

0001753368-24-0000216-K Sangoma Technologies Corp 2024110620241106170523170524170524 0 0001753368-24-000021 6-K 9 20240930 20241106 Sangoma Technologies Corp 0001753368 7370 98064231-Av 0630 6-K 34 001-41175 241432090 100 RENFREW DRIVE, SUITE 100 MARKHAM A6 L3R 9R6 800-388-2475 100 RENFREW DRIVE, SUITE 100 MARKHAM A6 L3R 9R6 6-K 1 form6k-f25q1.htm 6-K DocumentUNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549FORM 6-KREPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934For the month of November 2024 Commission File Number: 001-41175Sangoma Technologies Corporation(Exact name of Registrant as specified in its charter)N/A(Translation of registrant's name into English)100 Renfrew DriveSuite 100Markham, Ontario, Canada L3R 9R6(905) 474-1990(40-F. Form 20-F [ ] Form 40-F [ X ] INCORPORATION BY REFERENCEExhibits 99.1 and 99.2 of this Form 6-K is incorporated by reference as an additional exhibit to the registrant's Registration Statements on Form F-10 (File No. 333-261071).DOCUMENTS INCLUDED AS PART OF THIS REPORTExhibit99.1Unaudited Condensed Consolidated Interim Financial Statements of the Registrant for the three month periods ended September 30, 2024 and 202399.2Management's Discussion and Analysis of Financial Condition and Results of Operations of the Registrant for the three month periods ended September 30, 2024 and 202399.3Press Release dated November 6, 2024, titled "Sangoma Announces First Quarter Fiscal 2025 Results"99.4Form 52-109F2 Certificate of Interim Filings by CEO (pursuant to Canadian regulations)99.5Form 52-109F2 Certificate of Interim Filings by CFO (pursuant to Canadian regulations)SIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Sangoma Technologies CorporationDate: November 6, 2024By: /s/ Larry StockName: Larry StockTitle: Chief Financial Officer EX-99.1 2 financialstatementsf25q1.htm EX-99.1 DocumentsSANGOMA TECHNOLOGIES CORPORATIONCondensed consolidated interim financial statements for thethree month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars) 100 Renfrew Drive, Suite 100, Markham, Ontario,Canada L3R 9R6Sangoma Technologies CorporationThree month periods September 30, 2024 and 2023Table of contentsCondensed consolidated interim statements of financial position3Condensed consolidated interim statements of loss and comprehensive loss4Condensed consolidated interim statements of changes in shareholders' equity5Condensed consolidated interim statements of cash flows6Notes to the condensed consolidated interim financial statements7-24Sangoma Technologies CorporationCondensed consolidated interim statements of financial positionAs at September 30, 2024, and June 30, 2024(Unaudited in thousands of US dollars, except per share data)September 30/June 30, Note20242024\$ \$ Assets\$ A Current assets\$ A Cash and cash equivalents\$416,749A 16,231A Trade and other receivables 416,299A 18,596A Inventories 613,788A 14,768A Sales tax receivable\$453A 485A Income tax receivable1,596A 956A Contract assets1,393A 1,479A Derivative assets15483A 727A Other current assets3,577A 3,867A 54,338A 57,109A Non-current assets\$ A Property and equipment 77,669A 8,394A Right-of-use assets 89,428A 10,164A Intangible assets9115,930A 124,128A Development costs 107,909A 7,810A Deferred income tax assets 2,127A 2,334A Goodwill 12187,502A 187,502A Contract assets2,235A 2,418A Derivative assets15128A 320A Other non-current assets 459A 466A 387,725A 400,645A Liabilities\$ A Current liabilities\$ A Accounts payable and accrued liabilities418,718A 21,450A Provisions13405A 405A Sales tax payable7,874A 5,955A Income tax payable95A 115A Operating facility and loans1522,050A 19,875A Contract liabilities168,248A 9,582A Lease obligations on right-of-use assets82,500A 2,722A 59,890A 60,104A Long term liabilities\$ A Operating facility and loans1547,050A 57,950A Contract liabilities163,344A 3,072A Non-current lease obligations on right-of-use assets88,037A 8,562A Deferred income tax liabilities 8,894A 9,895A Other non-current liabilities2,286A 1,332A 129,501A 140,915A Shareholders' equity\$ A Share capital382,042A 380,986A Contributed surplus19,725A 20,053A Accumulated other comprehensive income302A 626A Accumulated deficit(143,845)(141,935)258,224A 259,730A 387,725A 400,645A Approved by the Board(Signed)Al GuarinoDirector(Signed)Allan BrettDirectorThe accompanying notes are an integral part of these condensed consolidated interim financial statements.3Sangoma Technologies CorporationCondensed consolidated interim statements of loss and comprehensive lossFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)Three month periods ended September 30, September 30, Note20242023\$ \$Revenue1960,150A 63,028A Cost of sales18,969A 19,000A Gross profit41,181A 44,028A Expenses\$ A Sales and marketing12,556A 16,517A Research and development1011,342A 9,315A General and administration9,960A 10,808A Amortization of intangible assets98,198A 8,361A \$ A Interest expense (net)4,151,378A 1,662A \$ A Restructuring and business integration costs\$ A 156A Loss before income tax(2,253)(2,791)Provision for income taxes\$ A Current 11491A 385A Deferred11(834)(732)Net loss(1,910)(2,444)Other comprehensive income (loss)\$ A Items to be reclassified to net income (loss)\$ A Change in fair value of interest rate swaps, net of tax11,15(324)(93)Comprehensive loss(2,234)(2,537)Loss per share\$ A Basic and diluted17(iii)\$(0.06)\$(0.07)\$ A Weighted average number of shares outstanding \$ A Basic and diluted17(iii)33,402,42233,126,673The accompanying notes are an integral part of these condensed consolidated interim financial statements.4Sangoma Technologies CorporationCondensed consolidated interim statements of changes in shareholders' equityFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)\$ A \$ A NoteNumber of common sharesShare capitalContributed surplusAccumulated other comprehensive earningsRetained earnings (accumulated deficit)Total shareholders' equity\$ \$ \$ \$ Balance, July 1, 202333,038,367A 379,924A 18,132A 1,335A (133,276)266,115A Net loss\$ A \$ A \$ A \$ A (2,444)(2,444)Change in fair value of interest rate swaps, net of tax15\$ A \$ A \$ A (93)\$ A (93)Common shares issued for RSU exercised17(i)145,833A 571A (571)\$ A \$ A \$ A \$ A Share-based compensation expense17(ii)\$ A \$ A \$ A 662A \$ A \$ A 662A Balance, September 30, 202333,184,200380,495A 18,223A 1,242A (135,720)264,240A Balance, July 1, 202433,340,159A 380,986A 20,053A 626A (141,935)259,730A Net loss\$ A \$ A \$ A \$ A (1,910)(1,910)Change in fair value of interest rate swaps, net of tax11,15\$ A \$ A \$ A (324)\$ A (324)Common shares issued for RSU exercised17(i)197,525A 1,056A (1,056)\$ A \$ A \$ A \$ A Share-based compensation expense17(ii)\$ A \$ A \$ A 728A \$ A \$ A 728A Balance, September 30, 202433,537,684382,042A 19,725A 302A (143,845)258,224A The accompanying notes are an integral part of these condensed consolidated interim financial statements.5Sangoma Technologies CorporationCondensed consolidated interim statements of cash flowsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)Three month periods endedSeptember 30/September 30Note20242023\$ \$Operating activities\$ \$ Net loss(1,910)(2,444)Adjustments for: \$ A Depreciation of property and equipment71,085A 1,073A Depreciation of right-of-use assets 8678A 759A Amortization of intangible assets 98,198A 8,361A Amortization of development costs101,426A 972A Income tax expense (recovery)11(343)(347)Income tax paid(819)(39)Share-based compensation expense 17(ii)728A 662A Unrealized foreign exchange loss(29)(29)Accretion expense 883A 108A Loss on disposal of property and equipment776A 82A Changes in working capital\$ A Trade and other receivables2,297A 1,471A Inventories980A 80A Sales tax receivable 32A 29A Contract assets269A 153A Other assets297A 817A Sales tax payable1,919A 179A Accounts payable and accrued liabilities(2,732)(3,933)Provisions\$ A 87A Other non-current liabilities954A 780A Contract liabilities(1,062)(972)Net cash provided by operating activities12,127A 7,849A Investing activities\$ A Purchase of property and equipment7(436)(685)Development costs10(1,679)(1,915)Net cash flows used in investing activities(2,115)(2,600)Financing activities\$ A Repayments of operating facility and loans15(8,725)(4,425)Repayment of lease obligations on right-of-use assets8(769)(841)Net cash flows used in financing activities(9,494)(5,266)Increase (Decrease) in cash and cash equivalents518A (17)Cash and cash equivalents, beginning of the period16,231A 11,156A Cash and cash equivalents, end of the period16,749A 11,139A The accompanying notes are an integral part of these condensed consolidated interim financial statements.6Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)1. \$ A \$ A General informationFounded 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 was incorporated in Canada, its legal name is Sangoma Technologies Corporation and its primary operating subsidiaries for fiscal 2025 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 globally rely on Sangoma's technology as part of their mission critical infrastructures. The product line includes data and telecom boards for media and signal processing, as well as gateway appliances and software. The Company is domiciled in Ontario, Canada. The address of the Company's registered office is 100 Renfrew Dr., Suite 100, Markham, Ontario, L3R 9R6 and the Company operates in multiple jurisdictions.2. \$ A \$ A Significant accounting policiesStatement of compliance and basis of presentationThese interim financial statements for the three month periods ended September 30, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These interim financial statements do not include all of the disclosures required by International Financial Reporting Standards ("IFRS Accounting Standards") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2024 ("annual financial statements") prepared in accordance with IFRS Accounting Standards. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 6, 2024.3. \$ A \$ A Significant accounting judgements, estimates and uncertaintiesThese unaudited condensed consolidated interim 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, 2024. They were prepared using the same critical estimates and judgments in applying the accounting policies as those of the audited consolidated financial statements for the year ended June 30, 2024. The preparation of the interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported assets, liabilities, revenue and expenses, consistent with those described in the Company's annual financial statements and as described in these interim financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with the corresponding effect on profit or loss, when, and if, better information is obtained.7. Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)4. \$ A \$ A Financial instrumentsThe fair values of the cash, trade and other receivables, 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 are recorded at fair value. Cash and cash equivalents are comprised of: September 30/June 30, 20242024\$ \$ Cash at bank and on hand16,749A 16,231A 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 September 30, 2024 and June 30, 2024 the Company had no demand deposits and cash equivalents. Interest expense (net) comprises of total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss, and can be summarized as follows: September 30/September 30Note20242023\$ \$ Interest expense151,295A 1,554A Accretion expense883A 108A Interest expense (net)1,378A 1,662A 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 riskCredit 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. September 30/June 30, 20242024\$ \$ Trade receivables13,728A 16,025A Receivable related to working capital adjustment2,571A 2,571A Trade and other receivables16,299A 18,596A 8Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)During the three month period ended September 30, 2024, the Company received \$nil (September 30, 2023 - \$1,164) cash from the escrow account for the working capital provision related to certain indemnification assets recorded in respect of liabilities assumed on the acquisition of NetFortris. The remaining balance is \$2,571 as at September 30, 2024 (June 30, 2024 - \$2,571). 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: September 30/June 30, 20242024\$ \$ Trade receivables aging: \$ A 0-30 days11,033A 12,229A 31-90 days1,914A 2,995A Greater than 90 days2,006A 2,170A 14,953A 17,394A Expected credit loss provision(1,225)(1,369)Net trade receivables13,728A 16,025A The movement in the provision for expected credit losses can be reconciled as follows:September 30/June 30, 20242024\$ \$ Expected credit loss provision: \$ A Expected credit loss provision, beginning balance(1,369)(1,566)Net change in expected credit loss provision during the period14419Expected credit loss provision, ending balance(1,225)(1,369)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. 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 riskLiquidity 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 and aligns this planning and budgeting process with its financing activities through its capital management process.9Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)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 September 30, 2024: within 12 months13-24 months25-36 months>36 monthsTotal\$ \$ \$ \$ Accounts payable and accrued liabilities18,718A \$ A \$ A \$ A 18,718A Sales tax payable7,874A \$ A \$ A \$ A 7,874A Operating facility and loans522,050A 20,600A 16,225A 10,225A 69,100A Lease obligations on right of use assets2,775A 1,902A 1,537A 5,391A 11,605A Other non-current liabilities\$ A \$ A \$ A 2,286A 2,286A 51,417A 22,502A 17,762A 17,902A 109,583A Foreign currency riskA portion of the Company's transactions occur in a foreign currency (Canadian Dollars (CAD), Euros (EUR), Great British Pounds (GBP), 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. As at September 30, 2024, a 10% depreciation or appreciation of the CAD, EUR, GBP, INR, PHP, AUD and COP currencies against the U.S. dollar would have resulted in an approximate \$260 (June 30, 2024 - \$46) increase or decrease, respectively, in total comprehensive loss. Interest rate riskThe Company's exposure to interest rate fluctuations is with its credit facility (Note 15) which bears interest at a floating rate. As at September 30, 2024, a change in the interest rate of 1% per annum would have an impact of approximately \$553 (September 30, 2023 - \$753) 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. As described in detail in Note 15, the fair value of the interest rate swaps are a current asset of \$483 and non-current asset of \$128 on September 30, 2024 (June 30, 2024 - current asset of \$727 and non-current asset of \$320). 5. \$ A \$ A Capital managementThe Company's objectives in managing capital is to safeguard the Company's assets, to ensure sufficient liquidity to sustain the viability of 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 period, 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.10Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)6. \$ A \$ A InventoriesInventories recognized in the condensed consolidated interim statements of financial position are comprised of: \$ A \$ A September 30/June 30, 20242024\$ \$ Finished goods9,603A 10,740A Components and parts5,695A 5,374A 15,298A 16,277A Provision for

obsolescence(1,510)(1,509)Net inventory carrying value13,788Â 14,768Â 11Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)7.Â Â Â Property and equipmentOffice furnitureStockroomand computerSoftware and productionTradesholdLeaseholdimprovementsTotalCost\$ \$ \$ \$ Balance at July 1, 202335,366Â 458Â 12,867Â 47Â 450Â 19,188Â Additions660Â 42Â 3,368Â Â Â 60Â 4,130Â Disposals(52)Â Â (579)Â Â Â (631)Balance at June 30, 20245,974Â 500Â 15,656Â 47Â 510Â 22,687Â Additions166Â Â Â 270Â Â Â 436Â DisposalsÂ Â Â (220)Â Â Â (220)Balance at September 30, 20246,140Â 500Â 15,706Â 47Â 510Â 22,903Â Accumulated depreciationÂ Â Â Â Â Balance at July 1, 20233,364Â 434Â 5,906Â 47Â 285Â 10,036Â Depreciation expense815Â 22Â 3,539Â Â Â 119Â 4,495Â DisposalsÂ Â Â (238)Â Â Â (238)Balance at June 30, 20244,179Â 456Â 9,207Â 47Â 404Â 14,293Â Depreciation expense182Â 7Â 885Â Â Â 11Â 1,085Â DisposalsÂ Â Â (144)Â Â Â (144)Balance at September 30, 20244,361Â 463Â 9,948Â 47Â 415Â 15,234Â Net book value as at:Â Â Â Â Balance at June 30, 20241,795Â 44Â 6,449Â Â Â 106Â 8,394Â Balance at September 30, 20241,779Â 37Â 5,758Â Â Â 95Â 7,669Â For the three month period ended September 30, 2024, depreciation expense of \$211 (September 30, 2023 - \$245) were recorded in general and administration expense in the condensed consolidated interim statements of loss and comprehensive loss. Depreciation expense in the amount of \$874 were included in cost of sales for the three month period ended September 30, 2024 (September 30, 2023 - \$828).12Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)8.Â Â Â Leases: Right-of-use assets and lease obligationsÂ Â Â The CompanyÂ Â Â's lease obligations and right-of-use assets are presented below: Right-of-use assets\$ Present value of leasesÂ Balance as at July 1, 202322,182Â Additions814Â Terminations(3,239)Balance at June 30, 202419,757Â AdditionsÂ Â Terminations(509)Balance at September 30, 202419,248Â Accumulated depreciation and repaymentsÂ Balance as at July 1, 20239,030Â Depreciation expense2,870Â Terminations(2,307)Balance at June 30, 20242,593Â Depreciation expense678Â Terminations(451)Balance at September 30, 20249,820Â Net book value as at:Â June 30, 202410,164Â September 30, 20249,428Â Lease Obligations\$ Present value of leasesÂ Balance as at July 1, 202314,331Â Additions814Â Repayments(3,163)Accretion expense394Â Terminations(1,086)Effects of movements on exchange rates(6)Balance at June 30, 202411,284Â AdditionsÂ Â Repayments(769)Accretion expense83Â Terminations(68)Effects of movements on exchange ratesÂ Balance at September 30, 202410,537Â Lease Obligations - Current2,500Â Lease Obligations - Non-current8,037Â 10,537Â 13Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)9.Â Â Â Intangible assetsOtherPurchasedCustomerpurchasedtechnologyrelationshipsBrandintangiblesTotal\$ \$ \$ \$ CostBalance at July 1, 2023110,123Â 126,456Â 6,787Â 2,748Â 246,114Â Balance at June 30, 2024110,123Â 126,456Â 6,787Â 2,748Â 246,114Â Balance at September 30, 2024110,123Â 126,456Â 6,787Â 2,748Â 246,114Â Accumulated amortizationÂ Â Â Â Balance at July 1, 202341,576Â 40,821Â 3,586Â 2,694Â 88,677Â Amortization expense17,683Â 14,948Â 624Â 54Â 33,309Â Balance at June 30, 202459,259Â 55,769Â 4,210Â 2,748Â 121,986Â Amortization expense4,346Â 3,698Â 154Â Â Â 8,198Â Balance at September 30, 202463,605Â 59,467Â 4,364Â 2,748Â 130,184Â Net book value as at:Â Â Â Â Balance at June 30, 202450,864Â 70,687Â 2,577Â Â Â 124,128Â Balance at September 30, 202466,989Â 2,423Â Â Â 115,930Â For the three month period ended September 30, 2024, amortization expense of intangible assets was \$8,198 (September 30, 2023 - \$8,361).14Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)10.Â Â Â Development costsCost \$ Balance at July 1, 202312,051Â Additions6,782Â Cost fully amortized(309)Investment tax credits(822)Balance at June 30, 202417,702Â Additions1,679Â Investment tax credits(154)Balance at September 30, 202419,227Â Accumulated amortizationÂ Balance at July 1, 2023(5,482)Amortization(4,480)Cost fully amortized70Â Balance at June 30, 2024(9,892)Amortization(1,426)Balance at September 30, 2024(11,318)September 30June 3020242024\$ Net capitalized development costs\$7,909,810Amortization expense is included in research and development expense in the condensed consolidated interim statements of loss and comprehensive loss. For the three month period ended September 30, 2024, amortization was \$1,426 (September 30, 2023 - \$972 ). In addition to the above amortization, the Company has recognized \$9,916 of engineering expenditures as expenses during the three month period ended September 30, 2024 (September 30, 2023 - \$8,343).15Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)11.Â Â Â Income taxThe Company income tax expense is determined as follows:Three month periods endedSeptember 3020242023Statutory income tax rate25.78%26.15%\$Loss before income tax(2,253)(2,791)Expected income tax recovery(581)(715)Difference in foreign tax ratesÂ Â 8Â Share based compensation 187Â 170Â Other non deductible expenses(24)(30)Changes in estimates194Â Scientific Research and Experimental Development (SR&ED)20Â 26Â Changes in tax benefits not recognized54Â Â Â Income tax recovery(343)(347)The CompanyÂ Â Â's income tax expense is allocated as follows:\$Current tax expense491Â 385Â Deferred income tax recovery(834) (732)Income tax recovery(343)(347)12.Â Â Â GoodwillThe carrying amount and movements of goodwill was as follows: \$ Balance at July 1, 2023187,502Â Balance at June 30, 2024187,502Â Balance at September 30, 2024187,502Â There is no addition to goodwill for the three month period ended September 30, 2024. 16Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)13.Â Â Â Provisions\$ Balance at July 1, 2023237Â Additional provision recognized168Â Balance at June 30, 2024405Â Balance at September 30, 2024405Â The provisions represent the CompanyÂ Â Â's best estimate of the value of the products sold in the current financial period that may be returned in a future period. 14.Â Â Â Consideration payableDuring the three month period ended September 30, 2024, the Company made payments of \$nil (September 30, 2023 \$nil). As of September 30, 2024, the Company's has no outstanding balance of consideration payable (September 30, 2023 \$1,894).The fair value of consideration payable as at September 30, 2024 is summarized below:\$ Opening balance, July 1, 20231,894Payments(2,096)Remeasurement during the period202Ending balance, June 30, 20244Â Ending balance, September 30, 20244Â 15.Â Â Â Operating facility and loan and derivative assets and liabilities(a)Â Â Â Operating facility and loan(i)On October 18, 2019, the Company entered into a loan facility with two banks and drew down \$34,800. This loan is repayable on a straight-line basis through quarterly installment of \$1,450, and will be fully repaid on September 30, 2025. Separately, as required under the agreement, the Company locked in half of the original loan amount by entering a five years interest rate credit swap with the two banks for \$8,700 each. The balance outstanding against this term loan facility as of September 30, 2024 is \$5,800 (June 30, 2024 - \$7,250). As at September 30, 2024, term loan facility balance of \$5,800 (June 30, 2024 - \$5,800) is classified as current and \$nil (June 30, 2024 - \$1,450) as long-term in the condensed consolidated interim 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. The second loan is repayable, on a straight-line basis, through quarterly payments of \$2,188 and matures on February 28, 2027. The balance outstanding against this term loan facility as of September 30, 2024 is \$21,875 (June 30, 2024 - \$24,063). As at September 30, 2024, \$8,750 (June 30, 2024 - \$8,750) is classified as current and \$13,125 (June 30, 2024 - \$15,313) is classified as long-term in the condensed consolidated interim statements of financial position.17Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)(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. The loan 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. The balance outstanding against this term loan facility as of September 30, 2024 is \$37,125 (June 30, 2024 - \$37,912). As at September 30, 2024, \$7,500 (June 30, 2024 - \$5,325) is classified as current and \$29,625 (June 30, 2024 - \$32,587) is classified as long-term in the condensed consolidated interim statements of financial position. On June 4, 2024, the Company entered into the third amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments.(iv)On April 6, 2023 the Company increased 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 September 30, 2024, the amount of \$4,300 (June 30, 2024 - \$8,600) remains outstanding on the revolving credit facility and is classified as long term in the condensed consolidated interim statements of financial position.For the three month period ended September 30, 2024, the Company incurred interest costs to service its borrowing facilities, comprising of the loans and operating facilities, in the amount of \$1,295 (September 30, 2023 - \$1,560). During the three month period ended September 30, 2024, the Company borrowed \$nil (September 30, 2023 - \$nil) in term loans and repaid \$4,425 (September 30, 2023 - \$4,425) in term loans. The Company repaid \$4,300 (September 30, 2023 - \$nil) in revolving credit facility. 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 (Â Â ÂEBITDAÂ Â), and debt service coverage ratio. As at September 30, 2024, and June 30, 2024 the Company was in compliance with all covenants related to its credit agreements. (b)Â Â Â 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 condensed consolidated interim 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 condensed consolidated interim statements of financial position and will be reclassified to earnings when the hedged item affects earnings. 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 September 30, 2024, the notional amount of the interest rate swap was \$27,845 (June 30, 2024 Â Â \$27,845). The interest rate swap has a weighted average fixed rate of 1.80% (June 30, 2024 Â Â 1.80%) and have been designated as an effective cash flow hedge and therefore qualifies for hedge accounting. As at September 30, 2024, the fair value of the interest rate swap assets were valued at current of \$483 (June 30, 2024 - \$727) and non-current \$128 (June 30, 2024 Â Â \$320). The current and non-current derivative assets were recorded in the condensed consolidated interim statements of financial position.18Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)For the three month period ended September 30, 2024, the change in fair value of the interest rate swaps, net of tax, was a loss of \$324 (September 30, 2023 Â Â a loss of \$93) recorded in other comprehensive loss in the condensed consolidated interim 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.16.Â Â Â Contract liabilitiesContract 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 September 30, 2024, and June 30, 2024 are below: \$ Opening balance, July 1, 202314,551Revenue deferred during the period38,500Deferred revenue recognized as revenue during the period(40,397)Ending balance, June 30, 202412,654Revenue deferred during the period10,138Deferred revenue recognized as revenue during the period(11,200)Ending balance, September 30, 20241,592Contract liabilities - Current8,248Contract liabilities - Non-current3,3441,59219Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)17.Â Â Â Shareholders' equity(i)Share capitalThe CompanyÂ Â Â's authorized share capital consists of an unlimited number of common shares without par value. As at September 30, 2024 and 2023, the CompanyÂ Â Â's issued and outstanding common shares consist of the following: Three month periods endedSeptember 30, 2024September 30, 2023# Shares issued and outstanding:Â Â Outstanding, beginning of the period33,340,15933,038,367Shares issued upon exercise of RSUs197,525145,833Outstanding, end of the period33,537,68433,184,200During the three month period ended September 30, 2024, a total of nil (September 30, 2023 Â Â nil) options were exercised for cash consideration of \$nil (September 30, 2023 - \$nil), and the Company recorded a charge of \$nil (September 30, 2023 Â Â \$nil) from contributed surplus to share capital.During the three month period ended September 30, 2024, a total of 197,525 (September 30, 2023 Â Â 145,833) shares were issued upon the exercise of Restricted Share Units, and the Company recorded a charge of \$1,056 (September 30, 2023 Â Â \$571) from contributed surplus to share capital.(ii)Â Â Â Share based paymentsOn December 13, 2022, the CompanyÂ Â Â's shareholders approved the Omnibus Equity Incentive Plan (the Â Â ÂPlanÂ Â), which replaces the previous share option plan (the Â Â ÂLegacy PlanÂ Â). No further grants will be made under the Legacy Plan. Under the 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 participantÂ Â Â'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. For PSUs granted prior to fiscal 2024 and in the current fiscal 2025, 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, for 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 for the non-market-based performance targets. For PSUs granted during fiscal 2024, the final amount is based 100% on market-based performance targets.For the three month period ended September 30, 2024, the Company recognized share-based compensation expense in the amount of \$728 (September 30, 2023 - \$662).20Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)Stock OptionsUnder 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 CompanyÂ Â Â's daily share price fluctuated over a period commensurate with the expected life of the options. During the three month period ended September 30, 2024 and September 30, 2023, the Company did not grant any options.The following table shows the movement in the stock option plan:NumberWeighted of optionsaverage price# \$ Balance, July 1, 2023723,05113.58Forfeited(22,939) (12.57)Balance, September 30, 2023700,11213.61Balance, July 1, 2024462,34615.21Expired(13,970)24.15Balance, September 30, 2024448,37616.44The following table summarizes information about the stock options outstanding and exercisable at the end of each period:September 30, 2024September 30, 2023Number of optionsWeighted Number of optionsaverageNumber of stock optionsaveragestock optionsoutstandingand remainingstock optionsoutstandingremainingExercise priceoutstandingexercisablecontractual lifeoutstandingand exercisablecontractual life\$5.01 - \$7.00Â Â Â 6,981Â 6,981Â 1.68\$12.01 - \$15.004,000Â 25,325Â 2.5048,125Â 20,005Â 3.50\$15.01 - \$18.0012,085Â 90,273Â 1.75150,045Â 88,023Â 2.75\$18.01 - \$20.002,856Â 15,740Â 1.7522,856Â 11,444Â 2.75\$20.01 - \$27.0068,127Â 59,794Â 1.36103,122Â 64,598Â 2.36448,376Â 314,864Â 1.84700,112Â 380,572Â 2.66Share UnitsThe following table summarizes information about the DSUs, RSUs and PSUs granted, exercised and forfeited during the three month period ended September 30, 2024. 21Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)DUPSURSUTotalAwards outstanding July 1, 202366,391Â 130,000Â 130,000Â 326,391Â Awards granted during the periodÂ Â Â 102,500Â 102,500Â Awards exercised during the periodÂ Â Â (145,833)(145,833)Awards forfeited during the periodÂ Â (17,500)(11,667)(29,167)Awards outstanding September 30, 202366,391Â 112,500Â 75,000Â 253,891Â Awards

outstanding July 1, 2024172,086Â 499,800Â 607,157Â 1,279,043Â Awards granted during the periodÂ€”Â 271,000Â 271,000Â 542,000Â Awards exercised during the periodÂ€”Â 197,525) (197,525)Awards outstanding September 30, 2024172,086Â 770,800Â 680,632Â 1,623,518Â During the three month period ended September 30, 2024, nil DSUs were granted (September 30, 2023 Â€” nil). The fair value of each DSU issued during the three month period ended September 30, 2024 is \$nil per share (September 30, 2023 Â€” \$nil).During the three month period ended September 30, 2024, 271,000 PSUs were granted (September 30, 2023 Â€” nil). The average fair value tied to market-based performance targets for each PSU issued during the three month period ended September 30, 2024 is \$6.68 per share (September 30, 2023 Â€” \$nil ) using the Monte Carlo simulation. The key assumptions used in the Monte Carlo simulation are:Three month periods ended September 30September 3020242023Share prices\$6.68\$Â€”Expected volatility64.00%Â€”%Time to expiry2.76 years0Risk-free interest rate3.42%Â€”%During the three month period ended September 30, 2024, 271,000 RSUs were granted (September 30, 2023 Â€” 102,500). The average fair value of each RSU issued during the three month period ended September 30, 2024 is \$5.65 per share (September 30, 2023 Â€”\$3.98 ).During the three month period ended September 30, 2024, 197,525 RSUs were exercised and settled through the issuance of common shares (September 30, 2023 Â€” 145,833). (iii)Loss per shareBoth the basic and diluted loss per share have been calculated using the net loss attributable to the shareholders of the Company as the numerator.22Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)Three month periods endedSeptember 30September 3020242023Number of shares:Â A Weighted average number of shares outstanding33,402,42233,126,673Weighted average number of shares used in basic and diluted earnings per share33,402,42233,126,673Net loss\$(1,910)\$(2,444)Loss per shareÂ A Basic and diluted loss per share\$(0.06)\$(0.07)Potentially diluted shares relating to DSUs, PSUs, RSUs, and stock options as set-out below have been calculated from the calculation of the diluted number of shares as the impact would be anti dilutive. Three month periods endedSeptember 30September 3020242023DSU172,086Â 66,391Â PSU770,800Â 112,500Â RSU680,632Â 75,000Â Stock options448,376Â 700,112Â 2,071,894954,00318.Â A Â A Â A Related partiesThe CompanyÂ€”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 has incurred no related party transactions and had no outstanding balance with related parties for the three month periods ended September 30, 2024 and 2023. 19.Â A Â A Â A Segment disclosuresThe Company operates as one operating segment in the development, manufacturing, distribution and support of voice and data connectivity components for software-based communication applications. The majority of the CompanyÂ€”s assets are located in Canada and the United States of America (Â€œUSAAÂ€”). The Company sells into two major geographic centers: USA and Others. The Company has determined that it has a single reportable segment as the CompanyÂ€”s decision makers review information on a consolidated basis.Revenues for group of similar products and services can be summarized for the three month periods ended September 30, 2024 and 2023 as follows:23Sangoma Technologies CorporationNotes to the condensed consolidated interim financial statementsFor the three month periods ended September 30, 2024 and 2023(Unaudited in thousands of US dollars, except per share data)Three month periods endedSeptember 30September 3020242023\$ \$ Products10,457Â 11,872Â Services49,693Â 51,156Â Total revenues60,150Â 63,028Â The sales in each of these geographic locations for the three month periods ended September 30, 2024 and 2023 as follows:Three month periods endedSeptember 30September 3020242023\$ \$ USA56,753Â 58,693Â Others3,397Â 4,335Â Total revenues60,150Â 63,028Â The non-current assets, in US dollars, in each of the geographic locations as at September 30, 2024, and June 30, 2024, are below:September 30June 30, 20242024\$ \$ USA328,265Â 338,079Â Others5,122Â 5,457Â Total non-current assets333,387Â 343,536Â Non-current assets included in Others primarily consists of assets held in Canada. 20.Â A Â A Â A Authorization of the consolidated financial statementsThe condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on November 6, 2024.24 EX-99.2 3 mdf25q1.htm EX-99.2 DocumentManagement discussion and analysis of financial condition and results of operations for the three month period ended September 30, 2024TABLE OF CONTENTSINTRODUCTIONÂ A Â A Â A Â A Â A Â A 3OVERVIEWÂ A Â A Â A Â A Â A 5RESULTS OF OPERATIONSÂ A Â A Â A 10QUARTERLY RESULTS OF OPERATIONSÂ A Â A Â A 14LIQUIDITY AND CAPITAL RESOURCESÂ A Â A Â A 15CONTRACTUAL OBLIGATIONSÂ A Â A Â A 17OFF-BALANCE SHEET ARRANGEMENTSÂ A Â A Â A 17RELATED PARTY TRANSACTIONSÂ A Â A Â A 17CRITICAL ACCOUNTING POLICIES AND ESTIMATESÂ A Â A Â A 17FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTSÂ A Â A Â A 17OUTSTANDING SHARE INFORMATION18GUIDANCE18CONTROLS AND PROCEDURES19GLOSSARY OF TERMS20INTRODUCTIONAs used in this Management Discussion and Analysis (Â€œMD&AÂ€”), unless the context indicates or requires otherwise, all references to the Â€œCompanyÂ€”, Â€œSangomaÂ€”, Â€œweÂ€”, Â€œusÂ€”, or Â€œourÂ€” refer to Sangoma Technologies Corporation, together with our subsidiaries, on a consolidated basis as constituted on September 30, 2024. The MD&A is for the three month period ended September 30, 2024 as compared to the same period in the previous year. This MD&A should be read in conjunction with SangomaÂ€”s audited annual consolidated financial statements and related notes as at and for the year ended June 30, 2024 (Â€œFinancial StatementsÂ€”), which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (Â€œIFRS Accounting StandardsÂ€”). 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.sedarplus.ca.This MD&A is dated as of November 6, 2024.NON-IFRS MEASURES This MD&A contains references to certain non-IFRS financial measures such as Adjusted EBITDA. 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.Â€œAdjusted EBITDAÂ€” means earnings before income taxes, interest expense (net), share-based compensation, depreciation (including for right-of-use assets), amortization, restructuring and business integration costs, goodwill impairment and change in fair value of consideration payable. Adjusted EBITDA is a measure used by many investors to compare issuers. We believe that Adjusted EBITDA is useful supplemental information as it provides 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 the non-IFRS measure is set out on pages 13 herein.FORWARD-LOOKING STATEMENTSThis 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 managementÂ€”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 managementÂ€”s guidance on revenue and Adjusted EBITDA, statements relating to expected inventory levels, statements relating to future lease and interest payments, , statements concerning estimates of expected expenditures, statements relating to expected future production and cash flows, and other statements which are not historical facts. 3When used in this document, the words such as Â€œcouldÂ€”, Â€œplanÂ€”, Â€œestimateÂ€”, Â€œexpectÂ€”, Â€œintendÂ€”, Â€œemayÂ€”, Â€œexpectationÂ€”, Â€œshouldÂ€” 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 StatesÂ€” (Â€œUSÂ€”) 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 effectively remediate material weaknesses and significant deficiencies in our internal controls, our current level of indebtedness and the ability to incur additional indebtedness in the near- and long-term; 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, political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions, including, but not limited to, in connection with (x) the ongoing conflict in Ukraine (the Â€œRusso-Ukraine WarÂ€”) and (y) any impact, effect, damage, destruction and/or bodily harm directly or indirectly relating to the ongoing hostilities in the Middle East, and technological changes impacting the development of our products and implementation of our business needs, including with respect to automation and the use of artificial intelligence (Â€œAIÂ€”) and the other risk factors described in our most recently filed Annual Information Form for the fiscal year ended June 30, 2024. 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 managementÂ€”s estimates or opinions should change except as required by law.4OVERVIEWSangoma is a leading business communications platform provider with solutions that include its award-winning UCaaS, CCaaS, CPaaS, and Trunking technologies. The enterprise-grade communications suite is developed in-house; available for cloud, hybrid, or on-premises deployments. Additionally, SangomaÂ€”s integrated approach provides managed services for connectivity, network, and security. A trusted communications partner with over 40 years on the market, Sangoma has over 2.7 million UC seats across a diversified base of over 100,000 customers. Sangoma has been recognized for nine years in the Gartner UCaaS Magic Quadrant. As the primary developer and sponsor of the open source Asterisk and FreePBX projects, Sangoma is determined to continuously drive innovation in communication technology.Please refer to the Glossary of Terms for detailed definitions of terms used throughout this MD&A. Unified CommunicationsSangomaÂ€”s UC platforms are business communication systems (PBXs with advanced UC features, such as presence/chat, conferencing, mobility, fax, and more) that fully integrate with our phones, soft clients, and network interoperability products.We build our platforms in-house to provide reliable, affordable Unified Communications services with strong security. This approach reduces third-party vulnerabilities and allows us to swiftly troubleshoot and customize solutions for customers.Cloud-Based Business Phone Solution (UCaaS)Sangoma UC CloudsOur intuitive cloud solutions seamlessly integrate voice, video, messaging, and call center capabilities into a single platform, enhancing productivity and streamlining operations at a fraction of the cost. Experience true white-glove support.Sangoma UC HybridOur hybrid UCaaS is powered by our unique cloud architecture, which includes our on-premises StarBoxÂ® appliance and cloud-based network backbone components. This blend of cloud and on-premises ensures unparalleled scalability, flexibility, and reliability for your business communications. It provides local survivability, multiple failover options (4G LTE / POTS lines) and multi-location flexibility.On-Premises Business Phone SolutionSangoma UC PremSangoma also offers the more traditional on-premise UC phone system, giving administrators complete control over updates and integrations, to deploy their business phone system on-premises. Whether deployed on a dedicated appliance or in the customerÂ€”s virtual environment, Sangoma provides the power and connectivity customers and partners can trust. IP DeskPhone, headsets, UC Clients and SoftphonesSangoma offers a variety of IP deskphones and headsets for both cloud and on-premise systems, featuring HD Voice and seamless integration with UC systems. Their headsets support connectivity with phones or computers and allow roaming up to 325 feet. Additionally, Sangoma provides UC Clients and Softphones for making business calls via smartphone or computer, functioning as a primary phone or desk phone extension.Additional Communications ProductsContact Center as a Service (CCaaS)Sangoma CX is a cloud-based Contact Center as a Service (CCaaS) solution that enhances customer experience by integrating with UCaaS offerings. It enables businesses to manage inbound interactions across various channels and supports outbound call campaigns. With features like end-to-end encryption, AI automation, and an intuitive interface, it streamlines contact center operations for higher agent productivity and improved customer experience.Communications Platform as a Service (CPaaS)Sangoma CPaaS allows developers to create applications with real-time communication features like voice, video, chat, and SMS via the cloud. Sangoma provides a platform for developers and customers to build communication services using voice, APIs, WebRTC, and SMS. To ensure optimal performance, Sangoma offers its own SIP trunking service and sells communication apps based on their CPaaS product.Video, meetings, and collaboration6Sangoma Meet is our video meetings, cloud-based service accessible from desktop or mobile. It enables file sharing on screen, integrates seamlessly with your calendar, and enables PSTN phone calls. TeamHub is SangomaÂ€”s collaboration platform, which allows users to interact via chatting, calling, and video. Trunking SIP trunks provide Internet-based telephony services using existing internet connections, eliminating the need for separate PSTN or digital connections. SIP trunking is increasingly popular for connecting an IP PBX system to a phone company due to cost efficiency and UC features. Sangoma offers two SIP trunking services: Retail SIP Trunking, with predictable monthly costs and easy integration into UC platforms, including a fax service; and Wholesale SIP Trunking, which is usage-based with a larger monthly minimum, suitable for large businesses. Additionally, Sangoma provides FaxStation, a hosted fax service with a telecom appliance for secure fax communication.MSP PortfolioSangomaÂ€”s cloud-based Managed Service Provider (MSP) offerings deliver essential communication services that businesses rely on, enhancing our comprehensive suite of Communications as a Service solutions. This MSP product line is founded on a seamlessly integrated, enterprise-grade, end-to-end managed network, all backed by a dedicated 24/7 team of expert network engineers.The current MSP offering includes: SD-WAN, Internet, VPN, 5G, and WiFi access points. Sangoma also provides Managed Security solutions, which include anti-spam & antivirus, VPN, content filtering, data protection, and interaction detection. HardwareSangoma provides network interconnection products that seamlessly link various types of networks. These products enable the connection of VoIP networks to PSTN, mobile networks, or even to other VoIP networks, ensuring versatile and efficient communication.Sangoma provides solutions for secure and interoperable VoIP network connections, including Session Border Controllers (SBCs) and VoIP gateways. SBCs manage security and connectivity between various networks, available as hardware, software, or hybrid solutions. VoIP gateways facilitate voice traffic between VoIP and traditional PSTN networks. Additionally, Sangoma offers PSTN interface and media processing boards for developers needing to connect to the PSTN, maximizing flexibility and compatibility in various environments. All products have broad interoperability certifications.Open-Source Software ProductsSangoma is the main developer and sponsor of the Asterisk project, the most widely used open-source communications software, and the FreePBX project, the most popular open-source PBX software. Sangoma also provides revenue-generating products and services beyond these open-source projects. These include software add-ons, IP phones, SIP trunking, cloud-based fax, training, technical support, maintenance, PSTN cards, VoIP gateways, session border controllers, and commercial versions of the PBX/UC software.7OVERALL PERFORMANCE OperationalSangoma is a trusted leader in developing technology platforms for essential business communications. Customers include companies in the SMB, mid-market and enterprise spaces looking for all the advantages of cloud-based communications at a fair price. Sangoma offers a wide range of products to complement its services, delivering high-quality solutions through a global network of partners and distributors.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.RevenueSangoma generates revenue from both Services and Products. Our Services revenue is generated primarily from customers entering recurring revenue agreements for services such as our UCaaS platforms and MSP services. Product revenues are comprised of the sale of products and services that generate non-recurring revenue, including our UC on-prem platform and hardware. InnovationSangoma is committed to advancing its AI capabilities by investing in and developing its proprietary AI platform and collaborating with leading third-party AI platforms.By building on top of our existing CPaaS offerings and leveraging the low code/no code Studio workflow engine, we are delivering innovative Voice AI and Knowledge AI (RAG) Agent solutions that seamlessly integrate with our existing Cloud, Hybrid, and Prem products and services.This approach ensures that our partners and customers benefit from both our in-house expertise and the broader AI ecosystem, enhancing their operations with

cutting-edge, AI-driven services and insights.Sales and marketingOver the past year, Sangoma has undergone a transformation in its go-to-market strategy. Wea€™™ve embarked on a brand revitalization program with a strong focus on our digital properties, including new company positioning and refined messaging that reflects who we are as a company. We have established continuous education and training programs in collaboration with distributors and partners. Additionally, we have forged robust partnerships with key Technology Services Distributors (TSDs) like Telarus, Avant, App Direct, InteliSys, Jenne, and ScanSource to grow our business nationwide through the channel. SalesSangoma utilizes a 100% channel-driven 'go to market' strategy, collaborating with diverse partners and market influencers. Our network includes individual agents, large technology service distributors (TSDs), 8and both national and regional distributors. Our customers span from mid-market enterprises needing distributed solutions to smaller SMBs that rely on our partners for digital infrastructure strategies.Sangoma thrives in several sectors, notably healthcare, retail, and service providers. Through the Pinnacle Channel Partner Program, we offer extensive support to our partners, enabling them to deliver Sangoma's essential communication platform solutions to their end users. This support includes formal lead registration, training, quoting assistance, co-marketing efforts, and competitive commission structures and incentives.MarketingSangoma's marketing goals are seamlessly aligned with its business objectives, which focus on driving revenue growth and delivering value to stakeholders. We also recognize the importance of increased brand visibility, recognition, and trust within the channel partner community and among end users. Four key pillars anchor our marketing transformation: brand development and perception, channel marketing and enablement, lead generation, and fostering a culture of innovation and process efficiency.For brand development, Sangoma has clarified its position as a leader in the communications industry, known for developing essential communication platforms with in-house software for all UC deployment types. This is complemented by offerings such as SIP trunking, hardware, managed services, and managed security.Channel marketing and enablement are crucial for Sangoma, as we are dedicated to supporting our channel partners and distributors. Our multichannel strategy includes large and small events, webinars, trainings, online advertising, email marketing, public relations, promotional programs, and discounts.In lead generation, our goal is to deliver more qualified leads to our partners, utilizing both outbound and inbound strategies. These are multichannel efforts targeting our Ideal Customer Profile with key messages about our solutions. Tactics include email, calls, content marketing, online advertising, social media, and public relations.Lastly, cultivating a strong culture of trust and rapid experimentation, combined with robust CRM and email automation processes, is vital to our marketing transformation.9RESULTS OF OPERATIONSAll amounts are in thousands of United States dollars except where otherwise indicated.SUMMARYThe following table outlines our unaudited condensed consolidated interim statements of loss and comprehensive loss for the periods indicated:Three month periods endedSeptember 3020242023ChangeChange\$\$\$Revenue60,150A 63,028A (2,878)(4.57)%Cost of sales18,969A 19,000A (31)(0.16)%Gross profit41,181A 44,028A (2,847)(6.47)%ExpensesSales and marketing12,556A 16,517A (3,961)(23.98)%Research and development11,342A 9,315A 2,027A 21.76%General and administration9,960A 10,808A (848)(7.85)%Amortization of intangible assets8,198A 8,361A (163)(1.95)%Interest expense (net)1,378A 1,662A (284)(17.09)%Restructuring and business integration costs4A 156A (156)(100.00)%Loss before income tax(2,253)(2,791)538A (19.28)%Provision for income taxesCurrent491A 385A 106A 27.53%Deferred(834)(732)(102)13.93%Net loss(1,910)(2,444)534A (21.85)%Other comprehensive income (loss)Items to be reclassified to net income (loss)Change in fair value of interest rate swaps, net of tax(324)(93)(231)248.39%Comprehensive loss(2,234)(2,537)303A (11.94)%Loss per shareBasic and diluted8(0.06)\$(0.07)\$0.02A (22.49)%Weighted average shares outstanding (thousands)Basic and diluted33,402A 33,127A 275A 0.83%A A REVIEW OF OPERATIONSRevenueThree month periods endedSeptember 3020242023ChangeChange\$\$\$Service revenues49,69351,156(1,463)(2.86)%Percent of total revenues83%81%1.45%1.79%Product revenues10,45711,872(1,415)(11.92)%Percent of total revenues17%19%(1.62)%Total revenues60,15063,028(2,878)(4.57)%10Sales for the first quarter of fiscal 2025 ended September 30, 2024 were \$60,150, down 4.57% from \$63,028 in the comparable first quarter of fiscal 2024. The quarter-over-quarter decrease in revenue is spread almost equally between Services and Product revenue. Product revenue declined in response to the global economic uncertainty, combined with the impact of Hurricane Helene at the end of the quarter which saw the fulfillment of approximately \$629 of orders move from the first quarter to the second quarter. Services revenue was down 2.86% from the same quarter of the prior year and 0.46% from the immediately preceding quarter as result of a slight increase in churn combined with longer sales cycle amid the launch of the Companya€™™s new Go-To-Market strategy. Service revenue represented 83% of total revenue this quarter, up from 81% in the same quarter of the prior year, primarily due to the decrease in Product revenue.Cost of revenue and gross profitThree month periods endedSeptember 3020242023ChangeChange\$\$\$Cost of sales18,96919,000(31)(0.16)%Gross profit41,18444,028(2,847)(6.47)%Gross margin68%70%(2.86)%The cost of sales for the first quarter ended September 30, 2024 was \$18,969 compared to \$19,000 in the comparable first quarter of fiscal 2024, driven primarily by the decrease in Product revenues.Gross profit for the first quarter of 2025 was \$41,181, down 6.47% from the \$44,028 realized in the same quarter ended September 30, 2023. Gross margin for the first quarter of fiscal 2025 was approximately 68% of revenue which was 2% lower from 70% in the same quarter last year driven by the decrease in both the Service and Product revenues. Services/Product revenue mix was 83%/17% as compared to 81%/19% in the prior year period.ExpensesCosts are allocated to four categories as follow:Three month periods endedSeptember 3020242023ChangeChange\$\$\$Sales and marketing12,556A 16,517A (3,961)(23.98)%Research and development11,342A 9,315A 2,027A 21.76%General and administration9,960A 10,808A (848)(7.85)%Amortization of intangible assets8,198A 8,361A (163)(1.95)%Sales and marketingSales and marketing expense was \$12,556 for the first quarter of fiscal 2025, down from the \$16,517 incurred in the same quarter of fiscal 2024, at approximately 21% of revenue compared to 26% the same quarter a year ago. The decrease was from the reorganization and merging of sales teams to better provide unified solutions, along with other cost savings initiatives undertaken by the Company in the latter part of 11the second quarter of fiscal 2024 while the Company reviewed its Go-To-Market strategy and corresponding marketing efforts. As the Company continues to roll out its new Go-To-Market strategy, we anticipate this expense will increase slightly, as reflected in the Companya€™™s guidance for Fiscal 2025 Adjusted EBITDA.Research and developmentA portion of the Companya€™™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 June30, 2024, available at www.sedarplus.ca and www.sec.gov). The engineering expenses incurred, and the development costs amortized during the first quarter of fiscal 2025 were \$11,342. This was up from the \$9,315 incurred in the same quarter of fiscal 2024, mostly as a result of higher amortization on the capitalization of labor costs on development projects, higher staffing costs and a renewed focus on product innovations and initiatives. For the quarter ended September 30, 2024, 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.General and administrationStarting in the second quarter of fiscal 2024 the Company removed amortization of intangible assets from the general and administration expense to give a more accurate view of the Companya€™™s hard costs.During the first quarter of fiscal 2025, general and administration expenses were \$9,960 at approximately 17% of revenue, down from the \$10,808 incurred in the same quarter of fiscal 2024, but representing approximately the same percent of revenue. The decrease is due to the reorganization and other cost savings initiatives undertaken by the Company in the latter part of the second quarter of fiscal 2024. Amortization of intangible assets Amortization of intangible assets was \$8,198 for the first quarter of fiscal 2025, a decrease from the \$8,361 incurred in the same quarter of fiscal 2024.Three month periods endedSeptember 3020242023ChangeChange\$\$\$Interest expense (net)1,378A 1,662A (284)(17.09)%Restructuring and business integration costs4A 156A (156)(100.00)%Adjusted EBITDA9,814A 9,882A (68)(0.69)%Percentage of revenue16%16%1.04%Adjusted EBITDA for the first quarter of fiscal 2025 was \$9,814, down (0.69)% from \$9,882 in the equivalent quarter of fiscal 2024, but slightly higher in terms of percentage of revenue at 16.32% as compared to 15.68%, respectively. 13QUARTERLY RESULTS OF OPERATIONS Selected financial information over the prior eight quarters is shown in the table below. A A A A SecondThirdFourthFirstSecondThirdFourthFirstA quarterquarterquarterquarterquarterquarterquarterquarterA 20232023202320242024202420242025Revenue\$62,035A \$62,764A \$62,789A \$62,789A \$44,424A \$42,241A \$44,028A \$43,986A \$43,000A \$41,807A \$41,181A Operating Expenses\$44,258A \$43,368A \$43,708A \$45,001A \$44,537A \$42,745A \$41,600A \$42,056A Net loss\$(2,735)\$(685)\$(23,630)\$(2,444)\$(3,239)\$(1,268)\$(1,708)\$(1,910)Net loss per shareBasic and diluted basis\$(0.08)\$(0.02)\$(0.72)\$(0.07)\$(0.10)\$(0.04)\$(0.05)\$(0.06)Adjusted EBITDA\$10,566A \$12,433A \$10,860A \$9,882A \$10,448A \$11,155A \$11,110A \$9,814A EBITDA % Revenue17.03A %19.51A %17.05A %15.68A %16.78A %18.27A %18.23A %16.32A %change %2.47A %(2.45)%1.38)%1.10A %1.50A %(0.04)%1.92)%1 Operating Expenses consist of sales and marketing, research and development, general and administration and amortization of intangible assets. Sales and Net Loss by QuarterRevenue for the quarter has declined slightly over the comparative periods as the Companya€™™s transforms ita€™™s go-to-market-strategy, during which time there the Company expected a lag in revenue. Over the measurement period, the Product business continues to decline as a result of a continued hold on Capex spending by customers due to macro global economic conditions and uncertainty, along with the effects of Hurricane Helene that were felt at the end of the quarter. There was also a decline in the Service revenues, however, Services revenue continues to account for the majority of our revenue at 83% of total revenue this quarter, and combined with operational efficiencies and cost saving initiatives are having a positive impact on Adjusted EBITDA margin, which increased from 15.68% of revenue in the first quarter of fiscal 2024 to 16.32% of revenue in the first quarter of fiscal 2025. 14LIQUIDITY AND CAPITAL RESOURCESAs of September 30, 2024, Sangoma had current assets of \$54,338 and current liabilities of \$59,890, compared with \$57,109 and \$60,104 at June 30, 2024, respectively. The decrease in current assets is mainly due to the collection of trade and other receivables, sale of inventories and cash used towards the repayment of the revolving debt facility, while the decrease in current liabilities is primarily due to the payment of accounts payable and accrued liabilities.Cash of \$16,749 on September 30, 2024 was 3.19% higher than the \$16,231 on June 30, 2024. The Company used a portion of its cash to continue servicing the debts, accounts payable, accrued liabilities and a repayment of \$4,300 on the revolving credit facility in the first quarter, in line with its capital allocation strategy to accelerate the reduction in its debt level throughout Fiscal 2025. Trade receivables of \$13,728 on September 30, 2024, were lower than the \$16,025 on June 30, 2024, primarily due to lower sales and the tightening of credit policies and increased focus on collection efforts.Inventories were \$13,788 on September 30, 2024, \$980 lower than the \$14,768 at June 30, 2024 as the Company continues to focus on selling existing inventories first while managing new purchases.The Companya€™™s net cash flows from operating activities in the first quarter of fiscal 2025 was \$12,127, and \$7,849 in first quarter of fiscal 2024, an increase of approximately 55% from the same quarter in the prior year. The substantial increase was primarily due to fiscal 2024 cost control initiatives and effective net working capital management. Net cash provided by operating activities as a percentage of Adjusted EBITDA for the first quarter was 124%, representing a significant increase as compared to 79% in same quarter in fiscal 2024.15Credit FacilityOn October 18, 2019, the Company entered into a new credit agreement (the a€œOriginal Credit Agreementa€œ) in favour of its subsidiaries, Sangoma Technologies Inc. and Sangoma US Inc. (the a€œBorrowersa€œ) with inter alia The Toronto-Dominion Bank and The Bank of Montreal, as lenders (the a€œLendersa€œ). Under the terms of the Original Credit Agreement, the Lenders provided the Borrowers with a term loan facility to refinance the Companya€™™s existing credit facilities and to fund part of the purchase of Voip Innovation Acquisition. On March 31, 2021, the Company entered into an amended and restated credit agreement (the a€œAmended and Restated Credit Agreementa€œ) 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 a€œSecond Amended and Restated Credit Agreementa€œ) 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 a€œTerm 3 Facilitya€œ), 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 and were fully repaid on June 28, 2024. As of September 30, 2024, these amounts were fully repaid.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 a€œNetFortris Purchase Agreementa€œ). On September 26, 2024 a total of \$4,300 was repaid and as of September 30, 2024, the amount of \$4,300 remains outstanding. On June 4, 2024, the Company entered into the third amendment to the Second Amended and Restated Credit Agreement to reflect certain administrative amendments. 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 16and amortization, and debt service coverage ratio. As at September 30, 2024, the Company was in compliance with all covenants related to its Credit Agreement.CONTRACTUAL OBLIGATIONSThe following table shows the movement in contractual liabilities from July 1, 2024 to September 30, 2024:\$ Opening balance, July 1, 2023314,551A Revenue deferred during the period38,500A Deferred revenue recognized as revenue during the period(40,397)Ending balance, June 30, 202412,654A Revenue deferred during the period10,138A Deferred revenue recognized as revenue during the period(11,200)Ending balance, September 30, 202411,592A Contract liabilities - Current8,248A Contract liabilities - Non-current3,344A 11,592A CommitmentsThe table below outlines our contractual commitments as of September 30, 2024:within 12 months13-24 months25-36 months>37 monthsTotal\$ \$ \$ \$ \$ Accounts payable and accrued liabilities18,718A A a€œA a€œA 18,718A Sales tax payable7,874A a€œA a€œA 7,874A Operating facility and loans22,050A 20,600A 16,225A 10,225A 69,100A Lease obligations on right of use assets2,775A 1,902A 1,537A 5,391A 11,605A Other non-current liabilitiesa€œA a€œA a€œA 2,286A 2,286A 51,417A 22,502A 17,762A 17,902A 109,583A OFF-BALANCE SHEET ARRANGEMENTSThere 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 TRANSACTIONSExcept 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 ESTIMATES17The 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 managementa€™™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 Companya€™™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 Companya€™™s Financial Statements.OUTSTANDING SHARE INFORMATIONWe are currently authorized to issue an unlimited number of common shares. As of the date hereof, 33,537,684 common shares, 448,376 stock options and 1,623,518 share units are issued and outstanding.GUIDANCEFirst Quarter Achievements against GuidanceOn September 18, 2024, the Company provided guidance for the first quarter of fiscal 2025 for revenue in the range of \$61.0 million to \$62.0 million and Adjusted EBITDA of \$9.0 million to \$10.0 million. The Companya€™™s actual first quarter fiscal 2025 revenue was \$60.2 million, just below the

guidance range due mainly to the effects of Hurricane Helene, which pushed the fulfillment of approximately \$629 of product orders into the second quarter. Actual Adjusted EBITDA was \$9.8A million, coming in at the high end of guidance.Fiscal 2025 GuidanceThe Company is re-affirming the guidance for the fiscal 2025 that it provided on September 18, 2024. The Company expects revenue in the range of \$250 million to \$260 million and Adjusted EBITDA from \$42 million to \$46 million. Our guidance is based on the Company's assessment of many material assumptions, including: The Company's ability to manage current supply chain constraints, including our ability to secure electronic components and parts, manufacturers being able to deliver ongoing quantities of finished products on schedule, no further material increases in cost for electronic components, and no significant delay or material increases in cost for shippingThe successful transformation of the Company's go-to-market strategyThe revenue trends the Company experienced in fiscal 2025 to-date, the trends we expect going forward in fiscal 2025, the impact of our transformation of our go-to-market strategy and the impact of growing economic headwinds globallyThe continuing effects of recent macro factors such as inflation, interest rates, recessions, invasions or declarations of warThere being continuing growth in the global UCaaS and cloud communications markets more generallyThere being continuing demand and subscriber growth for our Services and continuing demand as anticipated for our ProductsThe impact of changes in global exchange rates on the demand for the Company's Products and ServicesThe ability of the Company's customers to continue their business operations without any material impact on their requirements for the Company's Products and ServicesThe 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 costsThat the Company is able to attract and retain the employees needed to maintain the current momentumThe timely execution of our ERP implementation in line with our forecasted budgetCONTROLS AND PROCEDURESManagement 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 (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 (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 September 30, 2024 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 and ICFR were effective.19GLOSSARY OF TERMSAnalog 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.APIApplication 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.CodeIn 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 codes 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 telephonyIn the modern PSTN only the analog 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.DIDDirect 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.GatewayIn 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.ISDNIntegrated 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.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.IPThe 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. IP is the primary protocol ProviderTSP20Internet Telephony Service Provider who offer telecommunications service including voice over internet type connections.IVRInteractive 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 SourceOpen 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.NetBorderThis 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.PBXPrivate 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.PSTNPublic 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 a cable 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 mile line to the receiving phone or other device.SBCA 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-WANA 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. SignalingCall 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 signaling mechanisms for different types of circuits. Analog circuits use tones such as out-of-order, busy, ringing as well as the dialing 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 signaling protocol used internally by the telecommunications networks known as SS7. In all cases, signaling must be exactly compatible with what the Telco expects, so interoperability and standards are important.SIPSession Initiation Protocol: SIP is the emerging standard signaling protocol for VoIP, though it has much broader applications. SIP is responsible for setting up and tearing down 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, E1A T1 line is a circuit that simultaneously carries 24 digital telephone calls. 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 2124 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.TDMTime 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. TSDA Technology Services Distributor (TSD) is a company that connects technology vendors and selling partners, and provides technology service solutions to IT sales agents. TSDs are also known as "master agents" or "telecom agents or brokers". TSDs play a key role in the technology advisory channel, and offer many benefits, including: quick access to solutions, generating sales volume, collecting commissions, industry experience and business solutions, enablement training, and marketing activities. Unified CommunicationsUnified 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 seamlessly. VoIPVoice over IP is 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.22 EX-99.3.4 press-release25q1.htm EX-99.3 DocumentNEWS RELEASESANGOMA ANNOUNCES FIRST QUARTER FISCAL 2025 RESULTSNet Cash provided by operating activities increased 55% year-over-year with 124% of Adjusted EBITDA being converted to operating cash flowMARKHAM, ONTARIO, November 6, 2024 "Sangoma Technologies Corporation (TSX: STC; Nasdaq: SANG) (Sangoma or the Company), a trusted leader in delivering cloud-based Communications as a Service solutions for companies of all sizes, today announced its first quarter financial results and unaudited condensed consolidated interim financial statements for the quarter ended September 30, 2024. Unaudited in US \$000Q1 FY2025Q1 FY2024ChangeQ4 FY2024ChangeRevenue\$60,150\$63,028(5)%\$60,934(1)%Gross profit\$41,181\$44,028(6)%\$41,807(1)%Operating expenses\$42,056\$45,001(7)%\$41,601Net loss\$(1,910)\$2,444(1,708)Net loss per share (fully diluted)\$(0.06)\$(0.07)\$(0.05)Adjusted EBITDA\$9,814\$9,882(1)%\$11,110(12)%Net cash provided by operating activities\$12,127\$7,84955%\$11,703\$4Net cash provided by operating activities as a percentage of Adjusted EBITDA124%79%56%105%17%Total Revenue for the first quarter of fiscal 2025 was \$60.2 million, just below the guided range of \$61.0 to \$62.0 million, while Adjusted EBITDA2 came in at \$9.8A million, on the high end of the guided range of \$9.0 to \$10.0 million. The Company's first-quarter results were impacted by a delay in orders that had been expected at the close of the quarter, primarily due to the disruption caused by Hurricane Helene, which affected both our customers and our operations, given the Company's significant employee presence at our Sarasota, Florida office. The revenue from these orders was approximately \$0.63 million and are expected to fully ship in the second quarter.The Company's balance sheet remains strong as we continue to improve, finishing the first quarter of fiscal 2025 with net cash provided by operating activities ("operating cash flow") of \$12.1 million representing an increase of 55% over the prior year quarter. The Company finished the quarter with a cash balance of \$16.7 million, reflecting a strong quarterly progression of operating cash flow, primarily due to ongoing cost savings initiatives and effective net working capital management.Net cash provided by operating activities as a percentage of Adjusted EBITDA2 for the first quarter reached 124%, representing a significant increase when compared to 79% in the same quarter of the prior year and the third straight quarter that it exceeded 100%.Operating expenses1 were \$42.1 million for the first quarter of fiscal 2025, down approximately 7% over the first quarter of 2024."We are pleased with the growth of our sales pipeline and average deal sizes, thanks to our new go-to-market initiatives, and we remain on track to meet our fiscal guidance for the year," said Charles Salameh, Chief Executive Officer. "Meanwhile, our business profitability remains strong, with robust growth in operating cash flow during the first quarter. This has led to continued deleveraging of the balance sheet, giving us greater capital flexibility for the future."Sangoma executed a debt repayment on the revolving credit facility of \$4.3 million in the quarter, bringing total debt repayments for the quarter to \$8.7 million, marking the second of a series of planned payments aimed at reducing Sangoma's debt to \$55 million to \$60 million by the end of fiscal 2025 as outlined in our capital allocation strategy. Sangoma continues to remain comfortably within its debt covenants. Net loss was \$1.9A million for the first quarter of fiscal 2025, while Adjusted EBITDA2 remained strong at \$9.8 million for the quarter, representing 16% of total revenue. The Company continues to successfully self-fund its transformation and in this quarter spent a total of \$0.2 million relating to its strategic enterprise resource planning ("ERP") initiative. Without this investment, Adjusted EBITDA2 for the first quarter would be \$10.0 million.Outlook for Fiscal 20253The Company is re-affirming guidance for fiscal 2025. Sangoma expects revenue in the range of \$250 million to \$260 million and Adjusted EBITDA2 from \$42 million to \$46 million.Conference callSangoma will host a conference call on Wednesday, November 6, 2024, at 5:30 pm ET to discuss these results. The dial-in number for the call is 1-800-806-5484 (International +1-416-340-2217) and the participant passcode is 8503464#. Participants are requested to dial in 5 minutes before the scheduled start time and ask to join the Sangoma call.1 Operating Expenses consist of sales and marketing, research and development, general and administration and amortization of intangible assets.2 Adjusted EBITDA is a non-IFRS financial measure used by the Company to monitor its performance. Please see the section entitled Non-IFRS Measures and Reconciliation of Non-IFRS Measures in this press release for how we define Adjusted EBITDA.3 The information in this section is forward-looking. Please see the section entitled Cautionary Statement Regarding Forward-Looking Information in this press release.About Sangoma Technologies CorporationSangoma (TSX: STC; Nasdaq: SANG) is a leading business communications platform provider with solutions that include its award-winning UCaaS, CCaaS, CPaaS, and Trunking technologies. The enterprise-grade communications suite is developed in-house, available for cloud, hybrid, or on-premises setups. Additionally, Sangoma provides managed services for connectivity, network, and security. A trusted communications partner with over 40 years on the market, Sangoma has over 2.7 million UC seats across a diversified base of over 100,000 customers. Sangoma has been recognized for nine years running in the Gartner UCaaS Magic Quadrant. As the primary developer and sponsor of the open source Asterisk and FreePBX projects, Sangoma is determined to drive innovation in communication technology continuously. For more information, visit www.sangoma.com. Cautionary Statement Regarding Forward Looking StatementsThis press release 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 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 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

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*[The following text contains extremely noisy and illegible symbols, likely representing corrupted or redacted information.]*

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QOZ\*FB\*32M\*MY\*BU3L5=0^NDI.VH:8A^7^1G7276N+9B2967+ M6^V.SYYQO87JKEOT3%Z2/7QH4TK3K.=1^KLN7>F6S557569F.MFCWRT^TV=XHV\$?W^RX^@M>P>D<L.YPK1.L2DA&A31>@C^S21.M8^35L8.SN9D.L2D.FL3.Q5WYFG<6Z4H>=^%>RB(C^@1GN>12.9+)^%>MXQ(3\$YV77Q^OCOGMP.1@<771^Q11K^%.2DIRO/^(O^K-D9K.S6.POKI?<D13 MUH1H==1.C^KNX1U.HNW=1#C^TDTM.RUC^MOJW3.H1&J.P1.T.N>1J^%A=J2) MCM^E.B^%(s) M1\$1.27UBS\*W7^Y3^?>1KE(Z/3+3.9I3Y7M4GHCkW2N1CX^Y=^%>12.@16.M.M(SW.XJ5.V2D)OG1=VHOY:61E2S^PH2GJ555JE^%5HJZAP^Q1Q2M=F.D5E7.M-5Q\$%^ZRP1K&1.T^W^%K^ZVHX^U=^%>14^H1UH^M^W^%&1QA8UC^?+D^M^U<?+M^1F16B52MR43^CS.VS^N^OKJP194YM^?BYDV^1%67^%>9.6%K1.3XW7/MCM7W1K5+UNFZ/927^<F^M\$5613<^9GYT(G8HWX1+8^1^X^?U>+93&E^M^1@WSB6.OMK&3N.<^F97FK.IX1=81^1@D>C>U>1PI.MML^N07N.39T33GU0)HL.PP10@5%MO/6G^YU.FO1^Y.TLBXO@>SBL>DZ.V2^38/1N1H17^H^?<8P.M^OP>ICZ15@BCQWHVXBUKS^7L172/9CXV^%5X>6D9W303.H1=H265U MK17^<^%>YU10Y20E1^41.EYV.Y.D3..T35.0ES01HEVCFIN..5WY1^M=H1J7E6^<=2D1A^?BO1U.Y=C\$>^%>TMF1PX=MP.Y^G1Y^@124M(SLW.MPR91%QTH=BR.M1= <5U#?2>C@^1M^S^?ZW7T.9-1A<Y>C>G7KE.36V=;7EW.FEUZ^?89; MBGX^F+OK)&7F6.X=E^D/A^%163+EGOW)L\$\_.0C\$16U#%#0%9B#^D<33X=X^YX.MHBK)(ER^M^?K/>K>D1@/M?>M81+ MN: O1M1&L17YQOH1FWWK^>^V+57HL13BU+LU^Z^8.16Y5E#U^K=M-57YV1^2D2FJG^K1@<^OOS0.R^F^Z+GRJY16\$>9 MS15^1&G1^1V1K59GGCM@B^%>10ZD.W16P7ZOK1@^1Z6139K^2X011^<^%>YMX^YK<3YGVG28D.CFLY>R>N^K^RCZT^T79R=88DNY&1S>2J^YRU?QS;H.MA9@N&?1UEBT^&V=UEH1P0R^?P.P0^M5M.SBL2>8N^16MBRG^?19IC7VO.M15.S703S(L^..V.P#32^1YR1>+480%81FTZ.Q8\$D9QJ=1567GC=1.G<M^%EVH&ZLH.K/2ZTVQ?D>B X/BL.M=(X)E3T6&=6S1COE(G^A/EJD6PYWB>O^?XWAI.PLBYSOZOMG^Y^11W1^L^OAT21^<^%>M^YJ<4@+117G)M1^H17B+V^<M^%>EE21OMFD21FV0ZFEV13G8.H1C S=(H^M.O1A1Z6QC.P.CY3S12S^&1F06.M.YYPTJ9.88GX.3D^<O1AQOPV1Z5^B+L6.MF5/MH1ZLW.Y1A6@&8U8.Y1K1.TNNU@INGB@Q1^C6.Z^?%>PK+AFCC^7N.M 9^14^N^N^8?M4.3EB30&ER5D.T#B+J8?8KLGQ.HV1H^<F+W.M6.Z.M-04.Z.K0XV7.7.\*>S:HX+U^K&1159.M+Y97.5ET=76Z2V5F9=HXR0U0V1?>1.H8151.P+1^1Y- &O21@&K^<^%>W61Y1.MAW=1MA5K+GCAAG^U>N=@F.H1.56G0.M.01\$R^?2HGXP^H^SQ@MFV=ELVZ9.Q.LA10W.P+6EO.K7L.MGJW5V.R.IV=C.V. H1^H2.11^1RNS1@.0>3W.B7^1HM1F13QJNH1>6>0S.M^1<R>3E<W^O^?C&G2N.0Y.M^3.2+NVY.U@<XAS69.R6.O7+1^F^TXK&=JUY M81=^CWSBP/KM8Y2^<1^9.KXV7O1FY=^CUSUX^1P1(KDE>4R>ZV1Q@&=^M)CCL^9UD>WN81CF.761)PK13Y^6M^SM3H1P^Q^2^#8+US.1R.(^<^O.M^M=0%>1> H1E.K1T^?7XP>^ITSUB9C1R^HW.X^?2^XG7^3U/424H.K7+M^Y4(8.1BA^FYT6(P51L<1^GBYPEY.2Z^96M1A1W^K)391<69RM.<H^WCK.M1\$;SDN6901/%.K.F\$O2P^87VA? L6NFCRIU^1^YVW5+19;RE.T^ZON=1^1F1^M^TC^%>P^K7H0@<1>@>6B^MLBID(MMG1^M^E1@?T21A1M^%>K994>OOO^#6>9.O.M^#9/J151.U5N63IKU5^C1+@>H1? T1F1421+AOU1M^W3VTV<^6^82NF9A.MGM5K^C1PCKF5@1R12H1V4H1SR.S1Q391LN>?<^%>LURG8^>Q2OQD?>1B^>M44RM^\$XWCU1D1^H1.#S1O1555J3<6^H1>?>B.DG\$F67^?D>.PU\$G^?1#..M425Y+^\$>8OUHU+1NRW1ZDR&.88.61^/0A0^KHM1V2+2NP1VY<^%>1YA2.18.M1^H.VET.^D1>8HN\$SR<+U^WZNP)P5^?Z^F=^ H1OC.42161<6.VYV7TVXNG>N0\$5RD9K^H/7\$H.Y^>=4+XW\$?7^.(PR-928M.MW+E2O7^&V4.W&D+YLUFTM^2^<M^%>O+TH.GRT#<1^UHH^?G6X.ROM^AX^ MUA8\$&^QXWWTW1^1.R.&C)7247>R1T^@<D^#>5F.21QXXH\$5\$E.B=^%>1^F.MHG1\$?Z^>2^/QH391^1R1H1SOR1=FIT^Q@<F^<4>627.ZU\$FV2.E1:00.M^>7KWY37H1 >+>F0@&K.W3>1R8S6?8ZAR.VA.<1@>.LD=V?2QW16V1M5\$M=^#N^11^>=YKEQ?<^V>.<R0HG#^56555W+H\$S.L155H7%1.0^&8.FT..MF&1^..=K4K7?<1> (<^%>XO/LN267Y1K&1^M.ZGX8B1>^1M^<P1UYE2.X9>1YXH^WGF^%>1^SZ1L.2Q.Y9S^14.N>@.X8+1.MM^S1ZC^>SOYXDHU1A@341F1H1NVL1\$=^#1ZC1^H1P8DV.T^ZHG(M1O5G M3C(W)<^<@>6@>?>W01?651MR041T1H1>@H1.FV3K1QD^191^Z1M1\$15X.M1D1.URD^1^<U^%>SHE8\$1&H^TKG.HE.GENF1^1^LWOW>\$>1^1C12C1A^MHN>HG1^?X.PDE/H1121.RK^#TJ>1^<^>O2P6<^+>1^?>P5)2.22X.F=7^M1HH1^."0"WTQ0/61(1^Q>M>.M.E\$E.CQ1DN1 669DBU=V^WSMF9.F1K14.MA51^M^1E91\$51^1^O1P1&Y? F.Q1X1116.D^&5>1HEHR.O^ZFS81^<1^WFN.MDZ11.WE.VY1>X17.T1.#7.#1PW7X3^3E^T&S1^1.WPW#^P.OG.LX6PBX@PE.M^X210>41PY(GCTOPZ/2W/1XBBX\_G9R=1)DMHWIK8O1MOIEYSC.LKVES.MY1\$1MW51B<1^+1^O2K1&1^FTH1^43W0^1Z.E1@41\$S.E1%>M1^MHC4D.G.ZZ+PW8B^&B6Y+V.^1=0^>F1H8OEH1Q1OH(13 3#1J\$E>^E1ZB.M.E2>24Y.N1E1^1@<^&W^%>1^7DM.D0<^#>M6V1^1YSGK<R^%>4^Z^V.M5T3A^@<Z>=>M^>.G1@UAS^%>WWPHO^1W1K1^2&V>9.F.V2W@C%>R^1N1&2A7<^<^>MMU.M1H^1L.G61YTB@E>H>1M4W>^F9A>1HH1>?1^1A1FQ1@21H1>?>94B91JM.ZR.V1FVE(\$KAWG=1^>MDA^G^U.MSH^1Q104)2H1225^N1Q214H1> (121G1@<^@>A^<@>181^1L361V181^8X.O1A.M^6Y5M1.QRODCGH2^1^YHCE.Q7^<M^%>PD71TG^>9^>G2D0.ME5X48+V.51&U.MSD7N&N@>Q1^>1^JR(21^4%16167.E1A^<1@>1^JYV M5QTE.W1=1^<^%>M2Z4OZ^1^1^S0FLT5Y1^1HHW1^C1D0>^1^4S1L1E166ABG7Z1L1^P^W1+Z1.Q2.M1579W=757W56SA^>=72695^22\$R21H1YVQOEFKPL61^1HDW1GOP\$1HY1= M&5Y1V^K1^/K11.C^<1^>A^<1^>CQW11A^J2^<1^>1W+T^?7^1#Z.M1R^FV1Q1^1W^K1^1^16X791^H1@<1^>C^<1^>NRP.NX=3^1^H1G5PX^UAE.91^%>M^%

0ZPNB9RT=-R3FZZFFDML1.0TJ%Q4% M-Y3JRC2L146%X6U^7-TERAWFEB1%PDZ(G=X%GHS\_@CYC01-HYVMRCGO-MB7JZ7ZTP-D-L^SYW7(3H\$8?N-ET^GU8IO\_#M#766^KMA<^TJ5-RT@.8Y+<-HK0-PCJRG12WF1ND3J^TY8H1@C1M=-L#BET=J%+%MCTN#@.S2T12\*8#TCHT5-IX-2U5+<-R-NU-M) MZ1(15L56V42T?U>.<L1-700G<4-6HICKPOJ1XBIC-3\$H%#X1&%(108)MO:GD3(D\FN:SMI@O^<+JUYN\$1M# 7LY7W26^J9TFR95V+W.OC.LP5J2<M^C^P%>DTM\$>C+EL26ZG?U)QML88-5IHC.\$X\$&-6L^\$U1J+<-R10-2ZIO-MDB^DSRANF+=+<-J7LBOQL&H%J M&K8JHC1%>0Q% JQJ53L\$A.XIS5V7U12.L2.\$E.C-EG9^8Y1 M24G>J57J>U.WI^IR02P4X&4%<PA7.Ne+<OE(GD&V)PD86^RLJ9L(N<S^ML0ZC5(CRIGIFPE2.2^GATH\$S#7D^TB^=1%2.4E2>DM-#0J65SEI99R^X-MC9^761HTWM5L1?K19.A5f1<-S^KV1\$SEF.8Y1T3\$PO.Y+VH.G+V0.A^<-M0H6X87J9H1T.L.BW^H^CCW5 M^H19PK5H\$G^7F%-P6R1C02J3LX1M8(UPU^)#MT2.TZ2^M9AYKJ@M(O<L^MJB7^>YXUH^<L^<G^H1T^M-M.A+<+H-C(4V6IB.>Y+I5ZU1ET:R1OH7/LA?>SX;2.WL.BVFN>19>#<-M-H^98YICJ5FW^F006JH.9F^>R^2A^6B2^KL:UY39)1ZX.8!H^H^<L2^M>N+<+JZ?P.X^J.9EE3<-2.8-M.EUR\$JOFFV3J0OTZ\$6-/B^>R75?Z MUZ\$F6^HK3F<@.18R(C%01)KUH>A9@>R3H^@.PIC^>JvJ+<-R^Y^>4291MQN^T\$&JPJ^>#&45#<=4291A.L1H1^A.83RJ4.K1JN2.TBRV19G9JG@FVW8.XDL.U@.A1X\$N741 MCGJD0\$+J1A^#V-Y0 J8>^7.SEIKET^CUH^#6L.F5CJ434^20A69A1HNTO ME.G1B80@>SFLZ01DKR.K1G^>C00K14D+B>U^Y1Y7.DW0\$=PAA^T7B^P-M^R^90E\$98+<S(ZO7Z@>BOGTHEX^G5YXK@<10U-0^H^WS^N^<0^U MNK2^D4\$<^>(R0589<=J\$>#M^PGPE\$>JXMY\$>+RQT1%>T79+TNUY1^Y<M^OUV2Y7R^<8@>P1L75Y-EZ8>8G<=GNDE\$6^H^C^#BZ&.<+6& B15J\$&ND^MBGOF^ASBK M^#8109YJRPEN?G/((X^>OF86J\$HTK<45&EVJRI.MO\$<+N.##2BE8D0XVGF@>GORW@>67\$>YPTIC^U^H^ME8NTJZV1UFCDK1.MH8+V289C+VJ.LZ5D<6D=N@?P2R?>Y0TH<^<L=4L7^5Z\$S\$N1UGC1^R10G.B.MU14J^#12002EC^MIG-.0038JPPV9^>LVO2XJF-9+>V9^9C\$X+<=&13R+<+<MR.50K1^LZM-18/WMRCK)N^H.NMIVO^DL^#.(DN2.0^>Q050/69XUR01X+H@>SE.BC.>WYV7+BLRWG0J@JCT\$>J1.M.P<J^>Q^>KW.\$5@>OKNT.2#DE.4H78^#18\$-#<#(HY54100/GZQC^T^Y.YI.MR.WYK1^<H2+H2.J3.\*6FB+120B5V>6)JM-3X.PBO^14A^AOR8-.95.MVPE?Q H<HJB+7^YJ#G4.K570.T7C^M3V\$@>0MMX^TZ+<+I5>.<0:ID1JN62L0JXU12KXJ3G5W4.MVACT1P^>4%>3&A^>1YN10P0U^>YDEPI+U4.HD>0H^1031^>2JZX1MXW^<Q^GTRIG=<P^ZKBLUHF&KL^44^>ZR+M10L8&DDP5>7K<1%#027@T((H/L=KNU7=6&NW0>3C0MYHF=0EA1Q4KFL.M5RZ<+Q0^<@>H(M\$EG^>R0^#S1:M5^>X^>L^>+<-V/+<#>ZH0^J1KJ\$=9B)01.0L-MG?YUACZ)YH7.IS7{&@WAL^VOBF\$JY0Y0<#7R1&1J^J\$ST4HW^<M^B^J1\$KEXIY4-3H(CY+<+<#>H0G1%9WM-B.9Ps.ZOE5V1J3XQ=HU.5Y1 M2=2G:FA<+2YQJ\$G6J?>#>K%<#15K7D@>L^YJZ<66>Q10^<L1J<02D0E@>5K\$R5^>Q1QIP\$SE@>N+U+>.GNT85+>2LD1+<F%>BY750?>M.SIHLB M^THLKC00Jm2J0^>LZ.T=<#RA/R<+>HLL@37T15^>+>+>E.GH^C^0006.MWD.K.H@>JF6^PMHX^PIVU7IFWJ^ROR1482J.U\$>P14J^>UQ\$1(G.MNUZ-38&KP+7D5K+Q0^K14Y-1S0^>O&\$STDIW\$=129RROT4+1+>OU MRX.F05+E2.X#FV70^234N.ZGTPI^X4+14H1L@>SEZBD.3#5VDMJ.M59.94(C)UCT^>9&D^>0\$>XNS63>27\$>1+375EI4.T^>M1^13J/ZIP6^FWN8DH@UE?P<^@>AH1.K.H.Q0^99>ZTV6^<S\$US7N9HJ^MR8XJZ\$@>#S1+KR7B^>A7X(Z.MX3.YGL^A98M)\$FP#&#NZ=<5D3RS8ONJ?>(+GZ%WO??>M0L.CB4V.OCOF.M6\$#>A&FN-95L7PG>BCSIFFF+<UV13>=<S3T^3TOJ.Y#K.<+>@>H.C:GH7EL M^Q03BTO6^D15^J%>GV.U+R4^KEBJ6B1D04.FA96HGD+U7.F29.P0^J3B1V6.MOK+Q&6UFK07>V0J5L+QQ?ER04V>7^52I9\$7C.HB<+6%>P4K3B^MFF1^>LQ4J10GH2D>W5\$M441EBZLT4> PC^JZVQ.2V12IFRE6^#WR@>WWB.B.284W\$5-<5.#G6^>SRK.G@N\$GZ\$U1J3EKDDJ^YMU^NUEZJ^>OKSVOL^>#N<+3WUJ^>H^<G.B.86\$S1WQ^>#&ECR3178B1>P.MH2L/GX^PWT9N5^>0^H^WH^OK.P1A.<33@>70\$<L.M10A^>L1^250KORJZ^JG^W^>14DQ0U1R-N?#G.2812N=9K25G<1^>BAl.M89JWN6\$E^BH4^>CP1^>=G1N>S8WYBE7.KZ<@>X1.M4.KV1K1%>X&E^<L+>T^Y1A0Y1R1HR# E9RY0=05J\$KSV.O=10HJWNV^JY3.MP%->213PP^H1.K8Q4%<+H1A1?4>9160J6C7K+1J9>73C3^>PB/BX+M1H.RP0UC^P4.B33.GPNK1^>TH.SNQ.<#Y1RY1Z:YF%>6%>L1Z2.9>21UVV10&MP1@>4.FFK.B4%<+>U.R2E16(6E)FW00\$>1S.N.^>P1.BR8P.^>2&L&L&ENLR.MK1ST>^613G.YLJHJOKJ^>2\$>9=4K610^>5\$1+>10R7F8PH.^>Z^+R M2(DXJYV\$9IK\$VBY1^>L@<C.4L21^>5&312D.S9.MBL1C1=I@<3M1E^M59C^>1#>WS:N4@H?>+>6+>5@>R+>2H0^R1^>#D74\$>+L1(L7PN9>05.95U1P MXU1UE9.^>E041-BRWK104WK0U1TWH(G.Z2G@>91^>GAG065IZANY140M20T18.MFP74IP161^>JV104F^M1.K1.H4Z.DW03^N93PCL^80UE^>42F.MN^#16(27)(PI?



[illegible]



*[The following text is extremely dense and appears to be a mix of random characters and symbols, likely representing a corrupted or encrypted document. It contains no legible information.]*

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L^R=B0"6P4-ML":8UH\IR&K/O);#&\$<^LJO)-?DISD/Y7-OP4-5ICO+GP?=-L8U53VDA? M\$-:6LB7/JPHI/VI(M8BGV54C!@OOQZ+^EQZ?>PM>HSQ263^NG;0S1/2#XPK  
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IV"00R.YS,68HW<4FL-2QAMV\$-KJLK80001CL2P:KMNV@9348:S8R+38P:9-MJ9=GFAP%%"?2-2M9RXLJS\*(6-M&2HS)6\*=1%vY1%P.U)1+IIZ%  
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1%7:QURR:MK-ZTK"RAIKYIY(\*K>;4QJ6&.IL7?79Z=+ M855VE6#NB^H3?O'8F"-9N1M@-IV9-M3VE%,JPWD.(C<6@YI%%9I-M+)%>HV.\*##\$4M;HE@:'S-PIQB3UC>6R-/AY8  
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A.1G\$-M1N9(157MRX1Y(A.5TJH\*\*MO-6E6?1\$KFIU^KIDH(GM8-4ZFY?1@1\$?;J-M^M3T>9I58/J-T7\$2X?ULQ-F.DAKOY#B\$WHF:4ENBV8IHW\$04FNU?TWHBJ#?)%)"M^NU?I  
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5BR(PD&O2^ZUHY5)2\$T6731>6"&^8<1;:M8CTE^<3SIZP3.O8=NT6H\W4=@?19;/X^E1+D2%O.0.\*0^T0<=&=Z3I.Q<1-MP#@LR:WEE?GP^O3,7(MI^FQ^~8^V=5(-H+G627-  
IOH/#B"#@^CD^C(N#\$-MNE%-B?I8O'EKAZY5#>IT^D^=1JD">Y>XW>)6ZZLB^A.B55UO-MIRPY&IP&;RYRB8<%LKGMDBR#IHJYTP@X-LV.@/K9AYHHLX@X-HZ(^C(M.  
\*."/@"#>"GLI5(^#\$^JHAH^\$N=4UO:?)689Y9C3FUVYB#<C7X-M7-R3I4I1<X8.NDDA7))~F&9A-2EL@I8Y:A2AU^SR7E57>(KP">233=7  
M^F71556UV+FM.^JO-X2\PRJW"4>L\*~C^>4S/M;LLO(5F0BF-PE-M?;K&GLC>/EJY<W:J^CUV46;M1-14HBDUPC-76HLK5\$=K2^AL-MVVI"=;FVE;7S)>U%IH=4HKIX^VOKT?  
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102BSR.Q":3VLGS^O<=T?&@HLK6^<WCT;Y^FIFH-M9UEXPRA9VI=@WJ%YP5BEM0Y0AZ\*^&WKETP8NA3^&^WC63IO-ZIHJ7ILO8KY4/HOKLPIZK08.@5^MC"-MZ^EH>N^9?<  
4)%%6I5?2O(I/H/LOX(A+D=E\*\*IF(NEEULL5#1^<T-MJ^V138Y0D<@%>@QZHQ+MQ8H1^N1W5IOM49UGCBOI#B+6N;9?FH=8IR:EU-M;LH\$YT?T-=S-K6K?  
&UE+1I">9@DE.O2^QMX-1M2P=Y-72->D3O-^ZDI4-M+IH3U+NOY#1-P<-MZ>-<~B\*4-W0?L.N-M3S+VD9IHW5IZ6-KI1<8RMJ0GHL^":7VYA&F="WYHJ5IM\$GJPV7V.#HL1H  
MB,0^T1\$9I\$)IVI>K/L^E-IL%ISK4OY1.6NUR=32V(^9I\$160-1\$VYXSL<1M%11)BRI@V<3S/E6%IE=VK"1LJOMB3W1+IF%KUC^U=H35MYRV<;(A.6/M3#M.  
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MM\JOAA19"=N1B^&V#1LA5LPQ\$C&L6:C69(Q9YL=@GIDQ?;Q:%L6CF5LC-OF&0".4K;Q1^49I6D\H/SELHC8%?Z)@~\*>7^Y/IE0^ID^2I-MA7!@1(\$=AO-  
(=YN)!\$2%K.^UJ4/&S1N@IR<^X:AKO8X#RV+INVB?>"&@7Y-MY-1Y5%R03>)NR04BSD-3TQKIG>J7FXLKH6AM1.2P%SYIM2I)LIQYR#^TF-MT:KD=4IU+74P)BWS^F-I-  
%N6-L^GBF&L9I+;+.#1W\$&#WE/;<+"TCSXAJQ#0-M-?7-LH#RCIGI3\$C#(O)GD?&9&Y/I^YLDD>?+1N8&\$>0%\*0"@QHEU:"FH?4-MP2A"=OXTK@G).  
ML+E#~RT\$S^G^QI+5T&#/H1">I8UD/ZSWK(LZP#-M5IE%M|^&+FN&6-LZR^V+BOIE-L.P>GEV0/2^ICTY#)Z6+1H4V-PN5@-M1P=MJD2T=4G;.\$5OP2V\~)XEY7  
-IE:PW(UH/T-K\$NVD2&TX6-M2G&=8IPL=BDRH1,7>1R&B/T3X^"./5KN>1ZVQX:QZD3T+^RIF2U)Y9E-M5QWHI>GSQ:A2I066FW."\$0?FD(8LU"PZ(\$XRI&QB^B-U3EXL2@6<  
M.8KH^T9VOPP>BU^&A%(P9JU&~)4D;BC:"TCV^?;2=2IV+Z1S-MGKH4%@"Q)H%&IW;IDM?4^K^NH-3+S8H+7=00-1\$-FSC&IR-MDH);L-EBIU-E-YCOMJHDK(2H?HQ?  
#&9+H0YKYJKE?3K&LG:@QYA3^E1<;RP^M^-WG%)YU-0-;BI=\$S7~7>MHN;IX)(%X5OLO9I7OJ-LNEY/L-FIF7MY81R-MN--4CBMIOI9/N0-19>2^YREI6>@#S;IRM)~179  
AQM8ROLC&C#@#M@X8-M6FPD9+R~VMFW3>COB?ZLLQJH6-1SDY)P^SMV/2%92K-WU^4H-MW-1\$W^RR-M0G-B:C7?%"2M=CXI?2C^?K;T"6+B2MCM+FHIE~#@V"/LI  
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1\$9ND+9.52IHR00~WRI5>DQM0-"D-B)4.6\$R-ZM-DH0/XL-MF(-2A547C#~3I1-0+X0^N)NU#7I+Z10-0TOI-LLFX,6@PKC% PPH1S  
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M\$U9IYI)Z7=&SECE5C4S0RIV1-JTFO&@V#+;M\$VI?^TSDLFDP?22-1FP75&D3W%MTYS/4LJH?2)"OZ#-W^G\$>29;"A-M\$16Q<~<~#V\$2S+(LI,3")^&S-  
1E5RM(F<X&LKR-0\$EV-/4%?-BTE(I,5^X\$@0.HY%#HHEU(PY&H41<0<42-\$7-\$M'-%PI%PIPIPI1R1"~#BQSM^0>8I=42-\$7-\$'-%PI%PIPIPI11<3J"\$G-MUG4T&X411<0<42-\$7-\$'  
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6=308WAI1PI%PIPIPI11<0<42-\$7-\$M'^(I(>\$~GICYBUV!PIPI11<0<42-\$7-\$'-%PI&H(P2<6-218^A3'-%'MPI%PIPIPI11<0<42-\$7-\$%H>\$^OIC9FWV!PIPIPI11<0<42-\$7-\$M'  
%H(X0<&)=1X/A37\$-\$'-%PI%PIPIPI11<0<42-\$7-\$@?DZLIS=FWF)"MPI%PIPIPI11<0<42-\$7-\$'(ZOL)=1T-AC?%\$7-\$'-%PI%PIPIPI11M<0<4<@?P@XLI?F^F+0%PI%PIPIPI11<0<42-\$7-\$Z@@HJ9U-1C>-M%\$?-\$7-\$'-%PI%PIPIPI11<0<@?PAX.OZ?V/F+78\$-%PI%PIPIPI11M<0<42-\$7-\$@CDQ8U1%@>=>42-\$7-\$'-%PI%PIPIPI11<3RAX-3Z-R-MF;78\$7-\$'  
\$'-%PI%PIPIPI11<0<4>@CAIP8EU@^@<00<42-\$7-\$-%'MPI%PIPIPI11RH"3JSS-V>8D?-\$7-\$'-%PI%PIPIPI11<0<@3IPIEU-M0V&-A41<0<42-\$7-\$'  
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245-1^Y"8(I+end