost of shipping the Company's products to its warehouses and customers. Sangoma has responded through seeking to lock in component supply for as far out as is possible but remains dependent on these components being delivered in the agreed quantities and timelines. As a result, Sangoma has needed to use more air freight than it normally would to get products into its warehouses in order to meet customer demand.

Going forward, the COVID-19 pandemic's impact on the continuing recovery of the global economy; the Company's manufacturing, labour and shipping costs; global exchange rates; Company's customers' business operations; the availability and costs of components required by the Company for the production of its products; the Company's manufacturers and supply chain delivering the required quantities of finished products on schedule; the continued ability for the Company's operations employees to work at the Company's internal and outsourced facilities; and other employees being able to work from home as required without any material impact on productivity remains uncertain.

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Government Canada and the Bank of Canada have responded with significant monetary and fiscal interventions designed to stabilize economic conditions as temporary measures and one of them was the Canada Emergency Wage Subsidy (CEWS). The CEWS program offered assistance in the form of wage subsidy for qualifying businesses faced with specified levels of revenue decline, and the subsidy was targeted to either retain workforce on payroll or to re-hire furloughed employees. The CEWS program was applicable from March 15 to December 19, 2020 for eligible entities that experienced a reduction in gross revenue for the period as determined by the program. The Company received $nil under the CEWS in fiscal year 2022 (approximately $107,000 in fiscal year 2021) which was recorded as an offset against salaries and wages in operating expenses in the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

Share Consolidation (reverse stock split)

On November 2, 2021, the Company implemented a consolidation (the "reverse stock split") of its outstanding Common Shares on the basis of one new Common Share for every seven then outstanding Common Shares (the "Consolidation Ratio"). At the special meeting of the Company's shareholders held on September 23, 2021, the Company's shareholders granted the Company's Board of Directors discretionary authority to implement a consolidation of the issued and outstanding common shares of the Company on the basis of a consolidation ratio of up to 20 pre-consolidation common shares for one post-consolidation common share. The Board of Directors selected a share consolidation ratio of seven pre-consolidation common shares for one post-consolidation common share. The Company's common shares began trading on the TSX on a post-consolidation basis under the Company's existing trade symbol "STC" on November 8, 2021. In accordance with IFRS, the change has been applied retrospectively.

The reverse stock split did not cause an adjustment to the par value or the authorized shares of the common stock. As a result of the reverse stock split, the Company further adjusted the share amounts and exercise prices under its option plans and outstanding options.

IAS 33 Earnings per Share (paragraph 64) requires retrospective adjustment of earnings per share for a reverse stock split that occurs subsequent to the date of the statements of financial position but before the date of authorization of the statements. As a result, all disclosures of common shares, per common share data and data related to options in the accompanying consolidated financial statements and related notes reflect this reverse stock split for all periods presented.

In the fourth quarter of fiscal 2022, the Company announced its intention to make a normal course issuer bid ("NCIB") with respect to its Shares. Pursuant to the NCIB, Sangoma may, during the 12-month period commencing June 23, 2022 and ending no later than June 22, 2023, purchase up to 1,071,981 Shares, representing 5% of the total number of 21,439,632 Shares outstanding, through the facilities of the TSX, the Nasdaq Global Select Market or alternative Canadian trading systems. Sangoma also entered into an automatic share purchase plan with a designated broker to allow for the purchase of Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase Shares due to self-imposed blackout periods, insider trading rules or otherwise.

OUTSTANDING SHARE INFORMATION

We are currently authorized to issue an unlimited number of common shares. As of the date hereof, 22,289,373 common shares and 1,183,243 stock options are issued and outstanding.

On August 3, 2022, a total of 857,144 shares were issued to the StarBlue sellers in accordance with the share purchase agreement. Following this issuance, 10,981,314 shares remain to be issued over the next 4 years.

Under the terms of the Normal Course Issuer Bid the Company has purchased and cancelled 16,200 common shares at an average price of $7.85 per share for total consideration of $0.13 million and these shares have been cancelled. In addition, the Company's agent purchased 14,700 common shares at an average price of $6.81 for total consideration of $0.10 million. As of the date hereof, these common shares have not been settled and cancelled.

GUIDANCE

2022 Achievements Against Guidance

Initially, Sangoma provided revenue guidance for fiscal 2022 in our press release dated February 10, 2022 of between $215 and $219 million, and Adjusted EBITDA guidance of between $42 and $44 million. Our initial guidance was based on the Company's assessment of many material assumptions, including:

- The Company's ability to manage current supply chain constraints, including our ability to secure electronic components and parts, manufacturers being able to deliver ongoing quantities of finished products on schedule, no further material increases in cost for electronic components, and no significant delay or material increases in cost for shipping
- The revenue trends the Company has experienced in the fiscal year to date and the trends we expect going forward
- The continuing recovery of the global economy, decreased government restrictions and increased customer demand as a result of COVID-19
- There being continuing growth in the global UCaaS and cloud communications markets more generally

- There being continuing demand and subscriber growth for the Company's cloud offerings
- 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, as reflected in its guidance, will meet expectations, which is based on certain management assumptions, including continuing demand for the Company's products and services, no material delays in receipt of products from its contract manufacturers, no material increase to the Company's manufacturing, labour or shipping costs
- That the Company is able to attract and keep the employees needed to maintain the current momentum
- The continued ability for the Company's operational employees to work at the Company's internal and outsourced facilities
- Other employees being able to work from home as required without any material impact on productivity

In our press release dated May 12, 2022, we provided updated revenue guidance for fiscal year 2022 of between $230 and $232 million, including one quarter of NetFortris revenue. We also reconfirmed Adjusted EBITDA guidance of $42 to $44 million. This updated guidance was based on the Company's assessment of many material assumptions, including those listed above along with the following additional assumptions:

- The successful integration of NetFortris and the achievement of post-closing synergies such as the ability to cross-sell NetFortris and Company products and services to the other's customer base and the amalgamation of data centers
- The NetFortris business continuing to operate and generate results in a manner consistent with its business preceding its acquisition by the Company and as anticipated once integration begins in Q4

The Company's actual fiscal 2022 revenue was $224.35 million, and actual Adjusted EBITDA was $42.12 million. Our annual Adjusted EBITDA and expectation of NetFortris' Q4 results was in line with our guidance, while annual revenue for fiscal year 2022 was slightly below guidance. The primary factor that contributed to the difference between revenue guidance and Sangoma's actual fiscal 2022 revenue, was the reclassification described under the heading "Quarterly Results of Operations", which had an impact of $3.79 million in revenue for the first three quarter of fiscal 2022 and $5.5 million on expected revenue for the year. Additionally, a few specific projects which we had expected in the fourth quarter were delayed slightly, resulting in a small decrease in revenue for the period.

2023 Guidance

For fiscal year 2023, the Company expects revenue of $275 - $285 million and Adjusted EBITDA of $48 - $52 million.

The above outlook constitutes forward-looking information and is based on the Company's assessment of many material assumptions, including:

- The Company's ability to manage current supply chain constraints, including our ability to secure electronic components and parts, manufacturers being able to deliver ongoing quantities of finished products on schedule, no further material increases in cost for electronic components, and no significant delay or material increases in cost for shipping
- The revenue trends the Company experienced in fiscal year 2022 and the trends we expect going forward in fiscal 2023
- The continuing recovery of the global economy from the impact of COVID-19, including decreased government restrictions and increased customer demand, all of which would not be materially negatively affected by more recent macro factors such as inflation, interest rates, or recessions
- The successful integration of NetFortris, the achievement of post-closing synergies, and the ability to cross-sell NetFortris and Sangoma's products and services to the other's customer base
- The NetFortris business continuing to operate and generate results in a manner consistent with its business preceding its acquisition by the Company and as anticipated by us
- There being continuing growth in the global UCaaS and cloud communications markets more generally
- There being continuing demand and subscriber growth for our Services and continuing demand as anticipated for our Products
- 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 will meet expectations, which is based on certain management assumptions, including continuing demand for the Company's products and services, no material delays in receipt of products from its contract manufacturers, no further material increase to the Company's manufacturing, labour or shipping costs
- There are no additional revenue reclassifications
- The Company is able to remediate the material weaknesses identified in its internal control over financial reporting
- That the Company is able to attract and keep the employees needed to maintain the current momentum
- The continued ability for the Company's operational employees to work at the Company's internal and outsourced facilities
- Other employees being able to work from home as required without any material impact on productivity

Controls and Procedures

Management of the Company, under the supervision of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") (as defined under applicable Canadian securities laws and by the United States Securities and Exchange Commission ("SEC") in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") for the company to ensure that (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer and oversight of the Board of Directors evaluated the effectiveness of our ICFR as of June 30, 2022 against the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, because of the material weakness described below, the Company's disclosure controls and procedures were not effective as at June 30, 2022.

The Company is not required at this time to have an audit of its internal control over ICFR and therefore its auditors have not expressed an opinion on the effectiveness of the Company's ICFR. Management has concluded that the consolidated financial statements for fiscal year 2022 present fairly, in all material respects, the financial position of the Company at June 30, 2022 in conformity with IFRS and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended June 30, 2022. However, the absence of material misstatements in the financial statements does not mitigate, in any way, the material weakness identified.

The Company experienced significant and rapid change during the year as a result of uplisting from the TSX-V to the TSX, cross-listing to the Nasdaq to become a dual-listed public company and completing another acquisition, less than one year after its completion of a significant business acquisition in March 2021. The Company did not have sufficient resources available to adequately assess risk and implement controls in a timely manner, particularly as the Company became subject to Section 404 of the U.S. Sarbanes-Oxley Act 2002, as amended for the first time at the end of Q2 2022. As a result, during its assessment of ICFR, management identified certain deficiencies. Based on the context in which the deficiencies occur, management concluded that in the aggregate, the following deficiencies represent a material weakness:

- Failure of personnel to follow established standards and policies
- Inadequate segregation of duties and insufficient levels of knowledge and experience of employees to ensure appropriate authorization, review and recording of transactions, as well as the financial reporting of such transactions
- A combination of control deficiencies within its information technology general control across systems supporting the Company's business processes, including access controls related to maintaining appropriate segregation of duties

Remediation of Material Weakness in ICFR

Management is committed to the planning and implementation of remediation efforts to address the material weakness, as well as to foster improvement in the Company's internal controls. These remediation efforts are underway and are intended to address the identified material weakness and enhance the overall financial control environment.

We have taken certain measures to remediate the material weakness described above, including engaging third parties to assist the Company in addressing the identified deficiencies, implementing formal procedures and controls supporting the Company's period-end financial reporting process. Additionally, management will provide more comprehensive and timely training to ensure process owners and control operators have a robust understanding of their responsibilities and the documentation requirements in advance of the control operation.

While we believe that the efforts taken to date and those planned for remediation will improve the effectiveness of our internal control over financial reporting, these remediation efforts are ongoing and will require a sufficient period of time to operate for management to be able to conclude that the design is effective to address the risks of material misstatement and that such controls are operating effectively through testing of such controls. While remediation of deficiencies are expected to be completed in fiscal 2023, we may conclude that additional measures are necessary to remediate the material weaknesses in our internal control over financial reporting, which may necessitate additional evaluation and implementation time.

GLOSSARY OF TERMS

Analog

Analog telephony is the telephone system that dates back to the original experiments by Alexander Graham Bell. The voice signal is picked up by a microphone and transmitted to the central office. Voice signals from the central office consist of voltages that drive a headset to produce sound. Analog means that the voice pressure signals are represented by voltages levels on the line.

API

Application Program Interface: An API is a purpose-built interface that allows fourth party software to interact with a particular application. A typical API is the user interface for Windows that allows programmers to write programs for Windows that use all its built-in utilities. APIs do not depend on revealing source code, in general. They are usually well documented and include sample programs that make development easy.

Codec

In the telephony context a codec is a mechanism of digitally encoding voice. On the PSTN a voice channel takes up 64kbps in a codec standard called G.711. Cell phones use a codec called GSM that compresses the voice further so that a GSM call consumes about 24kbps. Other compressed codecs are used in VoIP to conserve bandwidth. These include standards such as G.729, G.723. Most audio codecs are lossy, in that some of the voice quality is degraded by the compression. On the other hand, as bandwidth becomes cheaper, VoIP allows one to use other codecs that in fact use more bandwidth than the PSTN, the so-called broadband codecs that have DVD-like voice quality.

Digital telephony

In the modern PSTN only the "last mile" line to the customer is still analog, all other internal parts of the network are digital. Digital in this case means that at the central office the analog signal from the subscriber's telephone is sampled digitally, converting the line voltages to a series of numbers that can be easily transmitted error free over long distances. See T1, E1 below.

DID

Direct Inward Dialing ("DID") is a virtual phone number that uses the existing phone lines to route incoming calls. Callers can connect to a phone extension directly without an operator. This offers convenience for both employees and callers alike. DID offers a cost saving on its own, and is less expensive when purchased with a SIP trunk.

Gateway

In the telephony context this is typically a separate unit with its own case and power supply that provides VoIP-to-PSTN services for a VoIP network. Almost all gateway devices use SIP interfaces to the VoIP system over Ethernet and have analog or digital telephony interfaces that connect to the PSTN. VoIP gateways are available from many manufacturers including Audiocodes, Cisco, Grandstream, Patton Electronics and many others.

ISDN

Integrated Services Digital Network ("ISDN") is a set of communications standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network. Of the many variations of ISDN, Sangoma supports BRI (Basic Rate Interface) which is essentially an all-digital replacement for ordinary analog lines and PRI (Primary Rate Interface) which is used over T1 and E1 lines. BRI is very popular outside of North America. PRI is used worldwide.

IoT

Internet of Things ("IoT") refers to a system of interrelated, internet-connected objects that are able to collect and transfer data over a wireless network without human intervention.

IP

The Internet Protocol ("IP") is the primary protocol in the internet layer of the Internet protocol suite, and delivers data packets from the source host to the destination host solely based on the IP address.

ISP

Internet Service Provider

ITSP

Internet Telephony Service Provider who offer telecommunications service including voice over internet type connections.

IVR

Interactive Voice Response: IVR systems use the phone to navigate a menu, for example those used by banks to allow access to customer's account information. IVR systems have typically been driven by dial tones as the buttons on your phone are pressed, but increasingly they are using voice recognition for navigation.

Open Source

Open Source software is distributed free subject to certain conditions. Open Source licenses usually stipulate that source code must always be distributed or made available, and any improvements in the code have to be donated back to the community. It is possible to have dual licensing: Open Source to the community and also a closed, commercial license of the same or similar software.

NetBorder

This is the trade name of a Sangoma SIP to PSTN gateway product. It includes several other functions in addition to the PSTN gateway function. The mass marketed version is known as NetBorder Express or NBE.

PBX

Private branch exchange. A PBX is a premised basis device to deliver calls from the PSTN or VOIP network to phones in a single or multiple locations.

PSTN

Public Switched Telephone Network: This is the standard telephone network that has been in operation for many decades. A telephone or FAX or PBX or other telephony device is generally connected to an analog line at a wall plug, which is connected by “last mile” cabling to the central office. The analog signal from the device is converted to a digital signal at the Telco central office and is multiplexed, 24 simultaneous voice channels per line (in North America) onto a T1 for onward transmission. At the other end of the line the digital channel is reconverted to analog for transmission over the “last mile” to the receiving phone or other device.

SBC

A Session Border Controller (“SBC”) is a device deployed in Voice over Internet Protocol (“VoIP”) networks to exert control over the signaling and usually also the media streams involved in setting up, conducting, and tearing down telephone calls or other interactive media communications. SBCs are deployed as demarcation points between enterprises and service providers and between service provider networks.

SD-WAN

A Software-defined Wide Area Network (“SD-WAN”) uses software to control and manage connectivity across a customers wide area network. While traditional wide area networks rely on physical routers to connect remote users, this centralized software solution can help customers monitor their performance of the network and manage traffic.

Signalling

Call setup and tear down is remarkably complicated, involving such things as responding to the different tones as well as generating them, caller identification and handling the different features like hook-flash and voicemail properly. There are different signalling mechanisms for different types of circuits. Analog circuits use tones such as out-of-order, busy, ringing as well as the dialling tones. T1 lines often use a data protocol called ISDN PRI, where packets of control data are exchanged on a separate data channel. ISDN PRI is a simplification of the general signalling protocol used internally by the telecommunications networks known as SS7. In all cases signalling has to be exactly compatible with what the Telco expects, so interoperability and standards are important.

SIP

Session Initiation Protocol: SIP is the emerging standard signalling protocol for VoIP, though it has much broader applications. SIP is responsible for setting up and teardown of two party and multiparty calls, as well as a host of management features. To a great and increasing extent, VoIP calls are SIP based. The term SIP Trunk is used to describe the provision of a SIP line to an end customer.

T1, E1

A T1 line is a circuit that carries 24 digital telephone calls simultaneously. At higher densities, 28 T1s are aggregated into a T3 line carrying 672 calls. Larger offices can also connect to the central office via T1 directly, so as to have only one circuit for up to 24 calls. T1 is standard in North America and Japan while E1 is the standard in the rest of the world. E1 carries 30 channels of digitized voice per line.

TDM

Time Division Multiplexing (“TDM”) is used in circuit switched networks to increase the number of calls carried simultaneously on any one circuit and formed the basis for the digital telephony networks.

Unified Communications

Unified communications is a concept in which voice, email, messaging, video and any other type of communication are all considered forms of data that can be combined, manipulated and used in intelligent applications in a seamless way.

VoIP

Voice over IP: The transfer of voice traffic over the Internet Protocol. IP is used universally for all networking including local area networks and private networks, not just the Internet. VoIP is not necessarily voice over the Internet, but voice over general data networks.

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our independent auditor's report dated September 26, 2022, with respect to the consolidated financial statements of Sangoma Technologies Corporation and its subsidiaries as at June 30, 2022, June 30, 2021, and July 1, 2020, and for each of the years in the two year period ended June 30, 2022 included in the Annual Report on Form 40-F of Sangoma Technologies Corporation for the year ended June 30, 2022, as filed with the United States Securities Exchange Commission ("SEC").

We also consent to the incorporation by reference in the Registration Statement No. 333-261071 on Form F-10, of our auditor's report dated September 26, 2022, with respect to the consolidated financial statements of Sangoma Technologies Corporation and its subsidiaries as at June 30, 2022, June 30, 2021, and July 1, 2020 and for each of years in the two year period ended June 30, 2022, as included in the Annual Report on Form 40-F for the year ended June 30, 2022 as filed with the SEC.

We also consent to the reference to our firm under the heading"Interests of Experts" in the Registration Statement.

/s/ MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
September 26, 2022
Toronto, Canada

Exhibit 99.5

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William Wignall, certify that:

1. I have reviewed this Annual Report on Form 40-F (this "Report") of Sangoma Technologies Corporation (the "Issuer");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this Report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the Issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Issuer's auditors and the audit committee of the Issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal control over financial reporting.

Date: September 26, 2022

/s/ William Wignall
William Wignall
President & Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Moore, certify that:

1. I have reviewed this Annual Report on Form 40-F (this "Report") of Sangoma Technologies Corporation (the "Issuer");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this Report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the Issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Issuer's auditors and the audit committee of the Issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal control over financial reporting.

Date: September 26, 2022

/s/ David Moore
David Moore
Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Sangoma Technologies Corporation (the " Company") on Form 40-F for the fiscal year ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Wignall, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 26, 2022

/s/ William Wignall
By: William Wignall
Chief Executive Officer

A signed original of this written statement required by Section 906 of 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Sangoma Technologies Corporation (the " Company") on Form 40-F for the fiscal year ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Moore, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 26, 2022

/s/ David Moore
By: David Moore
Chief Financial Officer

A signed original of this written statement required by Section 906 of 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.