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, 2023 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 register**
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: 33,038,367 Common Shares (as at June 30, 2023).

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 ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

PRINCIPAL DOCUMENTS

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

A. Annual Information Form

For the Registrant's Annual Information Form for the year ended June 30, 2023 see Exhibit 99.1 of this Annual Report (the ***Annual Information Form***").

B. Audited Annual Financial Statements

For the Registrant's Audited Consolidated Financial Statements for the year ended June 30, 2023, 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, 2023 (***MD&A***"), see Exhibit 99.3 of this Annual Report.

CONTROLS AND PROCEDURES

A. Certifications

The required disclosure is included in Exhibits 99.6 and 99.7 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, as amended, 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

As provided under the heading "Controls and Procedures" in the MD&A, filed as Exhibit 99.3 to this Annual Report, which is incorporated by reference herein, a material weakness was previously identified during the year ended June 30, 2022, which resulted in changes to our internal control over financial reporting during the year ended June 30, 2023. Except for the foregoing, there were no changes in the Registrant's internal control over financial reporting during the year ended June 30, 2023 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, 2023.

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 Securities Exchange Act of 1934, as amended (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 Annual Information Form, 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, 2023 wasKPMG LLP (Vaughan, Canada, PCAOB ID No.: 85).

The required disclosure is included under the heading "External Auditor Service Fees" in the Annual Information Form, 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 the MD&A, which is filed as Exhibit 99.3 to this Annual Report, is incorporated by reference herein.

CONTRACTUAL OBLIGATIONS

The disclosure provide under the heading "Contractual Obligations" on page 20 of the MD&A, which is filed as Exhibit 99.3 to this Annual Report, 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 Annual Information Form, which is filed as Exhibit 99.1 to this Annual Report.

BOARD DIVERSITY MATRIX

The table below reports self-identified diversity statistics for the Board of Directors of the Registrant as required by NASDAQ Rule 5606:

Board Diversity Matrix for Sangoma Technologies Corporation				
As of September 27, 2023				
To be completed by Foreign Issuers (with principal executive offices outside of the U.S.) and Foreign Private Issuers				
Country of Principal Executive Offices	Canada			
Foreign Private Issuer	Yes			
Disclosure Prohibited Under Home Country Law	No			
Total Number of Directors	6			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	5		
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction	—			
LGBTQ+	—			
Did Not Disclose Demographic Background	—			

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 filed as Exhibit 99.1 to this Annual Report (and incorporated by reference herein) 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 27, 2023 **Sangoma Technologies Corporation**

By: /s/ Charles Salameh
Name: Charles Salameh
Title: Chief Executive Officer

Exhibit Index

Exhibit No.	Description
99.1	Annual Information Form of the Registrant for the fiscal year ended June 30, 2023.
99.2	Audited Consolidated Financial Statements of the Registrant for the year ended June 30, 2023 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, 2023.
99.4	Consent of KPMG LLP
99.5	Consent of MNP LLP
99.6	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.
99.7	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)

SANGOMA TECHNOLOGIES CORPORATION

Consolidated financial statements for the years ended June 30, 2023 and 2022

(in thousands of US dollars)

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

Sangoma Technologies Corporation

June 30, 2023 and 2022

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Report of Independent Registered Public Accounting Firm

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

To the Shareholders and Board of Directors of Sangoma Technologies Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Sangoma Technologies Corporation (the "Company") as of June 30, 2023, the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended June 30, 2023, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and the results of its operations and its cash flows for the year ended June 30, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.



Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2022.

Vaughan, Canada

September 27, 2023

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.

1 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 2V9
1.877.251.2922 T: 416.596.1711 F: 416.596.7894 MNP.ca

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 Chartered Professional Accountants
September 26, 2022 Licensed Public Accountants

1 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 2V9
1.877.251.2922 T: 416.596.1711 F: 416.596.7894 MNP.ca

Sangoma Technologies Corporation

Consolidated statements of financial position
As at June 30, 2023, and June 30, 2022
(in thousands of US dollars, except per share data)

	Note	**June 30 2023**	June 30 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents	4	**11,156**	12,702
Trade and other receivables	4	**21,905**	23,943
Inventories	6	**17,970**	17,426
Income tax receivable		**3,192**	—
Contract assets		**1,762**	1,225
Derivative assets	15	**1,218**	648
Other current assets		**4,420**	4,364
		61,623	60,308
Non-current assets			
Property and equipment	7	**9,152**	10,274
Right-of-use assets	8	**13,152**	16,974
Intangible assets	9	**157,437**	191,369
Development costs	10	**6,569**	2,861
Deferred income tax assets	11	**3,210**	2,762
Goodwill	12	**187,502**	210,009
Contract assets		**2,911**	2,567
Derivative assets	15	**768**	700
Other non-current assets		**422**	709
		442,746	498,533
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	**24,077**	28,568
Provisions	13	**237**	200
Sales tax payable		**5,594**	5,895
Income tax payable		**61**	1,885
Consideration payable	14	**1,894**	8,986
Operating facility and loans	15	**17,700**	17,700
Contract liabilities	16	**10,909**	11,580
Lease obligations on right-of-use assets	8	**2,719**	3,592
		63,191	78,406
Long term liabilities			
Consideration payable	14	**—**	3,782
Operating facility and loans	15	**83,125**	86,925
Contract liabilities	16	**3,642**	3,487
Non-current lease obligations on right-of-use assets	8	**11,612**	14,397
Deferred income tax liabilities	11	**14,295**	16,657
Other non-current liabilities		**766**	1,071
		176,631	204,725
Shareholders' equity			
Share capital		**379,924**	203,032
Shares to be issued		**—**	179,132
Contributed surplus		**18,132**	15,055
Accumulated other comprehensive income		**1,335**	839
Accumulated deficit		**(133,276)**	(104,250)
		266,115	293,808
		442,746	498,533

Approved by the Board

(Signed)	Al Guarino	Director
(Signed)	Allan Brett	Director

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of loss and comprehensive loss
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note		**June 30 2023**	June 30 2022
			$	$
Revenue	19		**252,530**	224,352
Cost of sales			**79,739**	67,464
Gross profit			**172,791**	156,888
Expenses				
Sales and marketing			**61,922**	53,057
Research and development			**37,470**	34,158
General and administration			**76,363**	75,199
Foreign currency exchange (gain) loss			**(15)**	358
Interest expense (net)	4,8,14,15		**6,767**	3,863
Business acquisition costs	20		**—**	2,939
Restructuring and business integration costs			**2,710**	1,222
Exchange listing expense			**—**	1,051
Gain on change in fair value of consideration payable	14		**(2,975)**	(2,254)
Goodwill impairment	12		**22,507**	91,685
Loss before income tax			**(31,958)**	(104,390)
Provision for income taxes				
Current	11		**(172)**	3,980
Deferred	11		**(2,760)**	2,410
Net loss			**(29,026)**	(110,780)
Other comprehensive income				
Items to be reclassified to net income				
Change in fair value of interest rate swaps, net of tax	15		**496**	1,172
Comprehensive loss			**(28,530)**	(109,608)
Loss per share				
Basic	17(iii)	**$**	**(0.88)** $	(3.52)
Diluted	17(iii)	**$**	**(0.88)** $	(3.52)
Weighted average number of shares outstanding				
Basic	17(iii)		**33,118,980**	31,475,254
Diluted	17(iii)		**33,118,980**	31,475,254

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of changes in shareholders' equity
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note	Number of common shares	Share capital	Shares to be issued	Contributed surplus	Accumulated other comprehensive (loss) earnings	Retained earnings (accumulated deficit)	Total shareholders' equity
			$	$	$	$	$	$
Balance, July 1, 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	15	—	—	—	—	1,172	—	1,172
Common shares issued through business combination	17(i), 20	1,494,536	16,801	—	—	—		16,801
Deferred tax benefit on share issuance costs	11	857,142	12,970	(12,970)	—	—	—	—
Common shares issued for options exercised	17(i)	66,340	799	—	(267)	—	—	532
Rounding of fractional shares after share consideration		(28)	—	—	—	—	—	—
Share-based compensation expense	17(ii)	—	—	—	9,929	—	—	9,929
Balance, June 30, 2022		**21,439,632**	**203,032**	**179,132**	**15,055**	**839**	**(104,250)**	**293,808**
Net loss		—	—	—	—	—	(29,026)	(29,026)
Change in fair value of interest rate swaps, net of tax	15	—	—	—	—	496	—	496
Common shares issued as installment for shares to be issued	17(i)	11,838,457	179,132	(179,132)	—	—	—	—
Common shares issued for options exercised	17(i)	11,024	67	—	(23)	—	—	44
Common shares purchased and cancelled	17(i)	(108,622)	(605)	—	—	—	—	(605)
Common shares returned from escrow and cancelled	4	(142,124)	(1,702)	—	—	—	—	(1,702)
Share-based compensation expense	17(ii)	—	—	—	3,100	—	—	3,100
Balance, June 30, 2023		**33,038,367**	**379,924**	**—**	**18,132**	**1,335**	**(133,276)**	**266,115**

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of cash flows
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note	**June 30 2023**	June 30 2022
Operating activities		**$**	$
Net loss		**(29,026)**	(110,780)
Adjustments for:			
Depreciation of property and equipment	7	**4,729**	3,153
Depreciation of right-of-use assets	8	**3,778**	3,308
Amortization of intangible assets	9	**33,932**	31,609
Amortization of development costs	10	**2,705**	1,281
Income tax expense (recovery)	11	**(2,932)**	6,390
Income tax paid		**(4,473)**	(2,752)
Income tax refunds		**450**	1,197
Share-based compensation expense	17(ii)	**3,100**	9,929
Interest on obligation on right-of-use assets	8	**476**	442
Unrealized foreign exchange loss		**193**	174
Goodwill Impairment	12	**22,507**	91,685
Accretion expense	14	**435**	798
Gain on lease modification	8	**(36)**	(105)
Loss on disposal of property and equipment	7	**409**	266
Gain on change in fair value of consideration payable	14	**(2,975)**	(2,254)
Changes in working capital			
Trade and other receivables		**(15)**	1,555
Inventories		**(544)**	(5,190)
Contract assets		**(881)**	(2,198)
Other assets		**231**	(611)
Sales tax payable		**(301)**	(930)
Accounts payable and accrued liabilities		**(4,491)**	(3,234)
Provisions		**37**	(242)
Other non current liabilities		**(305)**	(81)
Contract liabilities		**(516)**	(2,353)
Net cash provided by operating activities		**26,487**	21,057
Investing activities			
Purchase of property and equipment	7	**(4,016)**	(1,868)
Development costs	10	**(7,250)**	(3,237)
Business combinations, net of cash and cash equivalents acquired	20	**—**	(50,712)
Net cash flows used in investing activities		**(11,266)**	(55,817)
Financing activities			
Proceeds from operating facility and loan	15	**13,900**	45,000
Repayments of operating facility and loan	15	**(17,700)**	(15,338)
Repayment of lease obligations on right-of-use assets	8	**(4,072)**	(3,407)
Payment of consideration payable	14	**(8,334)**	(1,421)
Common shares purchased and cancelled	17(i)	**(605)**	—
Issuance of common shares for stock options exercised	17(i)	**44**	532
Net cash flows provided by (used in) financing activities		**(16,767)**	25,366
Increase (decrease) in cash and cash equivalents		**(1,546)**	(9,394)
Cash and cash equivalents, beginning of the year		**12,702**	22,096
Cash and cash equivalents, end of the year		**11,156**	12,702

The accompanying notes are an integral part of these consolidated financial statements.

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 2023 are Sangoma Technologies Inc., Sangoma US Inc., Digium Inc., NetFortris Corporation, Star2Star Communications LLC, VoIP Supply LLC, and VoIP Innovations LLC.

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.

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, 2022.

ii) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Sangoma Technologies Inc. (Canada), Sangoma HK Ltd. (Hong Kong), Sangoma Technologies Ltd. (Ireland), Sangoma Technologies Private Ltd. (India), Sangoma US Inc. (United States), Sangoma Technologies US Inc. (United States), Digium Inc. (United States), Digium Cloud Services LLC (United States), .E4 LLC (United States), NetFortris Corporation (United States), NetFortris Acquisition Co. Inc. (United States), NetFortris Operating Co. Inc. (United States), Fonality Inc. (United States), Fonality Pty Ltd. (Australia), NetFortris (Philippines) Inc. (Philippines), StarBlue Inc. (United States), Star2Star Communications LLC (United States),VoIP Supply LLC (United States), VoIP Innovations LLC (United States), Vocaly LLC (United States), Trybe Labs LLC (United States). and Sangoma Columbia SAS (Columbia).

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.

iii) 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.

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.

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.

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 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 loss. The amount recognized in other comprehensive 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 loss as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in earnings.

˙iv) 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. 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.

˙v) 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 loss and comprehensive 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	3 - 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 loss and comprehensive loss.

(vi) 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.

(vii) 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 relationships	3 - 10 years
Brand	6 - 10 years
Other purchased intangibles	3 - 10 years

Amortization expense is included in the consolidated statements of loss and comprehensive 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(xviii).

(viii) Revenue recognision

The Company derives its revenues primarily from services and subscriptions, sale of products, and professional services. Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for products and services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenues as follows:

Product revenue
Product revenue primarily includes revenue generated from sale of pre-configured phones, connectivity hardware and professional implementation services.
Revenue is recognized upon transfer of control to the customer which is generally upon shipment from the Company's warehouse.

Services revenue
Services revenue is generated from fees that provide customers access to one or more of the Company's software applications and related services and the rental for the hardware required to deliver these services. These arrangements have contractual terms typically ranging from one month to seven years and include recurring fixed fee subscription fees, variable usage-based fees for usage in excess of plan limits, one-time fees, recurring license and other fees, derived from sales through our direct and indirect sales channels, including resellers and distributors. Arrangements with customers do not provide the customer with the right to take possession of the Company's software at any time. Instead, customers are granted continuous access to the services over the contractual period. The Company transfers control evenly over the contractual period by providing stand-ready service. Accordingly, the fixed consideration related to subscription is recognized over time on a straight-line basis over the contract term beginning on the date the Company's service is made available to the customer. The Company may offer from time to time its customers, services for no consideration during the initial months. Such discounts are recognized ratably over the term of the contract. Fees for additional minutes of usage in excess of plan limits are deemed to be variable consideration that meet the allocation exception for variable consideration as they are specific to the month that the usage occurs.

The Company's subscription contracts typically allow the customers to terminate their services within the first 30 days and receive a refund for any amounts paid for the remaining contract period. After the end of the termination period, the contract is non-cancellable and the customer is obligated to pay for the remaining term of the contract. Accordingly, the Company considers the non-cancellable term of the contract to begin after the expiration of the 30 day termination period.
The Company records reductions to revenue for estimated sales returns and customer credits at the time the related revenue is recognized. Sales returns and customer credits are estimated based on the Company's historical experience, current trends and the Company's expectations regarding future experience. The Company monitors the accuracy of its sales reserve estimates by reviewing actual returns and credits and adjusts them for its future expectations to determine the adequacy of its current and future reserve needs. If actual future returns and credits differ from past experience, additional reserves may be required.

Principal vs. Agent
A portion of the Company's revenues are generated through sales by resellers who offer add-ons which may not be controlled to the Company prior to transfer to the customer. The Company does not recognize any revenue for these add-ons.
However, when the Company controls the performance of these contractual obligations prior to the delivery to the customer, it records these revenues at the gross amount paid by the customer with amounts retained by the resellers recognized as sales and marketing expenses. The Company assesses control of goods or services when it is primarily responsible for fulfilling the promise to provide the good or service, has inventory risk and has discretion in establishing the price.

′ix) 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.

′x) Foreign currency

The Company and all of its significant wholly-owned operating subsidiaries are measured in US dollar as the functional currency. 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 loss and comprehensive loss.

′xi) 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.

′xii) Share-based payments

Under the Legacy Plan (as defined in note 17(ii)), 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. 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.

On December 13, 2022, the Company adopted the Omnibus Equity Incentive Plan (the "Plan"), which replaces the Legacy Plan. No further grants will be made under the Legacy Plan.

Under the Omnibus Plan, the Company may grant participants Options, Performance Share Units (PSUs), Restricted Share Units (RSUs) and Deferred Share Units (DSUs). The PSUs, RSUs and DSUs are redeemable either for one common share or for an amount in cash equal to the fair market value of one common share (at the option of the Company and as set out in the participant's equity award agreement). All PSUs, RSUs and DSUs are accounted for as equity-settled awards.

DSUs generally vest immediately and become redeemable once a director no longer serves on the board of the Company. RSUs vest over a three-year period after the date of grant. The expense is measured based on the fair value of the awards at the grant date.

PSUs vest in full at the end of a three-year period and the final amount is based 50% on market-based performance targets being met and 50% on non-market-based performance targets, with the conversion ratio for vested PSUs being from 0% to 150%. The expense related to the PSUs is measured (i) based on the fair value of the awards at the grant date using the Monte Carlo simulation, with respect to the 50% based on the market-based performance targets, and (ii) based on the fair value of the awards at the grant date using the volume weighted average trading price per share on the TSX during the immediately preceding five trading days.

(xiii) Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive 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 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.

(xiv) 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.

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(xviii).

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”.

´xv) Foreign currency hedging

The Company periodically 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 loss and comprehensive loss. The Company does not hold any forward foreign currency exchange contracts as at June 30, 2023, and June 30, 2022.

´xvi) 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.

´xvii) 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.

′xviii) 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 the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

′xix) 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.

′xx) Earnings per Share

Basic earnings per share is computed by dividing the net 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. 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.

′xxi) 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.

Significant accounting judgements, 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 worldwide, and 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. 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.

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.

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((xiv)). 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.

(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 and service 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 loss and comprehensive 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.

(xiv) Contract costs

Contract costs include customer acquisition costs, which consist primarily of sales commissions paid to sales personnel. These costs are deferred as a contract cost asset as they are considered to be incremental costs incurred to obtain a customer contract and amortized on a straight-line basis over a period consistent with the pattern of transfer of the products and services to which the asset relate, including specifically identifiable expected renewals. The Company has determined this to be an average of 4.2 years. The Company uses judgement to determine the period of benefit by taking into consideration its customer contracts and customer life, life of its revenue generating platform technology and other factors.

Financial instruments

The fair values of the cash and cash equivalents, trade and other receivables, contract assets, other current assets, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments. 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. Derivative assets and liabilities and consideration payable are recorded at fair value.

Cash and cash equivalents are comprised of:

	June 30 2023	June 30 2022
	$	$
Cash at bank and on hand	**11,156**	12,702

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, 2023 and June 30, 2022 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:

	Note	**June 30 2023**	June 30 2022
		$	$
Interest income		**(41)**	(12)
Interest expense	15	**5,897**	2,635
Accretion expense	8, 14	**911**	1,240
Interest expense (net)		**6,767**	3,863

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.

	Note	**June 30 2023**	June 30 2022
		$	$
Trade receivables		**16,060**	16,045
Receivable related to working capital adjustment	20	**5,845**	7,898
Trade and other receivables		**21,905**	23,943

During the year ended June 30, 2023, the parties finalized the working capital provision in respect of the acquisition of NetFortris and the company received $2,053 from the escrow account, consisting of $ 351 in cash and $ 1,702 in the form of 142,124 common shares. The remaining balance of $5,845 as at June 30, 2023 relates to certain indemnification assets recorded in respect of liabilities assumed on the acquisition of Netfortris (June 30, 2022 - $7,898).

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 2023	June 30 2022
	$	$
Trade receivables aging:		
0-30 days	**11,759**	12,809
31-90 days	**3,313**	2,541
Greater than 90 days	**2,554**	2,976
	17,626	18,326
Expected credit loss provision	**(1,566)**	(2,281)
	16,060	16,045

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

	June 30 2023	June 30 2022
	$	$
Expected credit loss provision:		
Expected credit loss provision, beginning balance	**(2,281)**	(1,096)
Net change in expected credit loss provision during the year	**715**	(1,185)
Expected credit loss provision, ending balance	**(1,566)**	(2,281)

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, 2023
		Total	**Up to 30 days past due**	**Over 30 days past due**	**Over 90 days past due**
Default rates			0.64 %	8.33 %	47.57 %
Trade receivables	**$**	**17,626** $	11,759 $	3,313 $	2,554
Expected credit loss provision	**$**	**1,566** $	75 $	276 $	1,215

					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

Substantially all of the Company's cash and cash equivalents are held with major Canadian and 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, 2023:

	within 12 months	12-24 months	24-36 months	>36 months	Total
	$	$	$	$	**$**
Accounts payable and accrued liabilities	24,077	—	—	—	**24,077**
Sales tax payable	5,594	—	—	—	**5,594**
Consideration payable	1,894	—	—	—	**1,894**
Operating facility and loans	17,700	19,875	22,050	41,200	**100,825**
Lease obligations on right of use assets	3,097	3,084	2,308	7,353	**15,841**
Other non-current liabilities	—	—	—	766	**766**
	52,362	**22,959**	**24,358**	**49,319**	**148,997**

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 Columbia Peso (COP) , 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, 2023, a 10% depreciation or appreciation of the CAD, EUR, GBP, HKD, INR, PHP, AUD and COP currencies against the U.S. dollar would have resulted in an approximate $ 76 (June 30, 2022 - $59) increase or decrease, respectively, in total comprehensive 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, 2023, a change in the interest rate of 1% per annum would have an impact of approximately $ 779 (June 30, 2022 - $522) 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 SOFR-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 SOFR 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 a current asset of $1,218 and non-current asset of $768 on June 30, 2023 (June 30, 2022 - current asset of $648 and non-current asset of $700).

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 15, the Company is not subject to any other capital requirements imposed by external parties.

Inventories

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

	June 30 2023	June 30 2022
	$	$
Finished goods	**13,860**	13,190
Parts	**5,234**	5,155
	19,094	18,345
Provision for obsolescence	**(1,124)**	(919)
Net inventory carrying value	**17,970**	17,426

During the year ended June 30, 2023, inventories in the amount of $ 40,473 (June 30, 2022 - $42,585) were included in cost of sales.

Property and equipment

	Note	Office furniture and computer equipment	Software and books	Stockroom and production equipment	Tradeshow equipment	Leasehold improvements	Total
Cost		$	$	$	$	$	$
Balance at July 1, 2021		3,329	417	6,255	47	348	10,396
Additions through business combinations	20	540	2	3,619	—	11	4,172
Additions		893	41	808	—	126	1,868
Disposals		(25)	(2)	(231)	—	(10)	(268)
Balance at June 30, 2022		**4,737**	**458**	**10,451**	**47**	**475**	**16,168**
Additions		846	—	3,170	—	—	4,016
Disposals		(217)	—	(754)	—	(25)	(996)
Balance at June 30, 2023		**5,366**	**458**	**12,867**	**47**	**450**	**19,188**
Accumulated depreciation							
Balance at July 1, 2021		1,371	314	872	41	146	2,744
Depreciation expense		1,081	99	1,889	6	78	3,153
Disposals		—	—	(2)	—	(1)	(3)
Balance at June 30, 2022		**2,452**	**413**	**2,759**	**47**	**223**	**5,894**
Depreciation expense		976	21	3,670	—	62	4,729
Disposals		(64)	—	(523)	—	—	(587)
Balance at June 30, 2023		**3,364**	**434**	**5,906**	**47**	**285**	**10,036**
Net book value as at:							
Balance at June 30, 2022		2,285	45	7,692	—	252	10,274
Balance at June 30, 2023		**2,002**	**24**	**6,961**	—	**165**	**9,152**

For the year ended June 30, 2023, depreciation expense of $ 994 (June 30, 2022 - $1,289) was recorded in general and administration expense in the consolidated statements of loss and comprehensive loss. Depreciation expense in the amount of $3,735 was included in cost of sales for the year ended June 30, 2023 (June 30, 2022 - $1,864).

Leases: Right-of-use assets and lease obligations

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

	Note	**Right-of-use assets**
		$
Present value of leases		
Balance as at July 1, 2021		17,955
Additions		5,536
Addition through business combination	20	3,277
Terminations		(1,536)
Adjustments due to lease modification		(2,002)
Balance at June 30, 2022		23,230
Additions		41
Terminations		(1,089)
Balance at June 30, 2023		22,182
Accumulated depreciation and repayments		
Balance as at July 1, 2021		4,425
Depreciation expense		3,308
Terminations		(1,477)
Balance at June 30, 2022		6,256
Depreciation expense		3,778
Terminations		(1,004)
Balance at June 30, 2023		9,030
Net book value as at:		
June 30, 2022		16,974
June 30, 2023		**13,152**

	Note	**Lease Obligations**
		$
Present value of leases		
Balance as at July 1, 2021		14,243
Additions		5,535
Addition through business combination	20	3,277
Adjustments due to lease modification		(2,107)
Repayments		(3,407)
Accretion expense		442
Terminations		6
Balance at June 30, 2022		17,989
Additions		41
Adjustments due to lease modification		(36)
Repayments		(4,072)
Accretion expense		476
Terminations		(54)
Effects of movements on exchange rates		(13)
Balance at June 30, 2023		**14,331**
Lease Obligations - Current		**2,719**
Lease Obligations - Non-current		**11,612**
		14,331

(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.

Amounts recognized in consolidated statements of loss and comprehensive loss	**June 30 2023**	June 30 2022
	$	$
Depreciation charge on right-of-use assets	**3,778**	3,308
Interest expense on lease obligations	**476**	442
Income from sub-leasing right-of-use assets	**(90)**	(80)
Expenses relating to leases of low-value assets	**99**	181

Intangible assets

	Note	Purchased technology	Customer relationships	Brand	Other purchased intangibles	Total
		$	$	$	$	$
Cost						
Balance at July 1, 2021		95,323	112,256	6,787	2,748	217,114
Business combinations	20	14,800	14,200	—	—	29,000
Balance at June 30, 2022		110,123	126,456	6,787	2,748	246,114
Balance at June 30, 2023		**110,123**	**126,456**	**6,787**	**2,748**	**246,114**
Accumulated amortization						
Balance at July 1, 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
Amortization expense		17,670	15,357	766	139	33,932
Balance at June 30, 2023		**41,576**	**40,821**	**3,586**	**2,694**	**88,677**
Net book value as at:						
Balance at June 30, 2022		86,217	100,992	3,967	193	191,369
Balance at June 30, 2023		**68,547**	**85,635**	**3,201**	**54**	**157,437**

Amortization expense is included in general and administration expense in the consolidated statements of loss and comprehensive loss). For the year ended June 30, 2023, amortization expense was $33,932 (June 30, 2022 - $31,609).

. **Development costs**

Cost	**$**
Balance at July 1, 2021	3,360
Additions	3,237
Investment tax credits	(628)
Balance at June 30, 2022	5,969
Additions	7,250
Cost fully amortized	(380)
Investment tax credits	(788)
Balance at June 30, 2023	**12,051**

Accumulated amortization	
Balance at July 1, 2021	(1,827)
Amortization	(1,281)
Balance at June 30, 2022	(3,108)
Amortization	(2,705)
Cost fully amortized	331
Balance at June 30, 2023	**(5,482)**

	June 30, 2023	June 30, 2022
	$	$
Net capitalized development costs	**6,569**	2,861

Each period, additions to development costs are recognized net of investment tax credits accrued. In addition to the above amortization, the Company has recognized $34,765 of engineering expenditures as an expense during the year ended June 30, 2023 (June 30, 2022 - $ 32,877).

. **Income tax**

(a.) Amounts recognized in profit or loss:

	June 30 2023	June 30 2022
	$	$
Current tax expense		
Current year	**1,510**	2,786
Changes in prior years position	**(1,682)**	1,194
	(172)	3,980
Deferred tax expense		
Origination and reversal of temporary differences	**(2,236)**	763
Reduction/increase in tax rate	**(588)**	1,652
Changes in prior years position	**174**	—
Recognition of previously unrecognized tax losses	**(110)**	(5)
	(2,760)	2,410

(b.) Amounts recognized in OCI:

	June 30, 2023			June 30, 2022		
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
	$	**$**	**$**	$	$	$
Change in fair value of interest rate swaps, net of tax	638	(142)	496	1,589	(417)	1,172
	638	(142)	**496**	1,589	(417)	1,172

(c.) Reconciliation of effective tax rate:

	June 30, 2023	June 30, 2022
	$	$
Loss before tax from continuing operations	**(31,958)**	(104,390)
Tax using the Company's domestic tax rate	**(8,186)**	(27,297)
Effect of tax rates in foreign jurisdictions	**90**	(75)
Tax rate changes and other adjustments	**(588)**	1,652
Tax effect of:		
Share based compensation	**642**	2,596
Other non-deductible expenses	**(92)**	(42)
Scientific Research and Experimental Development	**90**	87
Business acquisition cost	**—**	470
Section 481(a) adjustment	**—**	136
Gain on contingent consideration	**(753)**	(591)
Stock options deduction revaluation adjustment	**1,749**	4,239
Goodwill impairment	**5,623**	23,756
Earn-out amortization	**110**	209
Current year losses for which no deferred tax asset is recognized	**—**	62
Recognition of previously unrecognized tax losses	**(110)**	(5)
Change in prior years position	**(1,507)**	1,193
	(2,932)	6,390

(d.) Movements in deferred tax balances:

	Balance at July 1, 2022					**Balance at June 30, 2023**	
	DTA/(DTL)	Recognized in profit or loss	Recognized in OCI	Other	Net	DTA	DTL
	$	$	$	$	$	$	$
Non-deductible reserves	5,444	(403)	—	—	5,041	5,041	—
SR&ED investment tax credits, net of 12(1)(x)	2,001	—	—	192	2,193	2,193	—
Property, plant and equipment	(2,432)	472	—	—	(1,960)	42	(2,002)
Intangible assets including goodwill	(41,927)	8,727	—	—	(33,200)	—	(33,200)
Deferred development costs	(886)	206	—	—	(680)	—	(680)
Non-capital/Net operating losses carried forward	15,620	(2,020)	—	—	13,600	13,600	—
Right of use assets net of obligations & other	269	32	—	—	301	301	—
Share issuance cost	834	(313)	—	—	521	521	—
Equity Incentive Plan	—	152	—	—	152	152	—
Stock options	4,096	(4,096)	—	—	—	—	—
163J interest	3,593	3	—	—	3,596	3,596	—
Interest Swap	(507)	—	(142)	—	(649)	—	(649)
Tax assets (liabilities) before set-off	(13,895)	2,760	(142)	192	(11,085)	25,446	(36,531)
Set-off of tax						22,236	(22,236)
Net tax assets (liabilities)						**3,210**	**(14,295)**

	Balance at July 1, 2021						Balance at June 30, 2022	
	DTA/(DTL)	Recognized in profit or loss	Recognized in OCI	Other - Business combination	Other	Net	DTA	DTL
	$	$	$	$	$	$	$	$
Non-deductible reserves	5,028	(380)	—	796	—	5,444	5,444	—
SR&ED investment tax credits, net of 12(1)(x)	1,457	(157)	—	—	701	2,001	2,001	—
Property, plant and equipment	(1,704)	324	—	(1,041)	(11)	(2,432)	—	(2,432)
Intangible assets including goodwill	(41,628)	4,622	—	(4,921)	—	(41,927)	—	(41,927)
Deferred development costs	(608)	(227)	—	—	(51)	(886)	—	(886)
Non-capital/Net losses carried forward	5,159	(1,853)	—	12,314	—	15,620	15,620	—
Right of use assets net of obligations & other	182	87	—	—	—	269	269	—
Share issuance cost	1,146	(312)	—	—	—	834	834	—
Stock options	8,260	(4,164)	—	—	—	4,096	4,096	—
163J interest	—	(350)	—	3,943		3,593	3,593	—
Interest Swap	—	—	(417)	—	(90)	(507)	—	(507)
Tax assets (liabilities) before set-off	(22,708)	(2,410)	(417)	11,091	549	(13,895)	31,857	(45,752)
Set-off of tax							29,095	(29,095)
Net tax assets (liabilities)							**2,762**	**(16,657)**

(e.) Unrecognized deferred tax asset:

	June 30, 2023		June 30, 2022	
	Gross amount	**Tax effect**	Gross amount	Tax effect
	$	**$**	$	$
Capital losses carried forward Canada	48	**12**	41	11
Capital losses carried forward USA	12,885	**3,251**	12,884	3,378
Non-capital losses - STC Canada	48	**12**	—	—
Net operating loss - Ireland	—	—	396	50
Net operating loss - Australia	—	—	206	62

Capital losses carried forward do not expire while the non-capital loss will expire in 2042.

. **Goodwill**

The carrying amount and movements of goodwill was as follows:

	Note	
		$
Balance at July 1, 2021		267,398
Addition through business combinations	20	34,296
Goodwill Impairment		(91,685)
Balance at June 30, 2022		210,009
Goodwill Impairment		(22,507)
Balance at June 30, 2023		**187,502**

There is no addition to goodwill for the year ended June 30, 2023.

The Company performed an annual impairment test for its single CGU as at June 30, 2023. 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 20.0% (pre-tax – 24.4%) 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 $22,507 was recognized in the year ended June 30, 2023 (year ended June 30, 2022 - $ 91,685). As at June 30, 2023, the carrying value of the Sangoma CGU was $288,551 and the recoverable amount was $ 266,044 giving rise to an impairment of $22,507.

The Company performed sensitivities of key assumptions used in the impairment test at June 30, 2023 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 $ 5,000.
- 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 $20,000.

. **Provisions**

	Warranty provision	Sales returns & allowances provision	Stock rotation provision	Total
	$	$	$	$
Balance at July 1, 2021	241	175	26	442
Additional provision recognized	(168)	(48)	(26)	(242)
Balance at June 30, 2022	73	127	—	200
Additional provision recognized (reversed)	11	(68)	94	37
Balance at June 30, 2023	**84**	**59**	**94**	**237**

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.

. **Consideration payable**

(i) Star Blue In**c**

During the year ended June 30, 2023, the Company made payments of $ 2,834 (June 30, 2022 - $1,421), recognized accretion expense of $ 177 (June 30, 2022 - $684), and recognized a gain on change in fair value of $ 1,466 (June 30, 2022 - gain of $ 2,349).

The fair value of consideration payable as of June 30, 2023 in the amount of $ 1,894 (June 30, 2022 - $6,017) was determined using an effective tax rate of 26.22% (June 30, 2022 – 26.22%) and a discount rate of 4.9% (June 30, 2022 – 4.9%). 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.

(ii) Netfortris Corporation

As described in Note 20, additional consideration of up to $ 11,500 could be payable as part of the acquisition of NetFortris Corporation. During the year ended June 30, 2023, the Company made full and final payments of $5,500 (June 30, 2022 - $nil), recognized accretion expense of $258 (June 30, 2022 - $114), and recognized a gain on change in fair value of $ 1,509 (June 30, 2022 - loss of $95). The fair value of consideration payable as of June 30, 2023 in the amount of $nil (June 30, 2022 - $6,751).

The fair value of consideration payable as at June 30, 2023 is summarized below:

	Note	**$**
Opening balance, July 1, 2021		9,102
Additions through business combination	20	6,543
Payments		(1,421)
Accretion value of earn out		798
Gain on change in fair value		(2,254)
Ending balance, June 30, 2022		12,768
Payments		(8,334)
Accretion value of earn out	4	435
Gain on change in fair value		(2,975)
Ending balance, June 30, 2023		**1,894**
Consideration payable - Current		1,894
Consideration payable - Non-current		—
		1,894

Operating facility and loan and derivative assets and liabilities

(a) Operating facility and loan

(i) On October 18, 2019, the Company entered into a new loan facility with two banks and drew down $ 34,800 which is repayable in quarterly installment of $1,450 over 5 years on a straight line basis. 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) and as at March 31, 2023 all loans were converted to SOFR based loans. The repayment schedule for the loan has not been impacted by these changes. The balance outstanding against this term loan facility as of June 30, 2023 is $13,050 (June 30, 2022 - $18,850). As at June 30, 2023, term loan facility balance of $5,800 (June 30, 2022 - $5,800) is classified as current and $7,250 (June 30, 2022 - $13,050) as long-term in the consolidated statements of financial position.

(ii) On March 31, 2021, the Company amended its term loan facility with its lenders and drew down a second loan of $ 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 incremental draw is repayable, on a straight-line basis, through quarterly payments of $ 2,188 and is due to mature on December 31, 2024. As at June 30, 2023, $8,750 (June 30, 2022 - $8,750) of the incremental facility is classified as current and $ 24,063 (June 30, 2022 - $32,812) is classified as long-term in the consolidated statements of financial position.

(iii) On March 28, 2022, the Company amended its term loan facility with its lenders and drew down a third loan of $ 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: As at March 31, 2023 all loans were converted to SOFR based loans. 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, 2023, $3,150 (June 30, 2022 - $3,150) of the incremental facility is classified as current and $ 37,912 (June 30, 2022 - $41,063) is classified as long-term in the condensed consolidated statements of financial position.

(iv) On April 6, 2023 the Company further amended the term loan facility to reflect certain administrative amendments and to increase the amount of the revolving credit facility from $6,000 to $20,000 and the amount of the swingline credit facility from $ 1,500 to $5,000. As of June 30, 2023, the amount of $13,900 (June 30, 2022 - $nil) remains outstanding and is classified as long term in the consolidated statements of financial position.

For the year ended June 30, 2023, the Company incurred interest costs to service its borrowing facilities, comprising of the loans and operating facilities, in the amount of $5,897 (June 30, 2022 - $2,635). During the year ended June 30, 2023, the Company borrowed $ nil (June 30, 2022 - $45,000) in term loans and repaid $17,700 (June 30, 2022 - $15,338). During the year ended June 30, 2023, the Company borrowed $13,900 (June 30, 2022 - $nil) on its revolving credit facility as a part of the overall capital management.

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, 2023, and June 30, 2022 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 loss, net of tax in the consolidated statements of financial position and will be reclassified to earnings when the hedged item affects earnings.

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. As of March 31, 2023 this was converted to a SOFR. 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, 2023, the notional amount of the interest rate swap was $39,621 (June 30, 2022 – $51,397). The interest rate

swap has a weighted average fixed rate of 1.80% (June 30, 2022 – 1.80%) and have been designated as an effective cash flow hedge and therefore qualifies for hedge accounting.

As at June 30, 2023, the fair value of the interest rate swap assets were valued at current of $ 1,218 (June 31, 2022 - $648) and non-current $768 (June 30, 2022 – $700). The current and non-current derivative assets were recording in the consolidated statements of financial position.

For the year ended June 30, 2023, the change in fair value of the interest rate swaps, net of tax, was a gain of $ 496 (June 30, 2022 – gain of $1,172) was recorded in other comprehensive loss in the consolidated statements of loss and comprehensive 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.

. **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, 2023, and June 30, 2022 are below:

	Note	**$**
Opening balance, July 1, 2021		15,754
Revenue deferred during the year		40,272
Deferred revenue recognized as revenue during the year		(42,625)
Additions through business combination	20	1,666
Ending balance, June 30, 2022		15,067
Revenue deferred during the year		23,839
Deferred revenue recognized as revenue during the year		(24,355)
Ending balance, June 30, 2023		**14,551**
Contract liabilities - Current		10,909
Contract liabilities - Non-current		3,642
		14,551

. **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, 2023 and 2022, the Company's issued and outstanding common shares consist of the following:

	Note	**June 30 2023**	June 30 2022
		#	#
Shares issued and outstanding:			
Outstanding, beginning of the year		**21,439,632**	19,021,642
Shares issued for business combinations	20	**—**	1,494,536
Shares issued as installment for shares to be issued		**11,838,457**	857,142
Shares purchased and cancelled		**(108,622)**	—
Shares returned from escrow and cancelled	4	**(142,124)**	—
Shares issued upon exercise of options		**11,024**	66,340
Rounding of fractional shares in 2021 after share consolidation		**—**	(28)
Outstanding, end of the year		**33,038,367**	21,439,632

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. Under the terms of the agreement, a further 12,695,599 common shares valued in the amount of $ 192,102 were to be issued in installments commencing on April 1, 2022. As of June 30, 2023, 12,695,599 common shares have been issued to StarBlue sellers in accordance with the installment schedule defined in the amended share purchase agreement and the related amendment to accelerate the issuance of these shares. Following this issuance, the Company has no further obligation to issue any additional shares in connection with the StarBlue acquisition.

During the year ended June 30, 2023, a total of 11,024 (June 30, 2022 – 66,340) options were exercised for cash consideration of $ 44 (June 30, 2022 - $532), and the Company recorded a charge of $ 23 (June 30, 2022 – $267) from contributed surplus to share capital.

In the fourth quarter of fiscal 2022, the Company announced its intention to make an 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. Under the term of the NCIB, during the year ended June 30, 2023, the Company purchased a total of 103,122 common shares (June 30, 2022 - nil) at an average price of $ 5.42 per share, for total consideration of $559. During the year ended June 30, 2023, the total of 103,122 of those common shares were settled and cancelled along with 5,500 common shares that were purchased in the fourth fiscal quarter of 2022 and cancelled in 2023, and the company recorded a total reduction of $605 (June 30, 2022 - nil) in share capital for the value of share repurchased.

(ii) Share based payments

On December 13, 2022, the Corporation's shareholders approved the Omnibus Equity Incentive Plan (the "Plan"), which replaces the previous share option plan (the "Legacy Plan"). No further grants will be made under the Legacy Plan.

For the year ended June 30, 2023, the Company recognized share-based compensation expense in the amount of $ 3,100 (June 30, 2022 - $9,929).

Stock Options

Under the Plan (and previously under the Legacy Plan), employees are periodically granted share options to purchase common shares at prices not less than the market price of the common shares on the day prior to the date of grant or the volume weighted average trading price per share on the TSX during the five trading days immediately preceding the grant date. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is determined by the amount the Corporation's daily share price fluctuated over a period commensurate with the expected life of the options. During the year ended June 30, 2023, the Corporation did not grant any options (June 30, 2022 – 590,211).

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

	Number of options	**Weighted average price**
	#	$
Balance, July 1, 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
Exercised	(11,024)	(3.87)
Expired	(171,133)	(13.80)
Forfeited	(302,700)	(15.56)
Balance, June 30, 2023	**723,051**	**13.58**

The key assumptions used to fair value the grants were as follows:

	June 30 2023	June 30 2022
Share price	**—**	$8.47 - $18.62
Exercise price	**—**	$8.47 -$18.62
Expected volatility	**—**	57.63% -60.16%
Expected option life	**0 years**	4.5 - 5 years
Risk-free interest rate	**—**	0.78% - 2.58%

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

	June 30, 2023			June 30, 2022		
Exercise price	**Number of stock options outstanding**	**Number of stock options outstanding and exercisable**	**Weighted average remaining contractual life**	Number of stock options outstanding	Number of stock options outstanding and exercisable	Weighted average remaining contractual life
$3.01 - $5.00	**—**	**—**	**0**	26,080	23,299	0.50
$5.01 - $7.00	**67,012**	**60,539**	**0.49**	74,224	51,881	1.49
$7.01 - $9.00	**210,125**	**53,001**	**4.00**	249,500	—	5.00
$9.01 - $12.00	**107,039**	**66,270**	**1.93**	219,382	104,313	2.93
$12.01 - $15.00	**55,000**	**17,190**	**3.75**	55,000	—	4.75
$15.01 - $18.00	**157,897**	**79,105**	**3.00**	183,106	45,808	4.00
$18.01 - $20.00	**22,856**	**10,012**	**3.00**	285,711	—	4.23
$20.01 - $27.00	**103,122**	**58,131**	**2.61**	114,905	35,951	3.61
	723,051	**344,248**	**2.90**	1,207,908	261,252	3.84

The following table summarizes information about the DSUs, RSUs and PSUs granted and forfeited during the year ended June 30, 2023.

	DSU	**PSU**	**RSU**	**Total**
Awards outstanding July 1, 2022	—	—	—	—
Awards granted during the year	66,391	302,500	352,500	721,391
Awards forfeited during the year	—	(172,500)	(222,500)	(395,000)
Awards outstanding June 30, 2023	66,391	130,000	130,000	326,391

The average fair value of each DSU issued during the year ended June 30, 2023 is $3.52 per share (June 30, 2022 - nil).

The fair value of each RSU is $4.20 per share.

The fair value of each of the PSUs tied to non-market based performance targets is $ 4.20 per share. The fair value of each of the PSUs tied to market-based performance targets is $3.69 per share using the Monte Carlo simulation. The key assumptions used in the Monte Carlo simulation are:

	June 30, 2023	June 30, 2022
Share price	**3.69**	—
Expected volatility	**60.00 %**	—
Time to expiry	**2.52 years**	0 years
Risk-free interest rate	**4.08 %**	—

(iii) Loss per share

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

		June 30 2023	June 30 2022
Number of shares:			
Weighted average number of shares outstanding		**33,118,980**	19,636,797
Shares to be issued		**—**	11,838,457
Weighted average number of shares used in basic earnings per share		**33,118,980**	31,475,254
Weighted average number of shares used in diluted earnings per share		**33,118,980**	31,475,254
Net loss for the period	**$**	**(29,026)**	$ (110,780)
Loss per share			
Basic loss per share	**$**	**(0.88)**	$ (3.52)
Diluted loss per share	**$**	**(0.88)**	$ (3.52)

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, 2023 and 2022.

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, 2023 and 2022 were as follows:

	June 30 2023	June 30 2022
	$	$
Short-term benefits	**2,162**	3,271
Long-term benefits	**90**	54
Shared-based payment transactions	**1,208**	8,335
Total compensation	**3,460**	11,660

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 for the years ended June 30, 2023 and 2022 as follows:

	June 30 2023	June 30 2022
	$	$
Products	**54,018**	65,742
Services	**198,512**	158,610
Total revenues	**252,530**	224,352

The sales in each of these geographic locations for the years ended June 30, 2023 and 2022 as follows:

	June 30 2023	June 30 2022
	$	$
USA	**234,858**	202,886
Canada	**3,785**	5,334
All other countries	**13,887**	16,132
Total revenues	**252,530**	224,352

The non-current assets, in US dollars, in each of the geographic locations as at June 30, 2023, and June 30, 2022 are below:

	June 30 2023	June 30 2022
	$	$
Canada	**6,309**	7,000
USA	**374,814**	431,225
Total non-current assets	**381,123**	438,225

. **Business combinations**

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 $ 11,500 if certain operating targets are met. The Company incurred estimated transaction costs in the amount of $2,939 which were expensed in the fiscal year ended June 30, 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 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

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

Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on September 27, 2023.



Sangoma Technologies Corporation

ANNUAL INFORMATION FORM

For the fiscal year ended June 30, 2023

September 27, 2023

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GENERAL

The information in this Annual Information Form is presented as of June 30, 2023, 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 (i) inflationary pressures and potential recessionary conditions, as well as actions taken by central banks and regulators across the world in an attempt to reduce, curtail and address such pressures and conditions, and (ii) the effects of adverse developments at financial institutions, including bank failures, that impact general sentiment regarding the stability and liquidity of banks, and the resulting impact on the stability of the global financial markets at large, risks related to the COVID-19 (coronavirus) pandemic and any resurgence thereof, our ability to identify and remediate material weaknesses and significant deficiencies in our internal controls, 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 (and associated changes in global trade policies and economic sanctions).

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 a www.sedar.com and www.sec.gov.

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

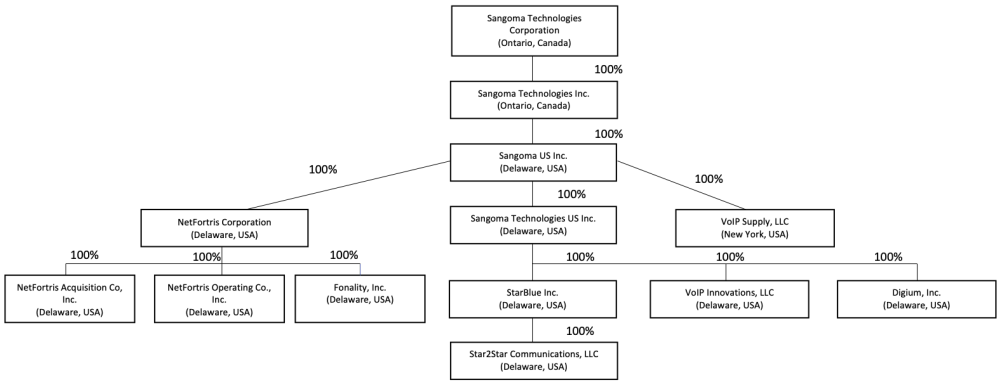
Name, Address and Incorporation

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 27, 2023.



GENERAL DEVELOPMENT OF THE BUSINESS

Share Registration & Acceleration

On March 29, 2023, Sangoma filed a resale registration statement on Form F-3 (the **Resale Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") for the registration of 12,271,637 of its common shares ("**Common Shares**") previously issued or to be issued pursuant to the terms of that certain stock purchase agreement previously entered into by Sangoma in connection with the StarBlue Acquisition. The Resale Registration Statement was declared effective by the SEC on April 12, 2023, and the remaining 9,142,856 Common Shares that were to be issued on a quarterly basis over the next three years pursuant to the StarBlue Acquisition were all issued on May 9, 2023.

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 Company's acquisition of VoIP Innovations on October 19, 2019.

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.

On April 6, 2023 the Company entered into the second amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments and to increase the amount of the revolving credit facility from $6 million to $20 million and the amount of the swingline credit facility from $1.5 million to $5 million.

NetFortris Acquisition

On March 28, 2022, the Company acquired all of the shares of NetFortris Corporation (the **NetFortris Acquisition**") pursuant to a share purchase agreement (the ""**NetFortris Purchase Agreement**). 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 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 of the Company's audited consolidated financial statements for the year ended June 30, 2023, together with the notes thereto and the auditor's report thereon for additional details relating to the NetFortris Acquisition.

Following the 12-month earn-out period, the Company determined that the NetFortris Sellers were entitled to $5.5 million of the possible $12 million in contingent consideration, which was paid in April 2023. There are no further earn-out payments owing by the Company in connection with 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 remained to be issued. All shares were subsequently issued and registered as described under the heading "Share Registration and Acceleration" above. 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 of the audited consolidated financial statements of the Company for the years ended June 30, 2022 and 2021, together with the notes thereto and the auditor's report thereon (the "**2022 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.

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**")

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

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 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 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

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 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

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.

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 customer's 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, 2023 ("**Fiscal 2023**").

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 successful 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 $37.47 million in R&D costs for Fiscal 2023, which represented approximately 15% of its sales for such period, higher than the $34.16 million for the fiscal year ended June 30, 2022 mostly as a result of the addition of the NetFortris 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 95% of our revenue in Fiscal 2023 was generated from our North American operations (1% from Canada) and 5% of our revenue from International operations. Substantially all of the revenue generated in Fiscal 2023 was denominated in US dollars. Please refer to Note 19 entitled “Segment Disclosures” of the 2023 Annual Financial Statements.

Employees

As at June 30, 2023, the Company and its subsidiaries employed approximately 748 employees, 41 of which are in Canada, 489 of which are in the United States and 218 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. These 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, 2023, 33,038,367 Common Shares were issued and outstanding.

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

The Common Shares are listed and posted for trading on the TSX under the symbol "STC" and 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 and the Nasdaq for the fiscal year ended June 30, 2023.

TSX

Month	High	Low	Volume
July 2022	C 11.30	C 9.52	213,100
August 2022	C 12.98	C 9.25	375,900
September 2022	C 11.36	C 6.52	388,500
October 2022	C 7.94	C 6.36	456,400
November 2022	C 7.54	C 5.20	469,500
December 2022	C 7.09	C 4.70	627,600
January 2023	C 6.70	C 5.60	535,400
February 2023	C 8.09	C 4.51	4,006,600
March 2023	C 6.34	C 4.52	1,120,800
April 2023	C 5.52	C 4.47	649,100
May 2023	C 5.24	C 4.61	449,900
June 2023	C 5.35	C 4.33	1,262,500

Nasdaq

Month	High	Low	Volume
July 2022	$8.62	$7.70	51,500
August 2022	$9.80	$7.66	39,000
September 2022	$8.60	$5.24	66,700
October 2022	$5.99	$4.64	87,800
November 2022	$5.52	$3.85	56,500
December 2022	$5.25	$3.67	94,500
January 2023	$5.25	$4.20	140,900
February 2023	$5.95	$3.36	439,800
March 2023	$4.82	$3.30	253,000
April 2023	$4.10	$3.33	57,900
May 2023	$3.91	$3.33	136,400
June 2023	$4.00	$3.15	322,300

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, 2023:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	1,297,650 (1)	4%

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 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.

The following table sets out certain information with respect to the directors and executive officers of the Company as at the date of this Annual Information Form:

Name and Place of Residence	Position with the Company	Principal Occupation
Charles Salameh Ontario, Canada	Director and Chief Executive Officer (September 1, 2023)	Chief Executive Officer of the Company
Al Guarino(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 Florida, USA	Director (Chair)	Chair of the Company's Board of Directors
Marc Lederman(1)(2) Pennsylvania, USA	Director	Co-founder and General Partner, NewSpring Capital
Giovanna (Joanne) Moretti(1) Texas, USA	Director	Chief Revenue Officer, Fictiv
Larry Stock Florida, USA	Chief Financial Officer (October 3, 2022)	Chief Financial Officer of the Company
Jamie Minner Denver, USA	Chief Revenue Officer	Chief Revenue Officer of the Company
Nenad Corbic Ontario, Canada	Chief Technology Officer	Chief Technology Officer of the Company
Jeremy Wubs Ontario, Canada	Chief Operating Officer (September 11, 2023)	Chief Operating Officer of the Company
Samantha Reburn Ontario, Canada	Chief Legal Officer & Corporate Secretary	Chief Legal Officer & Corporate Secretary of the Company

Notes:

(1) Member of the Compensation, Nominating and Governance Committee. Marc Lederman is the Chair of the Compensation, Nominating and Governance Committee.
(2) Member of the Audit Committee. Al Guarino is the Chair of the Audit 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 9,423,852 Common Shares representing approximately 29% of the issued and outstanding Common Shares as at June 30, 2023. The foregoing does not take into account Common Shares to be issued upon the potential exercise of options or vesting of other equity awards.

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 February 2023 to September 2023 when he took over as the Company's Interim Executive Chairman, and previously 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 the 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 a member 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 Chair 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 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.

Charles Salameh has been the Chief Executive Officer for Sangoma since September 1, 2023. Charles is a seasoned international business practitioner with over 32 years of experience in the Information, Technology, and Network industries. He played a pivotal role in the global transformation of Infosys; Strategic go-to-market programs and successfully managed its $18B annual revenue program. Charles holds an MBA from the University of Toronto and a civil engineering degree. He is an active industry advisor and a passionate advocate for technology.

Jeremy Wubs Jeremy Wubs joined Sangoma as the Chief Operating Officer on September 11, 2023. Jeremy is an accomplished technology and transformation executive with an over 20 year track record of delivering exceptional financial results in highly competitive markets. He most recently held the position of Senior Vice-President of Product, Marketing and Professional Services at Bell Canada where he was responsible for a multi-billion dollar P&L across various technology domains including voice, collaboration, contact center, cloud computing, networking, cybersecurity and IoT focused on the small, medium and enterprise segments.

Larry Stock has been the Chief Financial Officer for Sangoma since October 2022, and previously was the Company's Chief Corporate Officer, 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.

Jamie Minner has been the Chief Revenue Officer for Sangoma since October 2022. Jamie is responsible for leading global sales, all revenue-generating and customer-facing activities, sales operations, customer onboarding and customer success. Jamie joined Sangoma as part of the NetFortris acquisition, where he served in the same capacity. Jamie brings over 20 years of experience in building sales organizations as a VP or above at Cbeyond, Comcast, Momentum, TPX, and NetFortris. As VP/GM at TPx, Jamie was recruited to create The UC Line of Business / GTM strategy and grow the Collaboration/UC revenue, achieving 80% revenue growth in one year. Jamie went to the University of Tennessee with a degree in Business Admin and Management and served in the United States Marine Corps for six years.

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.

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, Sam was the 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 KPMG LLP (Vaughan, Canada, PCAOB ID No.: 85).

The fees billed to the Company by MNP LLP for the fiscal year ended June 30, 2022 and by KPMG LLP for the fiscal year ended June 30, 2023 are as follows:

Category of Fees	Year Ended June 30, 2022	Year Ended June 30, 2023
Audit Fees	**$824,233**	**$619,362**
Audit-Related Fees(1)	**$372,195**	**$—**
Tax Fees(2)	**$302,345**	**$—**
All Other Fees	**$—**	**$—**

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.

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 adversely affected, and could 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 (including with respect to any resurgence of COVID-19). In response to the COVID-19 pandemic, we 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 and any resurgence of COVID-19, on our results of operations and overall financial condition remains uncertain.

The impact of macroeconomic conditions, such as the COVID-19 pandemic (and any resurgencce of COVID-19), 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 conflict 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.

High rates of global inflation, the occurrence of a recession and higher interest rates could have a material and adverse impact on our business, results of operations and financial condition.

During 2022, the global markets experienced, and continue to experience, higher rates of inflation as a result of several market factors, including in the form of increased costs pertaining to labor, materials and overhead. As a result of these inflationary pressures, governments in many countries have implemented tight monetary policies, which could slow the growth rate of local economies and restrict the availability of credit. While we experienced increases in the cost of labor and materials, we believe that our financial condition and results of operations have thus far not been materially impacted by inflationary pressures. However, to the extent the current rates of inflation and shifts in fiscal and monetary policy result in prolonged and slower growth or a recession, it could have a material and adverse effect on the demand for our products and services and, in the process, our business, results of operations and financial condition as a whole, including with respect to our ability to maintain current levels of gross margin and general and administrative expenses as a percentage of total revenue. Moreover, in the event that a global recession were to occur, it could adversely impact the critical counterparties that we engage, including in the form of a decrease in the products and services they seek to obtain from us. Additionally, due to our current level of debt, our business and results of operations have been, and may continue to be, impacted by a rise in interest rates, which may continue to rise.

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 2023, we completed the NetFortris Acquisition on March 28, 2022 and in the fiscal year ended June 30, 2022 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, and remediate any material weaknesses or significant deficiencies identified with respect to 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.

Moreover, to the extent we were to pursue or engage in any transactions, including acquisitions and dispositions, there is no guarantee that such transactions will be successful or, even if consummated, improve our operating results and financial

condition. We may incur costs, breakage fees or other expenses in connection with any such transactions, and any such transactions may ultimately have a material adverse effect on our operating results.

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 (including the remediation of any material weaknesses or significant deficiencies) 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 Fiscal 2023, the Company borrowed $13,900,000 (June 30, 2022 - $45,000,000) in operating facility and loans, repaid $17,700,000 (June 30, 2021 - $15,338,000) and ended Fiscal 2023 with a balance outstanding of $100,825,000 (June 30, 2022 –$104,625,000).

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.

Negative publicity may adversely affect us.

Media coverage and public statements that insinuate improper actions by us, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation and the morale of our employees, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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 95% of our revenue in Fiscal 2023 was generated from our North American operations and approximately 5% of our revenue was derived from our international operations. Substantially all of the revenue generated in Fiscal 2023 was denominated in US dollars. Please refer to Note 19 entitled "Segment disclosures" of the 2023 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 previously identified a material weakness, and have identified significant deficiencies 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 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, 2023, management previously 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 implemented certain remedial measures, including finalizing business process narratives and coinciding risk control matrices, performing an annual walkthrough of the IT system narratives and controls, implementing enhanced quarterly user access reviews to ensure appropriate segregation of duties, conducted an annual review of our standard accounting policies and focused testing on 11 high priority key controls that directly related to the aggregated deficiencies that results in the material weakness, in order to remediate such material weakness, and while management reasonably believes that such material weakness has been adequately addressed as of the date of this Annual Information Form, there can be no assurance that our efforts were or will be entirely successful. Moreover, as disclosed in our management's discussion and analysis for the year ended June 30, 2023, management additionally identified certain significant deficiencies in ICFR (but which management believes does not rise to the level of a material weakness). While we are in the process of implementing remedial measures to address such significant deficiencies, there can be no assurance that our efforts will be successful, if at all. We anticipate that our plan to remediate these significant deficiencies will be completed prior to the end of fiscal 2024; however, we cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. These measures will additionally result in additional technology and other expenses.

The existence of any material weaknesses or significant deficiency in ICFR requires management to devote significant time and incur significant expenses to remediate any such issue and management may not be able to remediate the issue in a timely manner. Moreover, if we are unable to remediate the existing significant deficiencies, we are otherwise unable to maintain effective ICFR or disclosure controls and procedures, or should another material weakness or significant deficiency 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 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, 2023. 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 2023. 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 any fears or concerns regarding a resurgence of COVID-19 , rising inflation rates and fears about an actual or threatened 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 (and responses taken by governmental authorities in response to such matters).

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 2023 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 2023.

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, 2023 or before the twelve months ended June 30, 2023 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 most recently amended on April 6, 2023.
- 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

KPMG LLP, the external auditors of the Company, reported on the 2023 Annual Financial Statements. KPMG 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 KPMG 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 1, 2022 prepared and filed in connection with our annual meeting of shareholders held on December 13, 2022. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the year ended June 30, 2023.

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.



SANGOMA TECHNOLOGIES CORPORATION

Consolidated financial statements for the years ended June 30, 2023 and 2022 (in thousands of US dollars)

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

Sangoma Technologies Corporation

June 30, 2023 and 2022

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Independent Auditor's Report (To be updated when final report is received from KPMG)

To the Stockholders and Board of Directors of Sangoma Technologies Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Sangoma Technologies Inc. (the Company) as of June 30, 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year ended June 30, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023, and the results of its operations and its cash flows for the year ended June 30, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2023.

Toronto, Ontario Chartered Professional Accountants
September 27, 2023 Licensed Public Accountants

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.

1 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 2V9
1.877.251.2922 T: 416.596.1711 F: 416.596.7894 MNP.ca

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 Chartered Professional Accountants
September 26, 2022 Licensed Public Accountants

1 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 2V9
1.877.251.2922 T: 416.596.1711 F: 416.596.7894 MNP.ca

Sangoma Technologies Corporation

Consolidated statements of financial position
As at June 30, 2023, and June 30, 2022
(in thousands of US dollars, except per share data)

	Note	**June 30 2023**	June 30 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents	4	**11,156**	12,702
Trade and other receivables	4	**21,905**	23,943
Inventories	6	**17,970**	17,426
Income tax receivable		**3,192**	—
Contract assets		**1,762**	1,225
Derivative assets	15	**1,218**	648
Other current assets		**4,420**	4,364
		61,623	60,308
Non-current assets			
Property and equipment	7	**9,152**	10,274
Right-of-use assets	8	**13,152**	16,974
Intangible assets	9	**157,437**	191,369
Development costs	10	**6,569**	2,861
Deferred income tax assets	11	**3,210**	2,762
Goodwill	12	**187,502**	210,009
Contract assets		**2,911**	2,567
Derivative assets	15	**768**	700
Other non-current assets		**422**	709
		442,746	498,533
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	**24,077**	28,568
Provisions	13	**237**	200
Sales tax payable		**5,594**	5,895
Income tax payable		**61**	1,885
Consideration payable	14	**1,894**	8,986
Operating facility and loans	15	**17,700**	17,700
Contract liabilities	16	**10,909**	11,580
Lease obligations on right-of-use assets	8	**2,719**	3,592
		63,191	78,406
Long term liabilities			
Consideration payable	14	**—**	3,782
Operating facility and loans	15	**83,125**	86,925
Contract liabilities	16	**3,642**	3,487
Non-current lease obligations on right-of-use assets	8	**11,612**	14,397
Deferred income tax liabilities	11	**14,295**	16,657
Other non-current liabilities		**766**	1,071
		176,631	204,725
Shareholders' equity			
Share capital		**379,924**	203,032
Shares to be issued		**—**	179,132
Contributed surplus		**18,132**	15,055
Accumulated other comprehensive income		**1,335**	839
Accumulated deficit		**(133,276)**	(104,250)
		266,115	293,808
		442,746	498,533

Approved by the Board

(Signed)	Al Guarino	Director
(Signed)	Allan Brett	Director

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of loss and comprehensive loss
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note		**June 30 2023**	June 30 2022
			$	$
Revenue	19		**252,530**	224,352
Cost of sales			**79,739**	67,464
Gross profit			**172,791**	156,888
Expenses				
Sales and marketing			**61,922**	53,057
Research and development			**37,470**	34,158
General and administration			**76,363**	75,199
Foreign currency exchange (gain) loss			**(15)**	358
Interest expense (net)	4,8,14,15		**6,767**	3,863
Business acquisition costs	20		**—**	2,939
Restructuring and business integration costs			**2,710**	1,222
Exchange listing expense			**—**	1,051
Gain on change in fair value of consideration payable	14		**(2,975)**	(2,254)
Goodwill impairment	12		**22,507**	91,685
Loss before income tax			**(31,958)**	(104,390)
Provision for income taxes				
Current	11		**(172)**	3,980
Deferred	11		**(2,760)**	2,410
Net loss			**(29,026)**	(110,780)
Other comprehensive income				
Items to be reclassified to net income				
Change in fair value of interest rate swaps, net of tax	15		**496**	1,172
Comprehensive loss			**(28,530)**	(109,608)
Loss per share				
Basic	17(iii)	**$**	**(0.88)** $	(3.52)
Diluted	17(iii)	**$**	**(0.88)** $	(3.52)
Weighted average number of shares outstanding				
Basic	17(iii)		**33,118,980**	31,475,254
Diluted	17(iii)		**33,118,980**	31,475,254

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of changes in shareholders' equity
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note	Number of common shares	Share capital	Shares to be issued	Contributed surplus	Accumulated other comprehensive (loss) earnings	Retained earnings (accumulated deficit)	Total shareholders' equity
			$	$	$	$	$	$
Balance, July 1, 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	15	—	—	—	—	1,172	—	1,172
Common shares issued through business combination	17(i), 20	1,494,536	16,801	—	—	—		16,801
Deferred tax benefit on share issuance costs	11	857,142	12,970	(12,970)	—	—	—	—
Common shares issued for options exercised	17(i)	66,340	799	—	(267)	—	—	532
Rounding of fractional shares after share consideration		(28)	—	—	—	—	—	—
Share-based compensation expense	17(ii)	—	—	—	9,929	—	—	9,929
Balance, June 30, 2022		**21,439,632**	**203,032**	**179,132**	**15,055**	**839**	**(104,250)**	**293,808**
Net loss		—	—	—	—	—	(29,026)	(29,026)
Change in fair value of interest rate swaps, net of tax	15	—	—	—	—	496	—	496
Common shares issued as installment for shares to be issued	17(i)	11,838,457	179,132	(179,132)	—	—	—	—
Common shares issued for options exercised	17(i)	11,024	67	—	(23)	—	—	44
Common shares purchased and cancelled	17(i)	(108,622)	(605)	—	—	—	—	(605)
Common shares returned from escrow and cancelled	4	(142,124)	(1,702)	—	—	—	—	(1,702)
Share-based compensation expense	17(ii)	—	—	—	3,100	—	—	3,100
Balance, June 30, 2023		**33,038,367**	**379,924**	**—**	**18,132**	**1,335**	**(133,276)**	**266,115**

The accompanying notes are an integral part of these consolidated financial statements.

Sangoma Technologies Corporation

Consolidated statements of cash flows
For the years ended June 30, 2023 and 2022
(in thousands of US dollars, except per share data)

	Note	**June 30 2023**	June 30 2022
Operating activities		**$**	$
Net loss		**(29,026)**	(110,780)
Adjustments for:			
Depreciation of property and equipment	7	**4,729**	3,153
Depreciation of right-of-use assets	8	**3,778**	3,308
Amortization of intangible assets	9	**33,932**	31,609
Amortization of development costs	10	**2,705**	1,281
Income tax expense (recovery)	11	**(2,932)**	6,390
Income tax paid		**(4,473)**	(2,752)
Income tax refunds		**450**	1,197
Share-based compensation expense	17(ii)	**3,100**	9,929
Interest on obligation on right-of-use assets	8	**476**	442
Unrealized foreign exchange loss		**193**	174
Goodwill Impairment	12	**22,507**	91,685
Accretion expense	14	**435**	798
Gain on lease modification	8	**(36)**	(105)
Loss on disposal of property and equipment	7	**409**	266
Gain on change in fair value of consideration payable	14	**(2,975)**	(2,254)
Changes in working capital			
Trade and other receivables		**(15)**	1,555
Inventories		**(544)**	(5,190)
Contract assets		**(881)**	(2,198)
Other assets		**231**	(611)
Sales tax payable		**(301)**	(930)
Accounts payable and accrued liabilities		**(4,491)**	(3,234)
Provisions		**37**	(242)
Other non current liabilities		**(305)**	(81)
Contract liabilities		**(516)**	(2,353)
Net cash provided by operating activities		**26,487**	21,057
Investing activities			
Purchase of property and equipment	7	**(4,016)**	(1,868)
Development costs	10	**(7,250)**	(3,237)
Business combinations, net of cash and cash equivalents acquired	20	**—**	(50,712)
Net cash flows used in investing activities		**(11,266)**	(55,817)
Financing activities			
Proceeds from operating facility and loan	15	**13,900**	45,000
Repayments of operating facility and loan	15	**(17,700)**	(15,338)
Repayment of lease obligations on right-of-use assets	8	**(4,072)**	(3,407)
Payment of consideration payable	14	**(8,334)**	(1,421)
Common shares purchased and cancelled	17(i)	**(605)**	—
Issuance of common shares for stock options exercised	17(i)	**44**	532
Net cash flows provided by (used in) financing activities		**(16,767)**	25,366
Increase (decrease) in cash and cash equivalents		**(1,546)**	(9,394)
Cash and cash equivalents, beginning of the year		**12,702**	22,096
Cash and cash equivalents, end of the year		**11,156**	12,702

The accompanying notes are an integral part of these consolidated financial statements.

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 2023 are Sangoma Technologies Inc., Sangoma US Inc., Digium Inc., NetFortris Corporation, Star2Star Communications LLC, VoIP Supply LLC, and VoIP Innovations LLC.

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.

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, 2022.

ii) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Sangoma Technologies Inc. (Canada), Sangoma HK Ltd. (Hong Kong), Sangoma Technologies Ltd. (Ireland), Sangoma Technologies Private Ltd. (India), Sangoma US Inc. (United States), Sangoma Technologies US Inc. (United States), Digium Inc. (United States), Digium Cloud Services LLC (United States), .E4 LLC (United States), NetFortris Corporation (United States), NetFortris Acquisition Co. Inc. (United States), NetFortris Operating Co. Inc. (United States), Fonality Inc. (United States), Fonality Pty Ltd. (Australia), NetFortris (Philippines) Inc. (Philippines), StarBlue Inc. (United States), Star2Star Communications LLC (United States),VoIP Supply LLC (United States), VoIP Innovations LLC (United States), Vocaly LLC (United States), Trybe Labs LLC (United States). and Sangoma Columbia SAS (Columbia).

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.

iii) 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.

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.

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.

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 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 loss. The amount recognized in other comprehensive 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 loss as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in earnings.

ˊiv) 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. 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.

ˊv) 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 loss and comprehensive 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	3 - 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 loss and comprehensive loss.

(vi) 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.

(vii) 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 relationships	3 - 10 years
Brand	6 - 10 years
Other purchased intangibles	3 - 10 years

Amortization expense is included in the consolidated statements of loss and comprehensive 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(xviii).

(viii) Revenue recognision

The Company derives its revenues primarily from services and subscriptions, sale of products, and professional services. Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for products and services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenues as follows:

Product revenue
Product revenue primarily includes revenue generated from sale of pre-configured phones, connectivity hardware and professional implementation services.
Revenue is recognized upon transfer of control to the customer which is generally upon shipment from the Company's warehouse.

Services revenue
Services revenue is generated from fees that provide customers access to one or more of the Company's software applications and related services and the rental for the hardware required to deliver these services. These arrangements have contractual terms typically ranging from one month to seven years and include recurring fixed fee subscription fees, variable usage-based fees for usage in excess of plan limits, one-time fees, recurring license and other fees, derived from sales through our direct and indirect sales channels, including resellers and distributors. Arrangements with customers do not provide the customer with the right to take possession of the Company's software at any time. Instead, customers are granted continuous access to the services over the contractual period. The Company transfers control evenly over the contractual period by providing stand-ready service. Accordingly, the fixed consideration related to subscription is recognized over time on a straight-line basis over the contract term beginning on the date the Company's service is made available to the customer. The Company may offer from time to time its customers, services for no consideration during the initial months. Such discounts are recognized ratably over the term of the contract. Fees for additional minutes of usage in excess of plan limits are deemed to be variable consideration that meet the allocation exception for variable consideration as they are specific to the month that the usage occurs.

The Company's subscription contracts typically allow the customers to terminate their services within the first 30 days and receive a refund for any amounts paid for the remaining contract period. After the end of the termination period, the contract is non-cancellable and the customer is obligated to pay for the remaining term of the contract. Accordingly, the Company considers the non-cancellable term of the contract to begin after the expiration of the 30 day termination period.
The Company records reductions to revenue for estimated sales returns and customer credits at the time the related revenue is recognized. Sales returns and customer credits are estimated based on the Company's historical experience, current trends and the Company's expectations regarding future experience. The Company monitors the accuracy of its sales reserve estimates by reviewing actual returns and credits and adjusts them for its future expectations to determine the adequacy of its current and future reserve needs. If actual future returns and credits differ from past experience, additional reserves may be required.

Principal vs. Agent
A portion of the Company's revenues are generated through sales by resellers who offer add-ons which may not be controlled to the Company prior to transfer to the customer. The Company does not recognize any revenue for these add-ons.
However, when the Company controls the performance of these contractual obligations prior to the delivery to the customer, it records these revenues at the gross amount paid by the customer with amounts retained by the resellers recognized as sales and marketing expenses. The Company assesses control of goods or services when it is primarily responsible for fulfilling the promise to provide the good or service, has inventory risk and has discretion in establishing the price.

′ix) 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.

′x) Foreign currency

The Company and all of its significant wholly-owned operating subsidiaries are measured in US dollar as the functional currency. 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 loss and comprehensive loss.

′xi) 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.

′xii) Share-based payments

Under the Legacy Plan (as defined in note 17(ii)), 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. 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.

On December 13, 2022, the Company adopted the Omnibus Equity Incentive Plan (the "Plan"), which replaces the Legacy Plan. No further grants will be made under the Legacy Plan.

Under the Omnibus Plan, the Company may grant participants Options, Performance Share Units (PSUs), Restricted Share Units (RSUs) and Deferred Share Units (DSUs). The PSUs, RSUs and DSUs are redeemable either for one common share or for an amount in cash equal to the fair market value of one common share (at the option of the Company and as set out in the participant's equity award agreement). All PSUs, RSUs and DSUs are accounted for as equity-settled awards.

DSUs generally vest immediately and become redeemable once a director no longer serves on the board of the Company. RSUs vest over a three-year period after the date of grant. The expense is measured based on the fair value of the awards at the grant date.

PSUs vest in full at the end of a three-year period and the final amount is based 50% on market-based performance targets being met and 50% on non-market-based performance targets, with the conversion ratio for vested PSUs being from 0% to 150%. The expense related to the PSUs is measured (i) based on the fair value of the awards at the grant date using the Monte Carlo simulation, with respect to the 50% based on the market-based performance targets, and (ii) based on the fair value of the awards at the grant date using the volume weighted average trading price per share on the TSX during the immediately preceding five trading days.

xiii) Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive 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 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.

xiv) 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.

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(xviii).

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”.

´xv) Foreign currency hedging

The Company periodically 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 loss and comprehensive loss. The Company does not hold any forward foreign currency exchange contracts as at June 30, 2023, and June 30, 2022.

´xvi) 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.

´xvii) 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.

′xviii) 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 the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

′xix) 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.

′xx) Earnings per Share

Basic earnings per share is computed by dividing the net 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. 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.

′xxi) 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.

Significant accounting judgements, 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 worldwide, and 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. 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.

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.

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((xiv)). 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.

(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 and service 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 loss and comprehensive 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.

(xiv) Contract costs

Contract costs include customer acquisition costs, which consist primarily of sales commissions paid to sales personnel. These costs are deferred as a contract cost asset as they are considered to be incremental costs incurred to obtain a customer contract and amortized on a straight-line basis over a period consistent with the pattern of transfer of the products and services to which the asset relate, including specifically identifiable expected renewals. The Company has determined this to be an average of 4.2 years. The Company uses judgement to determine the period of benefit by taking into consideration its customer contracts and customer life, life of its revenue generating platform technology and other factors.

Financial instruments

The fair values of the cash and cash equivalents, trade and other receivables, contract assets, other current assets, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments. 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. Derivative assets and liabilities and consideration payable are recorded at fair value.

Cash and cash equivalents are comprised of:

	June 30 2023	June 30 2022
	$	$
Cash at bank and on hand	**11,156**	12,702

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, 2023 and June 30, 2022 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:

	Note	**June 30 2023**	June 30 2022
		$	$
Interest income		**(41)**	(12)
Interest expense	15	**5,897**	2,635
Accretion expense	8, 14	**911**	1,240
Interest expense (net)		**6,767**	3,863

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.

	Note	**June 30 2023**	June 30 2022
		$	$
Trade receivables		**16,060**	16,045
Receivable related to working capital adjustment	20	**5,845**	7,898
Trade and other receivables		**21,905**	23,943

During the year ended June 30, 2023, the parties finalized the working capital provision in respect of the acquisition of NetFortris and the company received $2,053 from the escrow account, consisting of $351 in cash and $1,702 in the form of 142,124 common shares. The remaining balance of $5,845 as at June 30, 2023 relates to certain indemnification assets recorded in respect of liabilities assumed on the acquisition of Netfortris (June 30, 2022 - $7,898).

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 2023	June 30 2022
	$	$
Trade receivables aging:		
0-30 days	**11,759**	12,809
31-90 days	**3,313**	2,541
Greater than 90 days	**2,554**	2,976
	17,626	18,326
Expected credit loss provision	**(1,566)**	(2,281)
	16,060	16,045

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

	June 30 2023	June 30 2022
	$	$
Expected credit loss provision:		
Expected credit loss provision, beginning balance	**(2,281)**	(1,096)
Net change in expected credit loss provision during the year	**715**	(1,185)
Expected credit loss provision, ending balance	**(1,566)**	(2,281)

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, 2023
		Total	**Up to 30 days past due**	**Over 30 days past due**	**Over 90 days past due**
Default rates			0.64 %	8.33 %	47.57 %
Trade receivables	**$**	**17,626** $	11,759 $	3,313 $	2,554
Expected credit loss provision	**$**	**1,566** $	75 $	276 $	1,215

					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

Substantially all of the Company's cash and cash equivalents are held with major Canadian and 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, 2023:

	within 12 months	12-24 months	24-36 months	>36 months	Total
	$	$	$	$	**$**
Accounts payable and accrued liabilities	24,077	—	—	—	**24,077**
Sales tax payable	5,594	—	—	—	**5,594**
Consideration payable	1,894	—	—	—	**1,894**
Operating facility and loans	17,700	19,875	22,050	41,200	**100,825**
Lease obligations on right of use assets	3,097	3,084	2,308	7,353	**15,841**
Other non-current liabilities	—	—	—	766	**766**
	52,362	**22,959**	**24,358**	**49,319**	**148,997**

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 Columbia Peso (COP) , 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, 2023, a 10% depreciation or appreciation of the CAD, EUR, GBP, HKD, INR, PHP, AUD and COP currencies against the U.S. dollar would have resulted in an approximate $76 (June 30, 2022 - $59) increase or decrease, respectively, in total comprehensive 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, 2023, a change in the interest rate of 1% per annum would have an impact of approximately $779 (June 30, 2022 - $522) 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 SOFR-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 SOFR 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 a current asset of $1,218 and non-current asset of $768 on June 30, 2023 (June 30, 2022 - current asset of $648 and non-current asset of $700).

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 15, the Company is not subject to any other capital requirements imposed by external parties.

Inventories

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

	June 30 2023	June 30 2022
	$	$
Finished goods	**13,860**	13,190
Parts	**5,234**	5,155
	19,094	18,345
Provision for obsolescence	**(1,124)**	(919)
Net inventory carrying value	**17,970**	17,426

During the year ended June 30, 2023, inventories in the amount of $40,473 (June 30, 2022 - $42,585) were included in cost of sales.

Property and equipment

	Note	Office furniture and computer equipment	Software and books	Stockroom and production equipment	Tradeshow equipment	Leasehold improvements	Total
Cost		$	$	$	$	$	$
Balance at July 1, 2021		3,329	417	6,255	47	348	10,396
Additions through business combinations	20	540	2	3,619	—	11	4,172
Additions		893	41	808	—	126	1,868
Disposals		(25)	(2)	(231)	—	(10)	(268)
Balance at June 30, 2022		**4,737**	**458**	**10,451**	**47**	**475**	**16,168**
Additions		846	—	3,170	—	—	4,016
Disposals		(217)	—	(754)	—	(25)	(996)
Balance at June 30, 2023		**5,366**	**458**	**12,867**	**47**	**450**	**19,188**
Accumulated depreciation							
Balance at July 1, 2021		1,371	314	872	41	146	2,744
Depreciation expense		1,081	99	1,889	6	78	3,153
Disposals		—	—	(2)	—	(1)	(3)
Balance at June 30, 2022		**2,452**	**413**	**2,759**	**47**	**223**	**5,894**
Depreciation expense		976	21	3,670	—	62	4,729
Disposals		(64)	—	(523)	—	—	(587)
Balance at June 30, 2023		**3,364**	**434**	**5,906**	**47**	**285**	**10,036**
Net book value as at:							
Balance at June 30, 2022		2,285	45	7,692	—	252	10,274
Balance at June 30, 2023		**2,002**	**24**	**6,961**	—	**165**	**9,152**

For the year ended June 30, 2023, depreciation expense of $994 (June 30, 2022 - $1,289) was recorded in general and administration expense in the consolidated statements of loss and comprehensive loss. Depreciation expense in the amount of $3,735 was included in cost of sales for the year ended June 30, 2023 (June 30, 2022 - $1,864).

Leases: Right-of-use assets and lease obligations

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

	Note	**Right-of-use assets**
		$
Present value of leases		
Balance as at July 1, 2021		17,955
Additions		5,536
Addition through business combination	20	3,277
Terminations		(1,536)
Adjustments due to lease modification		(2,002)
Balance at June 30, 2022		23,230
Additions		41
Terminations		(1,089)
Balance at June 30, 2023		22,182
Accumulated depreciation and repayments		
Balance as at July 1, 2021		4,425
Depreciation expense		3,308
Terminations		(1,477)
Balance at June 30, 2022		6,256
Depreciation expense		3,778
Terminations		(1,004)
Balance at June 30, 2023		9,030
Net book value as at:		
June 30, 2022		16,974
June 30, 2023		**13,152**

	Note	**Lease Obligations**
		$
Present value of leases		
Balance as at July 1, 2021		14,243
Additions		5,535
Addition through business combination	20	3,277
Adjustments due to lease modification		(2,107)
Repayments		(3,407)
Accretion expense		442
Terminations		6
Balance at June 30, 2022		17,989
Additions		41
Adjustments due to lease modification		(36)
Repayments		(4,072)
Accretion expense		476
Terminations		(54)
Effects of movements on exchange rates		(13)
Balance at June 30, 2023		**14,331**
Lease Obligations - Current		**2,719**
Lease Obligations - Non-current		**11,612**
		14,331

(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.

Amounts recognized in consolidated statements of loss and comprehensive loss	**June 30 2023**	June 30 2022
	$	$
Depreciation charge on right-of-use assets	**3,778**	3,308
Interest expense on lease obligations	**476**	442
Income from sub-leasing right-of-use assets	**(90)**	(80)
Expenses relating to leases of low-value assets	**99**	181

Intangible assets

	Note	Purchased technology	Customer relationships	Brand	Other purchased intangibles	Total
		$	$	$	$	$
Cost						
Balance at July 1, 2021		95,323	112,256	6,787	2,748	217,114
Business combinations	20	14,800	14,200	—	—	29,000
Balance at June 30, 2022		110,123	126,456	6,787	2,748	246,114
Balance at June 30, 2023		**110,123**	**126,456**	**6,787**	**2,748**	**246,114**
Accumulated amortization						
Balance at July 1, 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
Amortization expense		17,670	15,357	766	139	33,932
Balance at June 30, 2023		**41,576**	**40,821**	**3,586**	**2,694**	**88,677**
Net book value as at:						
Balance at June 30, 2022		86,217	100,992	3,967	193	191,369
Balance at June 30, 2023		**68,547**	**85,635**	**3,201**	**54**	**157,437**

Amortization expense is included in general and administration expense in the consolidated statements of loss and comprehensive loss). For the year ended June 30, 2023, amortization expense was $33,932 (June 30, 2022 - $31,609).

. **Development costs**

Cost	**$**
Balance at July 1, 2021	3,360
Additions	3,237
Investment tax credits	(628)
Balance at June 30, 2022	5,969
Additions	7,250
Cost fully amortized	(380)
Investment tax credits	(788)
Balance at June 30, 2023	**12,051**

Accumulated amortization	
Balance at July 1, 2021	(1,827)
Amortization	(1,281)
Balance at June 30, 2022	(3,108)
Amortization	(2,705)
Cost fully amortized	331
Balance at June 30, 2023	**(5,482)**

	June 30, 2023	June 30, 2022
	$	$
Net capitalized development costs	**6,569**	2,861

Each period, additions to development costs are recognized net of investment tax credits accrued. In addition to the above amortization, the Company has recognized $34,765 of engineering expenditures as an expense during the year ended June 30, 2023 (June 30, 2022 - $32,877).

. **Income tax**

(a.) Amounts recognized in profit or loss:

	June 30 2023	June 30 2022
	$	$
Current tax expense		
Current year	**1,510**	2,786
Changes in prior years position	**(1,682)**	1,194
	(172)	3,980
Deferred tax expense		
Origination and reversal of temporary differences	**(2,236)**	763
Reduction/increase in tax rate	**(588)**	1,652
Changes in prior years position	**174**	—
Recognition of previously unrecognized tax losses	**(110)**	(5)
	(2,760)	2,410

(b.) Amounts recognized in OCI:

	June 30, 2023			June 30, 2022		
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
	$	**$**	**$**	$	$	$
Change in fair value of interest rate swaps, net of tax	638	(142)	496	1,589	(417)	1,172
	638	(142)	**496**	1,589	(417)	1,172

(c.) Reconciliation of effective tax rate:

	June 30, 2023	June 30, 2022
	$	$
Loss before tax from continuing operations	**(31,958)**	(104,390)
Tax using the Company's domestic tax rate	**(8,186)**	(27,297)
Effect of tax rates in foreign jurisdictions	**90**	(75)
Tax rate changes and other adjustments	**(588)**	1,652
Tax effect of:		
Share based compensation	**642**	2,596
Other non-deductible expenses	**(92)**	(42)
Scientific Research and Experimental Development	**90**	87
Business acquisition cost	**—**	470
Section 481(a) adjustment	**—**	136
Gain on contingent consideration	**(753)**	(591)
Stock options deduction revaluation adjustment	**1,749**	4,239
Goodwill impairment	**5,623**	23,756
Earn-out amortization	**110**	209
Current year losses for which no deferred tax asset is recognized	**—**	62
Recognition of previously unrecognized tax losses	**(110)**	(5)
Change in prior years position	**(1,507)**	1,193
	(2,932)	6,390

(d.) Movements in deferred tax balances:

	Balance at July 1, 2022					**Balance at June 30, 2023**	
	DTA/(DTL)	Recognized in profit or loss	Recognized in OCI	Other	Net	DTA	DTL
	$	$	$	$	$	$	$
Non-deductible reserves	5,444	(403)	—	—	5,041	5,041	—
SR&ED investment tax credits, net of 12(1)(x)	2,001	—	—	192	2,193	2,193	—
Property, plant and equipment	(2,432)	472	—	—	(1,960)	42	(2,002)
Intangible assets including goodwill	(41,927)	8,727	—	—	(33,200)	—	(33,200)
Deferred development costs	(886)	206	—	—	(680)	—	(680)
Non-capital/Net operating losses carried forward	15,620	(2,020)	—	—	13,600	13,600	—
Right of use assets net of obligations & other	269	32	—	—	301	301	—
Share issuance cost	834	(313)	—	—	521	521	—
Equity Incentive Plan	—	152	—	—	152	152	—
Stock options	4,096	(4,096)	—	—	—	—	—
163J interest	3,593	3	—	—	3,596	3,596	—
Interest Swap	(507)	—	(142)	—	(649)	—	(649)
Tax assets (liabilities) before set-off	(13,895)	2,760	(142)	192	(11,085)	25,446	(36,531)
Set-off of tax						22,236	(22,236)
Net tax assets (liabilities)						**3,210**	**(14,295)**

	Balance at July 1, 2021						Balance at June 30, 2022	
	DTA/(DTL)	Recognized in profit or loss	Recognized in OCI	Other - Business combination	Other	Net	DTA	DTL
	$	$	$	$	$	$	$	$
Non-deductible reserves	5,028	(380)	—	796	—	5,444	5,444	—
SR&ED investment tax credits, net of 12(1)(x)	1,457	(157)	—	—	701	2,001	2,001	—
Property, plant and equipment	(1,704)	324	—	(1,041)	(11)	(2,432)	—	(2,432)
Intangible assets including goodwill	(41,628)	4,622	—	(4,921)	—	(41,927)	—	(41,927)
Deferred development costs	(608)	(227)	—	—	(51)	(886)	—	(886)
Non-capital/Net losses carried forward	5,159	(1,853)	—	12,314	—	15,620	15,620	—
Right of use assets net of obligations & other	182	87	—	—	—	269	269	—
Share issuance cost	1,146	(312)	—	—	—	834	834	—
Stock options	8,260	(4,164)	—	—	—	4,096	4,096	—
163J interest	—	(350)	—	3,943		3,593	3,593	—
Interest Swap	—	—	(417)	—	(90)	(507)	—	(507)
Tax assets (liabilities) before set-off	(22,708)	(2,410)	(417)	11,091	549	(13,895)	31,857	(45,752)
Set-off of tax							29,095	(29,095)
Net tax assets (liabilities)							**2,762**	**(16,657)**

(e.) Unrecognized deferred tax asset:

	June 30, 2023		June 30, 2022	
	Gross amount	**Tax effect**	Gross amount	Tax effect
	$	**$**	$	$
Capital losses carried forward Canada	48	**12**	41	11
Capital losses carried forward USA	12,885	**3,251**	12,884	3,378
Non-capital losses - STC Canada	48	**12**	—	—
Net operating loss - Ireland	—	—	396	50
Net operating loss - Australia	—	—	206	62

Capital losses carried forward do not expire while the non-capital loss will expire in 2042.

. **Goodwill**

The carrying amount and movements of goodwill was as follows:

	Note	
		$
Balance at July 1, 2021		267,398
Addition through business combinations	20	34,296
Goodwill Impairment		(91,685)
Balance at June 30, 2022		210,009
Goodwill Impairment		(22,507)
Balance at June 30, 2023		**187,502**

There is no addition to goodwill for the year ended June 30, 2023.

The Company performed an annual impairment test for its single CGU as at June 30, 2023. 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 20.0% (pre-tax – 24.4%) 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 $22,507 was recognized in the year ended June 30, 2023 (year ended June 30, 2022 - $91,685). As at June 30, 2023, the carrying value of the Sangoma CGU was $288,551 (year ended June 30, 2022 - $508,710) and the recoverable amount was $266,044 (year ended June 30, 2022 - $417,028) giving rise to an impairment of $22,507 (year ended June 30, 2022 - $91,685) .

The Company performed sensitivities of key assumptions used in the impairment test at June 30, 2023 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 $5,000.
- 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 $20,000.

. **Provisions**

	Warranty provision	Sales returns & allowances provision	Stock rotation provision	Total
	$	$	$	$
Balance at July 1, 2021	241	175	26	442
Additional provision recognized	(168)	(48)	(26)	(242)
Balance at June 30, 2022	73	127	—	200
Additional provision recognized (reversed)	11	(68)	94	37
Balance at June 30, 2023	**84**	**59**	**94**	**237**

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.

. **Consideration payable**

(i) Star Blue In**c**

During the year ended June 30, 2023, the Company made payments of $2,834 (June 30, 2022 - $1,421), recognized accretion expense of $177 (June 30, 2022 - $684), and recognized a gain on change in fair value of $1,466 (June 30, 2022 - gain of $2,349).

The fair value of consideration payable as of June 30, 2023 in the amount of $1,894 (June 30, 2022 - $6,017) was determined using an effective tax rate of 26.22% (June 30, 2022 – 26.22%) and a discount rate of 4.9% (June 30, 2022 – 4.9%). 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.

(ii) Netfortris Corporation

As described in Note 20, additional consideration of up to $11,500 could be payable as part of the acquisition of NetFortris Corporation. During the year ended June 30, 2023, the Company made full and final payments of $5,500 (June 30, 2022 - $nil), recognized accretion expense of $258 (June 30, 2022 - $114), and recognized a gain on change in fair value of $1,509 (June 30, 2022 - loss of $95). The fair value of consideration payable as of June 30, 2023 in the amount of $nil (June 30, 2022 - $6,751).

The fair value of consideration payable as at June 30, 2023 is summarized below:

	Note	$
Opening balance, July 1, 2021		9,102
Additions through business combination	20	6,543
Payments		(1,421)
Accretion value of earn out		798
Gain on change in fair value		(2,254)
Ending balance, June 30, 2022		12,768
Payments		(8,334)
Accretion value of earn out	4	435
Gain on change in fair value		(2,975)
Ending balance, June 30, 2023		**1,894**
Consideration payable - Current		1,894
Consideration payable - Non-current		—
		1,894

Operating facility and loan and derivative assets and liabilities

(a) Operating facility and loan

(i) On October 18, 2019, the Company entered into a new loan facility with two banks and drew down $34,800 which is repayable in quarterly installment of $1,450 over 5 years on a straight line basis. 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) and as at March 31, 2023 all loans were converted to SOFR based loans. The repayment schedule for the loan has not been impacted by these changes. The balance outstanding against this term loan facility as of June 30, 2023 is $13,050 (June 30, 2022 - $18,850). As at June 30, 2023, term loan facility balance of $5,800 (June 30, 2022 - $5,800) is classified as current and $7,250 (June 30, 2022 - $13,050) as long-term in the consolidated statements of financial position.

(ii) On March 31, 2021, the Company amended its term loan facility with its lenders and drew down a second loan of $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 incremental draw is repayable, on a straight-line basis, through quarterly payments of $2,188 and is due to mature on December 31, 2024. As at June 30, 2023, $8,750 (June 30, 2022 - $8,750) of the incremental facility is classified as current and $24,063 (June 30, 2022 - $32,812) is classified as long-term in the consolidated statements of financial position.

(iii) On March 28, 2022, the Company amended its term loan facility with its lenders and drew down a third loan of $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: As at March 31, 2023 all loans were converted to SOFR based loans. 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, 2023, $3,150 (June 30, 2022 - $3,150) of the incremental facility is classified as current and $37,912 (June 30, 2022 - $41,063) is classified as long-term in the condensed consolidated statements of financial position.

(iv) On April 6, 2023 the Company further amended the term loan facility to reflect certain administrative amendments and to increase the amount of the revolving credit facility from $6,000 to $20,000 and the amount of the swingline credit facility from $1,500 to $5,000. As of June 30, 2023, the amount of $13,900 (June 30, 2022 - $nil) remains outstanding and is classified as long term in the consolidated statements of financial position.

For the year ended June 30, 2023, the Company incurred interest costs to service its borrowing facilities, comprising of the loans and operating facilities, in the amount of $5,897 (June 30, 2022 - $2,635). During the year ended June 30, 2023, the Company borrowed $nil (June 30, 2022 - $45,000) in term loans and repaid $17,700 (June 30, 2022 - $15,338). During the year ended June 30, 2023, the Company borrowed $13,900 (June 30, 2022 - $nil) on its revolving credit facility as a part of the overall capital management.

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, 2023, and June 30, 2022 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 loss, net of tax in the consolidated statements of financial position and will be reclassified to earnings when the hedged item affects earnings.

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. As of March 31, 2023 this was converted to a SOFR. 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, 2023, the notional amount of the interest rate swap was $42,565 (June 30, 2022 – $51,397). The interest rate

swap has a weighted average fixed rate of 1.80% (June 30, 2022 – 1.80%) and have been designated as an effective cash flow hedge and therefore qualifies for hedge accounting.

As at June 30, 2023, the fair value of the interest rate swap assets were valued at current of $1,218 (June 31, 2022 - $648) and non-current $768 (June 30, 2022 – $700). The current and non-current derivative assets were recording in the consolidated statements of financial position.

For the year ended June 30, 2023, the change in fair value of the interest rate swaps, net of tax, was a gain of $496 (June 30, 2022 – gain of $1,172) was recorded in other comprehensive loss in the consolidated statements of loss and comprehensive 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.

. **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, 2023, and June 30, 2022 are below:

	Note	**$**
Opening balance, July 1, 2021		15,754
Revenue deferred during the year		40,272
Deferred revenue recognized as revenue during the year		(42,625)
Additions through business combination	20	1,666
Ending balance, June 30, 2022		15,067
Revenue deferred during the year		23,839
Deferred revenue recognized as revenue during the year		(24,355)
Ending balance, June 30, 2023		**14,551**
Contract liabilities - Current		10,909
Contract liabilities - Non-current		3,642
		14,551

. 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, 2023 and 2022, the Company's issued and outstanding common shares consist of the following:

	Note	**June 30 2023**	June 30 2022
		#	#
Shares issued and outstanding:			
Outstanding, beginning of the year		**21,439,632**	19,021,642
Shares issued for business combinations	20	**—**	1,494,536
Shares issued as installment for shares to be issued		**11,838,457**	857,142
Shares purchased and cancelled		**(108,622)**	—
Shares returned from escrow and cancelled	4	**(142,124)**	—
Shares issued upon exercise of options		**11,024**	66,340
Rounding of fractional shares in 2021 after share consolidation		**—**	(28)
Outstanding, end of the year		**33,038,367**	21,439,632

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. Under the terms of the agreement, a further 12,695,599 common shares valued in the amount of $192,102 were to be issued in installments commencing on April 1, 2022. As of June 30, 2023, 12,695,599 common shares have been issued to StarBlue sellers in accordance with the installment schedule defined in the amended share purchase agreement and the related amendment to accelerate the issuance of these shares. Following this issuance, the Company has no further obligation to issue any additional shares in connection with the StarBlue acquisition.

During the year ended June 30, 2023, a total of 11,024 (June 30, 2022 – 66,340) options were exercised for cash consideration of $44 (June 30, 2022 - $532), and the Company recorded a charge of $23 (June 30, 2022 – $267) from contributed surplus to share capital.

In the fourth quarter of fiscal 2022, the Company announced its intention to make an 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. Under the term of the NCIB, during the year ended June 30, 2023, the Company purchased a total of 103,122 common shares (June 30, 2022 - nil) at an average price of $5.42 per share, for total consideration of $559. During the year ended June 30, 2023, the total of 103,122 of those common shares were settled and cancelled along with 5,500 common shares that were purchased in the fourth fiscal quarter of 2022 and cancelled in 2023, and the company recorded a total reduction of $605 (June 30, 2022 - nil) in share capital for the value of share repurchased.

(ii) Share based payments

On December 13, 2022, the Corporation's shareholders approved the Omnibus Equity Incentive Plan (the "Plan"), which replaces the previous share option plan (the "Legacy Plan"). No further grants will be made under the Legacy Plan.

For the year ended June 30, 2023, the Company recognized share-based compensation expense in the amount of $3,100 (June 30, 2022 - $9,929).

Stock Options

Under the Plan (and previously under the Legacy Plan), employees are periodically granted share options to purchase common shares at prices not less than the market price of the common shares on the day prior to the date of grant or the volume weighted average trading price per share on the TSX during the five trading days immediately preceding the grant date. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is determined by the amount the Corporation's daily share price fluctuated over a period commensurate with the expected life of the options. During the year ended June 30, 2023, the Corporation did not grant any options (June 30, 2022 – 590,211).

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

	Number of options	**Weighted average price**
	#	$
Balance, July 1, 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
Exercised	(11,024)	(3.87)
Expired	(171,133)	(13.80)
Forfeited	(302,700)	(15.56)
Balance, June 30, 2023	**723,051**	**13.58**

The key assumptions used to fair value the grants were as follows:

	June 30 2023	June 30 2022
Share price	**—**	$8.47 - $18.62
Exercise price	**—**	$8.47 -$18.62
Expected volatility	**—**	57.63% -60.16%
Expected option life	**0 years**	4.5 - 5 years
Risk-free interest rate	**—**	0.78% - 2.58%

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

	June 30, 2023			June 30, 2022		
Exercise price	**Number of stock options outstanding**	**Number of stock options outstanding and exercisable**	**Weighted average remaining contractual life**	Number of stock options outstanding	Number of stock options outstanding and exercisable	Weighted average remaining contractual life
$3.01 - $5.00	**—**	**—**	**0**	26,080	23,299	0.50
$5.01 - $7.00	**67,012**	**60,539**	**0.49**	74,224	51,881	1.49
$7.01 - $9.00	**210,125**	**53,001**	**4.00**	249,500	—	5.00
$9.01 - $12.00	**107,039**	**66,270**	**1.93**	219,382	104,313	2.93
$12.01 - $15.00	**55,000**	**17,190**	**3.75**	55,000	—	4.75
$15.01 - $18.00	**157,897**	**79,105**	**3.00**	183,106	45,808	4.00
$18.01 - $20.00	**22,856**	**10,012**	**3.00**	285,711	—	4.23
$20.01 - $27.00	**103,122**	**58,131**	**2.61**	114,905	35,951	3.61
	723,051	**344,248**	**2.90**	1,207,908	261,252	3.84

The following table summarizes information about the DSUs, RSUs and PSUs granted and forfeited during the year ended June 30, 2023.

	DSU	**PSU**	**RSU**	**Total**
Awards outstanding July 1, 2022	—	—	—	—
Awards granted during the year	66,391	302,500	352,500	721,391
Awards forfeited during the year	—	(172,500)	(222,500)	(395,000)
Awards outstanding June 30, 2023	66,391	130,000	130,000	326,391

The average fair value of each DSU issued during the year ended June 30, 2023 is $3.52 per share (June 30, 2022 - nil).

The fair value of each RSU is $4.20 per share.

The fair value of each of the PSUs tied to non-market based performance targets is $4.20 per share. The fair value of each of the PSUs tied to market-based performance targets is $3.69 per share using the Monte Carlo simulation. The key assumptions used in the Monte Carlo simulation are:

	June 30, 2023	June 30, 2022
Share price	**3.69**	—
Expected volatility	**60.00 %**	—
Time to expiry	**2.52 years**	0 years
Risk-free interest rate	**4.08 %**	—

(iii) Loss per share

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

		June 30 2023	June 30 2022
Number of shares:			
Weighted average number of shares outstanding		**33,118,980**	19,636,797
Shares to be issued		**—**	11,838,457
Weighted average number of shares used in basic earnings per share		**33,118,980**	31,475,254
Weighted average number of shares used in diluted earnings per share		**33,118,980**	31,475,254
Net loss for the period	**$**	**(29,026)**	$ (110,780)
Loss per share			
Basic loss per share	**$**	**(0.88)**	$ (3.52)
Diluted loss per share	**$**	**(0.88)**	$ (3.52)

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, 2023 and 2022.

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, 2023 and 2022 were as follows:

	June 30 2023	June 30 2022
	$	$
Short-term benefits	**2,162**	3,271
Long-term benefits	**90**	54
Shared-based payment transactions	**1,208**	8,335
Total compensation	**3,460**	11,660

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 for the years ended June 30, 2023 and 2022 as follows:

	June 30 2023	June 30 2022
	$	$
Products	**54,018**	65,742
Services	**198,512**	158,610
Total revenues	**252,530**	224,352

The sales in each of these geographic locations for the years ended June 30, 2023 and 2022 as follows:

	June 30 2023	June 30 2022
	$	$
USA	**234,858**	202,886
Canada	**3,785**	5,334
All other countries	**13,887**	16,132
Total revenues	**252,530**	224,352

The non-current assets, in US dollars, in each of the geographic locations as at June 30, 2023, and June 30, 2022 are below:

	June 30 2023	June 30 2022
	$	$
Canada	**6,309**	7,000
USA	**374,814**	431,225
Total non-current assets	**381,123**	438,225

. Business combinations

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 $11,500 if certain operating targets are met. The Company incurred estimated transaction costs in the amount of $2,939 which were expensed in the fiscal year ended June 30, 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 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

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

Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on September 27, 2023.



Management discussion and analysis of financial condition and results of operations for the Fiscal Year ended June 30, 2023

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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, 2023. The MD&A compares the financial results for the three and twelve month periods of 2023 with those of the same periods in the previous year. 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, 2023 ("Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in thousands of United States dollars except where otherwise indicated.

Additional information about us, including copies of our continuous disclosure materials, 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 27, 2023.

NON-IFRS MEASURES

This MD&A contains references to certain non-IFRS financial measures such as 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 EBITDA" means earnings before income taxes, interest expense (net), share-based compensation, depreciation (including for right-of-use assets), amortization, restructuring and 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, restructuring and business integration costs, and exchange listing expense. We believe that 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 18, and 21 herein.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements, including statements regarding 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 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 (i) inflationary pressures and potential recessionary conditions, as well as actions taken by central banks and regulators across the world in an attempt to reduce, curtail and address such pressures and conditions, including any increases in interest rates, and (ii) the effects of adverse developments at financial institutions, including bank failures, that impact general sentiment regarding the stability and liquidity of banks, and the resulting impact on the stability of the global financial markets at large, risks related to the COVID-19 (coronavirus) pandemic and any resurgence thereof, our ability to identify and remediate material weaknesses and significant deficiencies in our internal controls, 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 (and associated changes in global trade policies and economic sanctions), and the other risk factors described in our most recently filed Annual Information Form for the fiscal year ended June 30, 2023.

The forward-looking statements contained in this MD&A 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.

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 ("UCcaS")
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")

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.

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.

OVERALL PERFORMANCE

Operational

Sangoma 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 generates revenue from both Services and Products. Our Services revenue is generated primarily from customers entering recurring revenue agreements. Product revenues are comprised of the sale of products and services that generate non-recurring revenue.

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 some prefer to do business directly with Sangoma, the Company often 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.

RESULTS OF OPERATIONS

All amounts are in thousands of United States dollars except where otherwise indicated.

SUMMARY

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

	Three month periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Revenue	**63,680**	66,301	(2,621)	(4)%	**252,530**	224,352	28,178	13%
Cost of sales	**21,439**	21,840	(401)	(2)%	**79,739**	67,464	12,275	18%
Gross profit	**42,241**	44,461	(2,220)	(5)%	**172,791**	156,888	15,903	10%
Expenses								
Sales and marketing	**15,671**	15,633	38	—%	**61,922**	53,057	8,865	17%
Research and development	**9,317**	9,801	(484)	(5)%	**37,470**	34,158	3,312	10%
General and administration	**18,605**	20,033	(1,428)	(7)%	**76,363**	75,199	1,164	2%
Foreign currency exchange loss	**115**	247	(132)	(53)%	**(15)**	358	(373)	(104)%
Interest expense (net)	**1,891**	2,136	(245)	(11)%	**6,767**	3,863	2,904	75%
Business acquisition costs	**—**	(182)	182	(100)%	**—**	2,939	(2,939)	(100)%
Restructuring and business integration costs	**115**	386	(271)	(70)%	**2,710**	1,222	1,488	122%
Exchange listing expense	**—**	—	—	—%	**—**	1,051	(1,051)	(100)%
Loss (gain) on change in fair value of consideration payable	**810**	(1,046)	1,856	(177)%	**(2,975)**	(2,254)	(721)	32%
Goodwill impairment	**22,507**	91,685	(69,178)	(75)%	**22,507**	91,685	(69,178)	(75)%
Loss before income tax	**(26,790)**	(94,232)	67,442	(72)%	**(31,958)**	(104,390)	72,432	(69)%
Provision for income taxes								
Current	**(1,687)**	2,189	(3,876)	(177)%	**(172)**	3,980	(4,152)	(104)%
Deferred	**(1,473)**	2,826	(4,299)	(152)%	**(2,760)**	2,410	(5,170)	(215)%
Net loss	**(23,630)**	(99,247)	75,617	(76)%	**(29,026)**	(110,780)	81,754	(74)%
Other comprehensive income								
Items to be reclassified to net income								
Change in fair value of interest rate swaps, net of tax	**204**	122	82	67%	**496**	1,172	(676)	(58)%
Comprehensive loss	**(23,426)**	(99,125)	75,699	(76)%	**(28,530)**	(109,608)	81,078	(74)%
Loss per share								
Basic	**$ (0.72)**	$ (2.99)	$ 2.27	(76)%	**$ (0.88)**	$ (3.52)	$ 2.64	(75)%
Diluted	**$ (0.72)**	$ (2.99)	$ 2.27	(76)%	**$ (0.88)**	$ (3.52)	$ 2.64	(75)%
Weighted average shares outstanding (thousands)								
Basic	**33,038**	33,230	(192)	(1)%	**33,119**	31,475	1,644	5%
Diluted	**33,038**	33,230	(192)	(1)%	**33,119**	31,475	1,644	5%
Other pertinent information								
Total assets					**442.75**	498.53	(55.79)	(11) %
Non-current financial liabilities					**95.50**	106.18	(10.67)	(10) %

REVIEW OF OPERATIONS

Revenue

	Three month periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Service revenues	**50,214**	49,074	1,140	2%	**198,512**	158,610	39,902	25%
Percent of total revenues	**79%**	74%	5%	7%	**79%**	71%	8%	11%
Product revenues	**13,466**	17,227	(3,761)	(22)%	**54,018**	65,742	(11,724)	(18)%
Percent of total revenues	**21%**	26%	(5)%	(19)%	**21%**	29%	(8)%	(27)%
Total revenues	**63,680**	66,301	(2,621)	(4)%	**252,530**	224,352	28,178	13%

Sales for the fourth quarter of fiscal 2023 ended June 30, 2023 were $63,680, down (4)% from the $66,301 in the comparable fourth quarter of fiscal 2022. The year-over-year decrease in quarterly revenue primarily resulted from the the decline in product revenue. The decrease in product revenue is due to the continued hold on Capex spending by customers given the current prevailing economic conditions and the strength in the US dollar impacting the international business. The decrease in the product revenue was partially offset by the increase in the service revenues. Services revenue represented 79% of total revenue this quarter, up from 74% in the same quarter of the prior year, and consistent with our strategic objective.

When compared sequentially, our revenue was up 1% from $62,764 in the third quarter of fiscal 2023. This increase is due primarily to the seasonality of product revenue which normally happens in the fourth quarter partially offset by a modest decrease in service revenue.

Fiscal Year Comparisons

Sales for the year ended June 30, 2023 were $252,530, up 13% from the $224,352 in the comparable period of fiscal 2022.

The increase in revenue was primarily due to the additional revenue from the NetFortris acquisition being included for four quarters in fiscal 2023 (compared to one in fiscal 2022), and the existing Services business continuing to grow and compound. Overall, the Services revenue grew as a percentage of total revenue from 71% in fiscal year 2022 to 79% for fiscal year 2023.

Cost of revenue and gross profit

	Three month periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Cost of sales	**21,439**	21,840	(401)	(2)%	**79,739**	67,464	12,275	18%
Gross profit	**42,241**	44,461	(2,220)	(5)%	**172,791**	156,888	15,903	10%

The cost of sales for the fourth quarter ended June 30, 2023 was $21,439 compared to $21,840 last year, driven primarily by the decrease in product revenues 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 fourth quarter ended June 30, 2023 was $42,241, down 5% from the $44,461 realized in the same quarter ended June 30, 2022. Gross margin for the fourth quarter of fiscal 2023 was approximately 66% of revenue. This is down slightly from the same quarter last year partly because of the global supply chain pressures referenced and partly due to the slightly lower average margin from the Managed Services products. This level of gross margin is consistent with our expectations for fiscal year 2023.

Fiscal Year Comparisons

The cost of sales for the fiscal year ended June 30, 2023 was $79,739 compared to $67,464 in fiscal year 2022, driven primarily by the addition of NetFortris in fiscal 2022 for one quarter compared to the full year in fiscal 2023.

Gross profit for the fiscal year ended June 30, 2023 was $172,791, 10% up than the $156,888 realized in fiscal year 2022. Gross margin for the fiscal year was 68%, is more in line with expectation, and down from last year.

Expenses

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 periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Sales and marketing	**15,671**	15,633	38	—%	**61,922**	53,057	8,865	17%
Research and development	**9,317**	9,801	(484)	(5)%	**37,470**	34,158	3,312	10%
General and administration	**18,605**	20,033	(1,428)	(7)%	**76,363**	75,199	1,164	2%
Foreign currency exchange loss	**115**	247	(132)	(53)%	**(15)**	358	(373)	(104)%

Sales and marketing

Sales and marketing expense was $15,671 for the fourth quarter of fiscal 2023, a marginal increase from the $15,633 incurred in the same quarter of fiscal 2022.

Fiscal Year Comparisons

Sales and marketing expense was $61,922 for the fiscal year ended June 30, 2023 compared to $53,057 for the comparative fiscal year ended 2022. The increase arises mostly from the additional sales staff, program spend, and channel partner commissions coming from having had the NetFortris team for the whole year versus one quarter in fiscal 2022.

Research and development

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, 2023, available at www.sedar.com and www.sec.gov).

The engineering expenses incurred, and the development costs amortized during the fourth quarter of fiscal 2023 were $9,317. This was lower than the $9,801 incurred in the same quarter last year, mostly as a result of higher capitalization of labor costs on development projects, but no change as a percentage of revenue at approximately 15% compared to approximately 15%. For the quarter ended June 30, 2023, 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, 2023 were $37,470 compared to $34,158 in the same period last year. The increase year over year was a result of the additional development staff from NetFortris being included for the full year, as well as the Company's ongoing investment in innovation.

General and administration

General and administration expenses were $18,605 for the quarter ended June 30, 2023, compared to $20,033 in the same period of fiscal 2022. The decrease in spending is driven primarily by the non-cash expenses including share-based compensation and amortizations and depreciation.

Fiscal Year Comparisons

General and administration expenses were $76,363 for the fiscal year ended June 30, 2023, up from $75,199 in the fiscal year fiscal 2022. The increase is primarily due to the increase in compliance cost partially off set by the decrease in share-based compensation.

Foreign exchange

Foreign exchange loss for the quarter ended June 30, 2023 was $115, compared to a loss of $247 in the same period of fiscal 2022.

Fiscal Year Comparisons

For the fiscal year ended June 30, 2023, there was a foreign exchange gain of $15 compared to a loss of $358 in the fiscal year ended 2022.

	Three month periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Interest expense (net)	**1,891**	2,136	(245)	(11)%	**6,767**	3,863	2,904	75%
Business acquisition costs	**—**	(182)	182	(100)%	**—**	2,939	(2,939)	(100)%
Restructuring and business integration costs	**115**	386	(271)	(70)%	**2,710**	1,222	1,488	122%
Exchange listing expense	**—**	—	—	—%	**—**	1,051	(1,051)	(100)%
Loss (gain) on change in fair value of consideration payable	**810**	(1,046)	1,856	(177)%	**(2,975)**	(2,254)	(721)	32%
Goodwill Impairment	**22,507**	91,685	(69,178)	(75)%	**22,507**	91,685	(69,178)	(75)%

Interest expense (net)

Net interest expense for the quarter ended June 30, 2023 was $1,891, lower than the $2,136 in the same period last year, primarily due the lower non-cash accretion expense associated with the consideration payable.

Fiscal Year Comparisons

Net interest expense for the fiscal year ended June 30, 2023 was $6,767, versus $3,863 in the prior comparative year. The primary driver for the increase is the additional debt taken on to finance the NetFortris acquisitions and draws on the revolving facility, the non-cash accretion expense associated with the consideration payable and from the increases in prevailing interest rates.

Business acquisition costs

There were no business acquisition costs incurred in the quarter ended June 30, 2023. In the same period last year, Sangoma recorded business acquisition costs of $(182)

Fiscal Year Comparisons

During the fiscal year ended June 30, 2023, Sangoma recorded no business acquisition costs. During the fiscal year ended June 30, 2022, the Company incurred $2,939 for the acquisition of NetFortris on March 28, 2022.

Restructuring and business integration costs

For the fourth quarter of fiscal year 2023, Sangoma recorded immaterial costs of $115 directly associated with a reduction of staff. In the same period last year, Sangoma recorded restructuring and integration costs $386.

Fiscal Year Comparisons

For the fiscal year ended June 30, 2023, Sangoma recorded $2,710 of costs directly associated with the reduction of staff following the NetFortris acquisition compared to $1,222 of restructure and integration costs in last year for the Star2Star acquisition.

Exchange listing expense

There were no exchange listing expense incurred for the year ended June 30, 2023. In the same period last year, Sangoma recorded exchange listing expense of $1,051 associated with Nasdaq listing.

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 installment 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 of June 30, 2023, the changes in these factors gave rise to a decrease in the consideration payable as compared to the amount established at June 30, 2022. An equivalent offset is 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, 2023. Accordingly, the Company recorded a non-cash $22,507 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 increase in the discount rate as a result of macroeconomic factors, which other companies in our industry sector have also experienced, during the latter months of fiscal 2023. The company recorded a goodwill impairment of $91,685 for the fiscal year ended June 30, 2022.

Net loss

Net loss for the fourth quarter was $23,630 ($0.72 loss per share fully diluted), compared to a net loss of $99,247 ($2.99 loss per share fully diluted) for the equivalent quarter of the prior year. Net loss for the full year was $29,026 ($0.88 loss per share fully diluted), compared to a net loss of $110,780 ($3.52 loss per share fully diluted) in the prior year.

Fiscal Year Comparisons

Net loss for fiscal year ended June 30, 2023 was $29,026 ($0.876 loss per share fully diluted), compared to net loss of $110,780 ($3.52 loss per share fully diluted) for the fiscal year ended June 30, 2022.

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 periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Net loss	**(23,630)**	(99,247)	75,617	(76)%	**(29,026)**	(110,780)	81,754	(74)%
Tax	**(3,160)**	5,015	(8,175)	(163)%	**(2,932)**	6,390	(9,322)	(146)%
Interest expense (net)	**1,891**	2,136	(245)	(11)%	**6,767**	3,863	2,904	75%
Share-based compensation	**362**	941	(579)	(62)%	**3,100**	9,929	(6,829)	(69)%
Depreciation of property and equipment	**1,095**	1,688	(593)	(35)%	**4,729**	3,152	1,577	50%
Depreciation of right-of-use assets	**861**	1,071	(210)	(20)%	**3,778**	3,308	470	14%
Amortization of intangibles	**8,205**	8,672	(467)	(5)%	**33,932**	31,609	2,323	7%
Business acquisition costs	**—**	(182)	182	(100)%	**—**	2,939	(2,939)	(100)%
Restructuring and business integration costs	**115**	386	(271)	(70)%	**2,710**	1,222	1,488	122%
Exchange listing expense	**—**	—	—	—%	**—**	1,051	(1,051)	(100)%
Federal compliance costs relating to prior year position	**1,804**	—	1,804	100%	**1,804**	—	1,804	100%
Change in fair value of consideration payable	**810**	(1,046)	1,856	(177)%	**(2,975)**	(2,254)	(721)	32%
Goodwill Impairment	**22,507**	91,695	(69,188)	(75)%	**22,507**	91,695	(69,188)	(75)%
Adjusted EBITDA	**10,860**	11,129	(269)	(2)%	**44,394**	42,124	2,270	5%
Percentage of revenue	**17%**	17%	—	—%	**18%**	19%	—	(1)%

Adjusted EBITDA for the fourth quarter ended June 30, 2023 was $10,860, down from $11,129 in the equivalent quarter of the prior year, primarily due to decrease in Product revenue.

Fiscal Year Comparisons

For the fiscal year ended June 30, 2023, Adjusted EBITDA at $44,394 was 5% up than the $42,124 in the prior fiscal year. The increase is a result of the NetFortris acquisition in 2022, underlying growth in the business, and the cost restructurings.

QUARTERLY RESULTS OF OPERATIONS

Selected financial information over the prior eight quarters is shown in the table below.

	First quarter 2022	Second quarter 2022	Third quarter 2022	Fourth quarter 2022	First quarter 2023	Second quarter 2023	Third quarter 2023	Fourth quarter 2023
Sales	$ 51,499	$ 53,186	$ 53,366	$ 66,301	$ 64,051	$ 62,035	$ 62,764	$ 63,680
Gross Profit	$ 36,873	$ 38,353	$ 37,201	$ 44,461	$ 43,337	$ 42,789	$ 44,424	$ 42,241
Operating Expenses[1]	$ 37,727	$ 39,194	$ 40,137	$ 45,714	$ 44,406	$ 44,258	$ 43,368	$ 43,708
Net loss	$ (2,301)	$ (2,477)	$ (6,755)	$ (99,247)	$ (1,976)	$ (2,735)	$ (685)	$ (23,630)
Net loss per share								
Non-diluted basis	$ (0.07)	$ (0.08)	$ (0.21)	$ (2.99)	$ (0.06)	$ (0.08)	$ (0.02)	$ (0.72)
Fully diluted basis	$ (0.07)	$ (0.08)	$ (0.21)	$ (2.99)	$ (0.06)	$ (0.08)	$ (0.02)	$ (0.72)
Adjusted EBITDA	$ 10,093	$ 10,433	$ 10,469	$ 11,129	$ 10,741	$ 10,550	$ 12,243	$ 10,860

[1] Operating Expenses consist of sales and marketing, research and development, general and administration and foreign exchange (gain) loss.

Sales and Net Loss by Quarter

Revenue over the comparative periods has been positively impacted by the acquisition of NetFortris in March 2022, the organic growth within the existing Services business, as well as an uptick in some quarters for the Product business. As anticipated, fiscal 2023 has seen a decline in the Product business primarily due to customers continue to be more sensitive to Capex purchases, given the current economic environment, to the supply chain conditions, and the impact of a strong US dollar exchange rate on international business. While Product revenue continued to decline, this decline was partially offset by the increase in Services revenue during the quarter.

In line with revenue, cost of sales, gross profit, operating expenses, and Adjusted EBITDA have all decreased over the comparable periods. In addition, cost of goods continues to be 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.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2023, Sangoma had current assets of $61,623 and current liabilities of $63,191, compared with $60,308 and $78,406 at June 30, 2022, respectively. The increase in current assets is mainly due to income tax receivable , while the decrease in current liabilities is primarily due to the payment of accounts payable and accrued liabilities, and consideration payable.

The Company ended the fourth quarter with $11,156 of cash compared to $12,702 at June 30, 2022. The Company used a portion of its cash to continue paying down the debts, investment in capitalized development costs, payout the consideration payable, and in the share buyback program under our normal course issuer bid (the “NCIB”).

Trade receivables of $16,060 on June 30, 2023, were slightly higher than the $16,045 on June 30, 2022, primarily as a result from the growth in our business.

Inventories were $17,970 on June 30, 2023, $544 higher than the $17,426 at June 30, 2022, primarily reflecting the inventory build undertaken to contend with the supply chain pressures described earlier, in combination with softer Product sales in fiscal 2023.

Sangoma generated $10,952 of Adjusted Cash Flow from operations during the fourth quarter of fiscal 2023, compared to $9,387 in the same quarter last year. For the fiscal year, Sangoma generated $27,803, compared to $25,655 in the same period last year. The reconciliation of net cash flows from operating activities to Adjusted Cash Flow for the three month periods and fiscal years ended June 30, 2023, and 2022 are shown in the table below.

	Three month periods ended June 30				Years ended June 30			
	2023	2022	Change	Change	**2023**	2022	Change	Change
	$	$	$	%	**$**	$	$	%
Net cash flows from operating activities	**10,855**	9,547	1,308	14%	**26,487**	21,057	5,430	26%
Less capitalization of development costs	**(1,800)**	(1,564)	(236)	15%	**(7,250)**	(3,237)	(4,013)	124%
Interest expense on term loans and operating facility	**1,782**	1,200	582	49%	**5,856**	2,623	3,233	123%
Business acquisition costs	**—**	(182)	182	(100)%	**—**	2,939	(2,939)	(100)%
Restructuring and business integration costs	**115**	386	(271)	(70)%	**2,710**	1,222	1,488	122%
Exchange listing expense	**—**	—	—	—%	**—**	1,051	(1,051)	(100)%
Adjusted cash flow from operations	**10,952**	9,387	1,565	17%	**27,803**	25,655	2,148	8%

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 revolving credit facility, (ii) a $21,750 term credit facility, which was used to partially fund the Voip Innovation Acquisition (iii) a $52,500 term credit facility, which was used to partially fund the StarBlue Acquisition, (iv) a $45,000 term credit facility, which was used to partially fund the NetFortris Acquisition (the “Term 3 Facility”), and (v) a $1,500 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.

On October 19, 2022 and January 31, 2023 the Company drew down $3,000 and $2,300 from the revolving credit facility, respectively. As of June 30, 2023, these amounts remain outstanding.

On April 6, 2023 the Company entered into a second amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments and to amend the amount of the revolving credit facility from $6,000 to $20,000 and the amount of the swingline credit facility from $1,500 to $5,000.

On April 23, 2023 the Company, as was originally intended on closing of the NetFortris acquisition, drew down $8,600 from the revolving credit facility primarily to fund the earn-out owing to the sellers pursuant to the stock purchase agreement dated March 28, 2022 (the "NetFortris Purchase Agreement"). As of June 30, 2023, this amount remains outstanding.

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, 2023, 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, 2022 to June 30, 2023:

	$
Opening balance, July 1, 2021	15,754
Revenue deferred during the year	40,272
Deferred revenue recognized as revenue during the year	(42,625)
Additions through business combination	1,666
Ending balance, June 30, 2022	15,067
Revenue deferred during the year	23,839
Deferred revenue recognized as revenue during the year	(24,355)
Ending balance, June 30, 2023	**14,551**
Contract liabilities - Current	10,909
Contract liabilities - Non-current	3,642
	14,551

Commitments

The table below outlines our contractual commitments as of June 30, 2023:

	within 12 months	12-24 months	24-36 months	>36 months	Total
	$	$	$	$	**$**
Accounts payable and accrued liabilities	24,077	—	—	—	**24,077**
Sales tax payable	5,594	—	—	—	**5,594**
Consideration payable	1,894	—	—	—	**1,894**
Operating facility and loans	17,700	19,875	22,050	41,200	**100,825**
Lease obligations on right of use assets	3,097	3,084	2,308	7,353	**15,841**
Other non-current liabilities	—	—	—	766	**766**
	52,362	**22,959**	**24,358**	**49,319**	**148,997**

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 3 of the Company's Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The fair values of the cash and cash equivalents, trade and other receivables, contract assets, other current assets, accounts payable and accrued 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. Derivative assets and liabilities and

consideration payable are recorded at fair value. 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

Normal Course Issuer Bid

In the fourth quarter of fiscal 2022, the Company announced its intention to make an 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.

Under the term of the NCIB, during the year ended June 30, 2023, the Company purchased a total of 103,122 common shares (June 30, 2022 - nil) at an average price of $5.42 per share, for total consideration of $559.

NetFortris Earn-Out

Pursuant to the terms of the NetFortris Purchase Agreement, the NetFortris sellers were entitled to an earn-out payment for the first three quarters following the acquisition in the amount of $5,500. This earn-out was paid to the sellers on April 14, 2023. The Company determined that the NetFortris Sellers did not meet the thresholds for the final earn-out payment with respect to the fourth quarter following the acquisition, and therefore the payment of $5,500 constitutes the entire earn-out payment owing to the NetFortris sellers pursuant to the NetFortris Purchase Agreement. There are no further earn-out payments owing by the Company in connection with the NetFortris acquisition.

Second Amendment to the Second Amended and Restated Credit Agreement

See “Credit Facility” above for details relating to the most recent amendment and drawdown details.

Acceleration of Quarterly Share Issuances

On March 27, 2023, the Company entered into an amendment to the stock purchase agreement dated January 28, 2021 in connection with the StarBlue acquisition, primarily to accelerate the remaining quarterly issuances of StarBlue shares. The remaining 9,142,856 common shares were issued to the StarBlue sellers on May 9, 2023. Following this issuance, the Company has no obligation to issue any additional shares in connection with the StarBlue acquisition.

OUTSTANDING SHARE INFORMATION

We are currently authorized to issue an unlimited number of common shares. As of the date hereof, 33,184,200 common shares and 700,823 stock options and 253,891 share units are issued and outstanding.

GUIDANCE

2023 Achievements against guidance

On September 26, 2022 and November 10, 2022 the Company provided guidance for fiscal 2023, which was subsequently revised on February 9, 2023, and reconfirmed on February 27, 2023. On May 11, 2023, the Company narrowed its guidance of revenue from $250- $260 million to $250 - $254 million and Adjusted EBITDA from $46 - $49 million to $46 - $48 million.

The company's actual fiscal 2023 revenue was $253 million, and actual Adjusted EBITDA was $44 million. Our annual revenue was in line with expectations, while adjusted EBITDA for fiscal 2023 was slightly below guidance, primarily as a result of the increase in product sales as a percentage of overall revenue, and the associated lower margins.

Our 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 experienced in fiscal year 2022 and fiscal 2023 to-date, the trends we expect going forward in fiscal 2023, and the impact of growing economic headwinds globally
- 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
- 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
- The impact of changes in global exchange rates on the 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 current 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 retain the employees needed to maintain the current momentum

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 (i) disclosure controls and procedures, and (ii)

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, 2023 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, management has concluded that the Company’s disclosure controls and procedures were effective.

Changes in Internal Controls over Financial Reporting

We disclosed in our our Fiscal 2022 Annual MD&A that management identified a material weakness with respect to Fiscal 2022 related to aggregated deficiencies in the areas of standardized policies and procedures, inadequate segregation of duties, and a combination of information technology general control across multiple system was identified. Accordingly, the Company’s management developed remediation plans for enhancing both the business and information technology processes by implementing internal controls to address the identified deficiencies by taking the following steps to remediate noted below:

a. Business process narratives and coinciding risk control matrices were drafted and finalized accompanied by annual walk throughs. IA ensured that all key areas of risk and mitigating controls were identified and tested along with compensating controls and procedures prior to fiscal year end. In addition, testing focused on 11 high priority key controls that directly related to the FY22 aggregated deficiencies related to the material weakness to ensure all issues were remediated and that the controls tested effectively for the FY.

b. An annual walkthrough of the IT system narratives and controls was performed accompanied by testing. Testing encompassed the internal controls related too, computer operations, access to programs and data, program development and program changes. In addition, remediation efforts and retesting were ongoing to ensure compliance and or identification of compensating controls for any identified issues.

c. Implemented and enhanced quarterly user access reviews to ensure appropriate segregation of duties for both business process and IT as well as to ensure access by experienced and knowledgeable employees for review, authorization and recording of financial transactions and reporting.

d. An annual review of the company’s standard accounting policies was implemented and performed by management to ensure that the policies are up to date and pertinent, therefore ensuring the integrity and accuracy of the financial data.

During Fiscal 2023, the Company's management tested the controls related to the material weakness described above for a sufficient period of time, and has concluded, through testing, that by the end of the

fourth quarter of Fiscal 2023, the majority of the controls related to the material weakness from the prior fiscal year were operating effectively. However, with the new acquisition of Netfortris/Fonality and the creation of business process narratives, ITGC narratives and the identified issues in access to programs and data as well as IT change management, the Company's management has concluded that the material weakness previously identified in the Company's internal control over financial reporting has been downgraded to a significant deficiency as of June 30, 2022.

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.

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Sangoma Technologies Corporation

We consent to the use of:

- our report dated September 27, 2023 on the consolidated financial statements of Sangoma Technologies Corporation (the "Entity") which comprise the consolidated statement of financial position at June 30, 2023, the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2023, and the related notes (collectively, the "consolidated financial statements").

We also consent to the incorporation by reference of such report in the registration statements (No. 333-270918) on Form F-3 and (No. 333-261071) on Form F-10 of the Entity.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 27, 2023

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

MNP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended June 30, 2023, of Sangoma Technologies Corporation, of our report dated September 26, 2022, relating to the consolidated financial statements of Sangoma Technologies Corporation as at June 30, 2022, June 30, 2021 and July 1, 2020 and for the years ended June 30, 2022 and June 30, 2021, as filed with the United States Securities Exchange Commission ("SEC").

We also hereby consent to the incorporation by reference in the Registration Statements on Form F-10 (No. 333-261071) and Form F-3 (No. 333-270918) of Sangoma Technologies Corporation, of our report dated September 26, 2022, relating to the consolidated financial statements of Sangoma Technologies Corporation, as at June 30, 2022, June 30, 2021 and July 1, 2020 and for the years ended June 30, 2022 and June 30, 2021, as filed with the SEC.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
September 27, 2023
Toronto, Canada

MNP LLP
1 Adelaide Street East, Suite 1900, Toronto ON, M5C 2V9 1.877.251.2922 T: 416.596.1711 F: 416.596.7894

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, Charles Salameh, Chief Executive Officer of Sangoma Technologies Corporation, 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 27, 2023

/s/ Charles Salameh

Charles Salameh

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, Larry Stock, 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 27, 2023

/s/ Larry Stock

Larry Stock

Chief Financial Officer

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, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles Salameh, 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.

Date: September 27, 2023

/s/ Charles Salameh

By: Charles Salameh

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, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry Stock, 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.

Date: September 27, 2023

/s/ Larry Stock

By: Larry Stock

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.