Company Registration No. 01309629

MITEL NETWORKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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CONTENTS

COMPANY INFORMATION

DIRECTORS

G J Hiscock
C J Evans

COMPANY SECRETARY

G J Hiscock

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United Kingdom

BANKERS

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United Kingdom

SOLICITORS

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London EC4A 3TR
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
One Trinity Gardens
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Newcastle upon Tyne
NE1 2HF
United Kingdom

STRATEGIC REPORT

The directors present the strategic report for the year ended 31 December 2023.

Mitel Networks Limited ("the Company") is the UK-based operating subsidiary of MLN TopCo Limited within the Mitel group of companies ("Mitel").

The Company acts as a sales, marketing and support operation for Mitel in the UK and other markets.

BUSINESS REVIEW

On 24 January 2023, Mitel entered into exclusive negotiations with Atos to acquire Unify, the Unified Communications and Collaboration (UCC) and Communication and Collaboration Services (CCS) businesses of the Atos group under a Share and Asset Purchase Agreement (SAPA). Under the terms of the SAPA, Atos agreed to sell the Unify business for purchase consideration of 50.0 million Euros of cash at closing, subject to customary adjustments for working capital, and 27.0 million Euros of deferred consideration. At the time of filing these financial statements, the period for adjusting working capital had not closed, as a result the final purchase price has not been determined.

Mitel is a global market leader in business communications. Founded 50 years ago, we help businesses and service provider connect, collaborate and provide innovative services to their customers. Our innovation and communications experts serve business users in more than 100 countries.

Our strategy is built on the principle of putting customers first and providing an exceptional customer experience. We do that by providing a seamless technology path that will enable businesses to communicate, collaborate and participate in the digital transformation and application economy that is reshaping business models and competition globally. As a result of both in-house development and our merger and acquisition activity, we believe that we are uniquely positioned to offer customers globally a comprehensive portfolio of complementary and interoperable communications and collaborations solutions.

Mitel software, applications and services enable customers to upgrade and enhance their communications environments at their own pace, whether in a cloud or on-premise environment. Our solutions generally interoperate with various systems supplied by other vendors, including global market leaders such as VMware, Microsoft, Salesforce.com, Google Cloud, Amazon Web Services and Rackspace. This interoperability allows our customers to utilise their existing communications infrastructure and gives them the flexibility to choose the solutions that best address their individual business needs. We have also designed our software, applications and end-user devices to allow access to our solutions from mobile devices. Our mobile applications are compatible and available for use on some of the world's leading mobile devices, including those from Apple and Samsung. We complement our communications solutions with support, professional and managed services for our customers that range from planning and design through to implementation.

Our global footprint is structured around three primary geographic markets defined as the Americas, which includes the United States, Canada and the Caribbean and Latin America; EMEA, which includes the continent of Europe, the Middle East and Africa; and Asia Pacific, which includes the continent of Asia and the Pacific region, including Australia and New Zealand.

Mitel sells products and services primarily through an indirect distribution channel model, addressing the needs of business customers worldwide through approximately 4,000 channel partners, who can receive accreditation by Mitel based on their technical skills, sector specialisation and business performance. Channel types differ per country market based on local buying behaviour and go-to-market strategies, and can include all or some of the following: resellers, distributors, master agents and agents, systems integrators, ISVs, carriers/telcos and service providers.

Mitel has several hundred accredited partners covering international markets, providing pan-regional coverage for clients in terms of sales and support infrastructure and forming a core part of Mitel's global channel network. In several markets, Mitel also engages with influencers such as the consultant community.

Mitel Networks Limited made a profit before tax of £12,003,000, compared to £5,406,000 for the year to 31 December 2022. The increase is due to the Company making savings in operational expenditure.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) are used to provide a balanced and comprehensive analysis of the development and performance of the Company. Mitel's financial KPIs include revenues, gross margins and operating costs. Revenue performance is evaluated from a revenue source perspective - that is, product revenues and service revenues - and involves comparing the results to management forecasts and prior period performance. Gross margins and

STRATEGIC REPORT (continued)

operating costs are evaluated in similar manners as actual performance is measured against both management forecasts and prior period performance.

For the fiscal year to 31 December 2023, the Company had revenues of £92,439,000 compared to £100,261,000 for the year to 31 December 2022. Revenues have been affected by a general decline in the on-premise market, supply chain constraints, plus an ongoing move from capex to opex agreements.

Gross margin decreased slightly from 69.2% in 2022 to 68.4% in 2023. However, the Company made savings in areas of operational expenditure year on year and continues to look for further ways to reduce costs.

The Company made a profit before tax of £12,003,000, compared to £5,406,000 for the year to 31 December 2022. The increase is due to the Company making savings in operational expenditure.

In addition to the above indicators, from time to time Mitel also monitors non-financial performance in the following area: status with key customers and the achievement of key strategic initiatives. In an effort to ensure the Company is creating value for its customers and maintaining strong relationships with those customers, Mitel monitors the status of key customer contracts on an ongoing basis. Further detail can be seen in the s172 statement on page 5.

STRATEGIC REPORT (continued)

CARBON AND ENERGY USE

Mitel Networks Limited has followed the Environmental Reporting Guidelines issued by HM Government in 2019 and the GHG Reporting Protocol – Corporate Standard for any companies in the group that fall within the scope of the legislation.

		2023		2022	
Type of emissions	**Activity**	**tCO_{2e}**	**% of Total**	**tCO_{2e}**	**% of Total**
Direct (Scope 1)	Natural Gas	20	7.4%	86	43.88%
	Subtotal	**20**	**7.4%**	**86**	**43.88%**
Direct (Scope 2)	Electricity - Location Based(1)	0	0.00%	0	0.00%
	Electricity - Market Based (2)(3)	230	84.05%	300	n/a
	Subtotal	**230**	**84.05%**	**300**	**0.00%**
Indirect (Scope 3)	Electricity - T&D	21	7.69%	27	13.77%
	Road Travel	2	0.86%	83	42.35%
	Subtotal	**23**	**8.55%**	**110**	**56.12%**
Total gross emissions (tCO_{2e})		**273**	**100%**	**496**	**100%**
Intensity metric					
Average number of employees		257		274	
Tonnes of CO2e per employee		1.07		0.72	

(1) A Location Based method reflects the average emission intensity of grids on which the consumption occurs.
(2) A Market Based method reflects emissions from electricity companies have purposely chosen e.g. 100% green energy
(3) Green energy is excluded from the gross emissions totals

MLN TopCo Limited has used the 2023 UK Government Conversion Factors for Company Reporting.

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO_2e per person.

Measures to Improve Energy Efficiency

The Company has downsized its office space and moved the warehouse operation to a modern facility which uses solar power. All sites, except one, use LED lighting.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have considered the principal risks and uncertainties of the Company and believe them to be as follows:

Our operating results may be adversely affected by unfavourable economic and market conditions in key markets, particularly the United Kingdom and mainland Europe

In an effort to mitigate this risk, the Company has a number of strategies, including aligning its operating costs in line with performance and selling into a diverse range of countries.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

We rely on our channel partners for a significant component of our sales and so disruption to, or our failure to effectively develop and manage our distribution channel and the processes and procedures that support it, could have a materially adverse effect on our ability to generate revenues.

A significant proportion of Mitel revenues are achieved through working with channel partners. So, disruption to those channel partner relationships could have a materially adverse impact on Mitel's ability to generate revenues. Mitel mitigates this risk by having a wide variety of channel types – for example carriers, distributors, resellers, system integrators – to ensure that any risk is spread rather than concentrated on a particular channel category. Mitel also has an ongoing programme of channel support, development and marketing to ensure that the Company maintains positive relationships with channel partners, regularly communicates with them and ensures that our pricing and programmes remain competitive. An ongoing programme of channel recruitment also ensures that Mitel maintains a healthy, growing channel community.

We face intense competition from many competitors and we may not be able to compete effectively against these competitors

Mitel faces intense competition both from traditional competitors and new entrants to the enterprise communications market, which creates an ongoing risk that Mitel cannot compete effectively against these competitors. Mitel mitigates this risk through the parent company making significant investments in R&D to ensure that Mitel technology stays current and either on par or ahead of competitive offerings, with those investment decisions based on emerging market requirements and customer needs. Mitel also has a very proactive merger and acquisition strategy to add scale as a market leader by consolidating the enterprise communications market.

We face a general level of economic uncertainty created by worldwide events including the war in Ukraine which have impacted global supply chains and contributed to rising inflation.

Following the Russian invasion of Ukraine in February 2022, Mitel has reviewed the impact of the conflict on the group. Mitel does not have a significant direct presence in Russia or Ukraine, however geopolitical tensions may have a broad macroeconomic effect and directors and management continue to assess the situation.

General issues with global supply chains have not had a material impact on the Company during the year, however Mitel Networks Limited has seen increasing costs since the balance sheet date. We continue to monitor the situation and our pricing.

FUTURE DEVELOPMENTS

Management expects the Company to continue in its current form for the foreseeable future.

SECTION 172 STATEMENT

The success of our business is dependent on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

Reports are regularly made to the Board about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. The Board is well informed about the views of stakeholders through the regular reporting on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. Details of the key stakeholders and how we engage with them are set out below.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including a regular dialogue with employees through our intranet, email communication, team briefings and regular meetings. Matters of current interest and concern to the business are regularly discussed with employees at departmental, inter-department and "all employee" meetings. The Company operates various incentive and recognition schemes including bonus schemes and an annual incentive plan based on the group's performance.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Colleagues (continued)

The Company actively promotes the employment of disabled people and maintains close links with disablement bodies. When selecting candidates for employment, the Company concentrates on their abilities and not their disabilities. Employees who become disabled during their employment with the Company are considered for alternative employment where necessary and are provided with medical counselling.

Customers

Our ambition is to deliver best-in-class service to trade customers. We build strong lasting relationships with our trade customers and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them.

We regularly seek to introduce new products, features, applications and services to address the requirements of our customers. We put the customer at the centre of everything we do. Mitel's history of success in software-based cloud and enterprise communications solutions has provided us with the foundation for continued innovation. In recent years, the Mitel group has increasingly invested in cloud-based R&D to support our rapidly growing cloud business. Our R&D personnel are skilled with deep domain expertise in the diverse areas of telecommunications, IP networking, unified communications, Contact Centre solutions software and vertical applications. We work to continuously improve our R&D efforts through operational measurement, adoption of best practices, effective partnerships and investment in our people.

At 31 December 2023, we had approximately 713 employees working in our R&D department on cloud and enterprise solutions. Our global R&D workforce is located predominantly in North America, Europe, and India.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of plastic and how this might be minimised.

Government and regulators

We engage with the government and regulators through a range of industry consultations, meetings and conferences. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
Gregory Hiscock
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G J Hiscock
Director
18 November 2024

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

DIVIDENDS

The directors cannot recommend the payment of a dividend (2022 - £nil). No dividends have been declared since the year end.

DIRECTORS

The directors of the Company, who served during the financial year and subsequently, are as follows.

G J Hiscock
R E Hodgetts (Resigned 24 April 2024)
C J Evans

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 5.

SUBBSEQUENT EVENTS

On September 18, 2024, Trust Distribution, a customer of the Company, entered administration. After assessing the potential effects of this event, management has concluded that it has no material impact on the company's financial position or performance as presented in the financial statements for the year ended December 31, 2023

RESEARCH AND DEVELOPMENT

All research and development for the group is undertaken by a fellow group company, details of which can be found in the Strategic Report on page 2.

PAYMENT OF CREDITORS

It is and will continue to be the policy of the Company to negotiate with suppliers to obtain the best available terms taking account of quality, delivery, price, period of settlement and to abide by those agreed terms.

DISABLED EMPLOYEES

The Company actively promotes the employment of disabled people and maintains close links with disablement bodies. When selecting candidates for employment, the Company concentrates on their abilities and not their disabilities. Employees who become disabled during their employment with the Company are considered for alternative employment where necessary and are provided with medical counselling.

EMPLOYEE CONSULATATION

The Company maintains a regular dialogue with its employees through its intranet, email communication, team briefings and regular meetings. Matters of current interest and concern to the business are regularly discussed with employees at departmental, inter-department and "all employee" meetings. The Company operates various incentive and recognition schemes including share options, bonus schemes and an annual incentive plan based on the group's performance.

DIRECTORS' REPORT (continued)

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the directors have assessed the financial position and performance of the business below.

The Company operates under a limited-risk distributor agreement with a fellow group company, and, under this agreement, is guaranteed to generate an operating margin of 3%.

At 31 December 2023, the Company held net assets of £107,401,000, including cash at bank of £3,242,000.

The Company has net current liabilities of £135,736,000 against net current liabilities of £139,016,000 in 2022.

The Company made an operating loss in the year of £2,889,000, compared to £8,308,000 in 2022. Gross margin remained relatively consistent, however the Company has made savings in operational expenditure.

In reaching their going concern conclusion the directors and management have considered all the available information including reviewing performance since the balance sheet date and forecasts covering the period of twelve months from the date of signing the financial statements and, based upon this, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitel Networks Limited to continue as a going concern. Accordingly, the directors and management have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the report and accounts.

FINANCIAL RISK MANAGEMENT

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash at bank and in hand, and accounts receivable and other receivables. Cash equivalents are invested in government and commercial paper with investment grade credit rating. The Company is exposed to normal credit risk from customers. We have a large number of diverse customers to minimise concentrations of credit risk.

Interest rate risk

The Company is exposed to interest rate risk on its credit facilities which bear interest rates based on the LIBOR rate. Due to the short-term maturity of its monetary assets and current liabilities, the Company is not exposed to significant interest rate risk. The interest rates on obligations under finance leases are fixed and therefore are also not subject to interest rate risk.

Foreign currency risk

The Company transacts mostly in British pounds and is therefore not exposed to significant foreign currency risk. It is, however, exposed to some currency rate fluctuations relating to future net cash flows from operations in Euros and US dollars. From time to time, the Company uses foreign currency forward contracts and foreign currency swaps to minimise the short-term impact of currency fluctuations on foreign currency receivables, payables and inter-company balances. These contracts are not entered into for speculative purposes and are not treated as hedges for accounting purposes.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who are directors of the Company at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
Gregory Hiscock
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G J Hiscock
Director
18 November 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MITEL NETWORKS LIMITED

Report on the audit of the financial statements

In our opinion the financial statements of Mitel Network Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MITEL NETWORKS LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Revenue recognition around manual adjustments to revenue. Our procedures to respond to the risk identified included the following:

- We enquired of management around any new significant manual postings to revenue in the year;
- We reviewed minutes of meetings of those charged with governance;
- We selected a sample of manual postings to revenue and validated these against supporting documents to ensure they have been recorded accurately; and
- We tested the design and implementation of the Company's controls in respect of this risk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MITEL NETWORKS LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MITEL NETWORKS LIMITED (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Jeffrey (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle, United Kingdom
18 November 2024

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
TURNOVER	3	92,439	100,261
Change in stocks of finished goods and work-in-progress		2,912	(3,807)
Raw materials and consumables		(32,089)	(27,111)
Other external expenses		(10,806)	(15.641)
Staff costs	4	(18,313)	(21,255)
Amortisation of intangible fixed assets		(516)	(1,836)
Depreciation of tangible fixed assets	10	(713)	(734)
Amounts written off investments		-	(546)
Other operating expenses		(35,803)	(37,639)
		(95,328)	(108,569)
OPERATING LOSS		(2,889)	(8,308)
Loss on disposal of fixed assets	5	-	(36)
Net finance income	6	14,892	13,204
Income from fixed asset investments		-	546
PROFIT BEFORE TAXATION	7	12,003	5,406
Tax on profit	8	(1,644)	(2,334)
PROFIT FOR THE FINANCIAL YEAR		10,359	3,072

All amounts derive from continuing operations.

The notes on pages 19 to 39 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023 £'000	2022 £'000
Profit for the financial year	10,359	3,072
Actuarial (loss) / gain on pension deficit (note 21)	(6,968)	16,623
UK deferred tax attributable to the actuarial (loss) / gain	1,742	(4,156)
Total comprehensive income attributable to equity shareholder of the Company relating to the year	5,133	15,539

BALANCE SHEET
As at 31 December 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	9	-	516
Tangible assets	10	1,157	1,674
Investments	11	1,653	-
Loans to group undertakings	12	256,796	245,316
		259,606	247,506
CURRENT ASSETS			
Stocks	13	6,991	9,903
Debtors	14	36,011	44,854
Cash at bank and in hand		3,242	8,980
		46,244	63,737
CREDITORS: amounts falling due within one year	15	(193,756)	(202,753)
NET CURRENT (LIABILITIES)/ASSETS		(147,512)	(139,016)
TOTAL ASSETS LESS CURRENT ASSETS		112,094	108,490
CREDITORS: amounts falling due after more than one year	16	(3,822)	(4,235)
PROVISIONS FOR LIABILITIES	18	(871)	(2,017)
NET ASSETS EXCLUDING PENSION DEFICIT		107,401	102,238
Pension deficit	21	-	-
NET ASSETS INCLUDING PENSION DEFICIT		107,401	102,238
CAPITAL AND RESERVES			
Called-up share capital	19	73,816	73,816
Share premium account		8,496	8,496
Profit and loss account		25,089	19,926
SHAREHOLDER'S FUNDS		107,401	102,238

The financial statements of Mitel Networks Limited, registered number 01309629, were approved by the Board of Directors and authorised for issue.

Signed on behalf of the Board of Directors

DocuSigned by:

Gregory Hiscock

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G J Hiscock
Director
18 November 2024

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Note	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2022		73,816	8,496	4,303	86,615
Profit for the financial year		-	-	3,072	3,072
Actuarial gain on pension plan	21	-	-	16,623	16,623
UK deferred tax attributable to current period actuarial gain		-	-	(4,156)	(4,156)
		-	-	15,539	15,539
Credit to equity for equity-settled share-based payments		-	-	84	84
At 31 December 2022		73,816	8,496	19,926	102,238
Profit for the financial year		-	-	10,359	10,359
Actuarial gain on pension plan	21	-	-	(6,968)	(6,968)
UK deferred tax attributable to current period actuarial gain		-	-	1,742	1,742
Total comprehensive income		-	-	5,133	5,133
Credit to equity for equity-settled share-based payments	23	-	-	30	30
At 31 December 2023		73,816	8,496	25,089	107,401

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current financial year and the prior financial year, are described below.

Accounting convention

Mitel Networks Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The functional currency of Mitel Networks Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions

The Company has taken advantage of the following exemptions available under FRS 102 as equivalent disclosures have been given in the consolidated financial statements of MLN TopCo Limited which include the results of Mitel Networks Limited:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation;
- the exemption from certain financial instrument disclosures;
- the exemption from disclosing share-based payment information; and
- the exemption from disclosing related party transactions.

The Company has taken advantage of the exemption permitted by section 401 of the Companies Act 2006 and not produced consolidated financial statements as, at 31 December 2023, it was itself a wholly-owned subsidiary of MLN TopCo Limited. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the directors have assessed the financial position and performance of the business below.

The Company operates under a limited-risk distributor agreement with a fellow group company, and, under this agreement, is guaranteed to generate an operating margin of 3%.

At 31 December 2023, the Company held net assets of £107,401,000, including cash at bank of £3,242,000.

The Company has net current liabilities of £135,736,000 against net current liabilities of £139,016,000 in 2022.

The Company made an operating loss in the year of £2,889,000, compared to £8,308,000 in 2022. Gross margin remained relatively consistent, however the Company has made savings in operational expenditure.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

In reaching their going concern conclusion the directors and management have considered all the available information including reviewing performance since the balance sheet date and forecasts covering the period of twelve months from the date of signing the financial statements and, based upon this, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitel Networks Limited to continue as a going concern. Accordingly, the directors and management have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements and, therefore, they continue to adopt the going concern basis in preparing the report and accounts.

Intangible assets

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, as set out below:

Goodwill	-	over 5 years
Customer relationships	-	over 5 years

Impairment of intangible assets

Where the present value of future cash flows, discounted at the group's weighted average cost of capital, is less than the asset's carrying value, a provision is made for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Short leasehold property	-	over the lease term
Plant and equipment	-	at various rates between 10% and 33% straight-line

Impairment of tangible fixed assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Impairment of fixed asset investments

An asset is impaired when the present value of future cash flows, discounted at the group's weighted average cost of capital, is less than the asset's carrying value.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stocks

Stocks are stated at the lower of cost and net realisable. Cost is calculated using the first in first out (FIFO) method. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability separately.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of the financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, or the net carrying amount on initial recognition.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover is recognised for the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

The Company defers incremental costs to obtain, as well as incremental costs to fulfil, a contract with a customer, provided that it is probable that the incremental costs are expected to be recovered. These costs are amortised as the related revenue is recognised.

Interest income and costs

Interest receivable and interest charges are recognised on an accruals basis at the interest rate applicable to the loan agreement.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Warranty costs

Provision for estimated warranty costs is made at the time of sale.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line-basis.

Pensions

The Company operated a defined benefit pension scheme and the amount charged to operating profit/(loss) is the current service cost, included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest payable. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company in separate trustee-administered funds. Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. An actuarial valuation is obtained at least triennially and is updated at each balance sheet date. A defined benefit liability is presented separately after other net assets on the face of the balance sheet. The Company does not recognise any defined benefit surplus.

The defined benefit scheme closed to future defined benefit accrual with effect from and on 11 November 2012. All active members at this date transferred to a defined contribution section of the plan with effect from and on 12 November 2012.

The Company has a stakeholder pension plan, the contributions of which are charged to the profit and loss account as they are incurred. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-based payments

The Company has applied the requirements of FRS 102 Section 26 relating to share-based payment transactions.

Certain employees receive remuneration in the form of share-based payments, being share options in parent company, MLN TopCo Limited. Options granted under the plan are generally granted for a fixed number of shares with an exercise price at least equal to the fair market value of the shares at the date of grant and have a term of ten years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The expense for equity-settled share-based payments is based on the fair value estimate made on the grant date using the Black-Scholes option-pricing model for each award and is recognised on a straight-line basis over the employee service period, which is the vesting period. The Company estimates the volatility of its stock for the Black-Scholes option-pricing model using historical volatility of the Company's stock. As the options are over shares in MLN TopCo Limited and equity settled, a capital contribution is also recorded.

Forfeitures are accounted for as they occur, through reversal of the previously recognized expense on the awards that were forfeited during the year.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management considers the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

Key source of estimation uncertainty

Defined benefit pension scheme

The Company operates a defined benefit pension scheme. The contributions required to fund benefit obligations are based on actuarial valuations, which themselves are based on assumptions and estimates about the long-term operation of the plan, including mortality rates of members, the performance of financial markets and interest rates. If the actual operation of the plans differ from our assumptions, the net liability could increase and additional contributions by us may be required. Changes to pension legislation may also adversely affect our funding requirements. The defined benefit pension scheme surplus which is unrecognised at 31 December 2023 was £26,649,000, compared to £24,768,000 for the year to 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

3. TURNOVER

Turnover represents the invoiced amount of goods and services which fall within the Company's ordinary activities and is stated net of value added tax.

An analysis of turnover by geographical market is set out below:

	2023 £'000	2022 £'000
United Kingdom	48,643	50,086
Rest of Europe	10,632	15,137
Middle East and Africa	11,843	11,026
Asia Pacific	6,160	4,980
Australasia	13,947	17,873
Other	1,214	1,159
	92,439	100,261

An analysis of the Company's turnover by class of business is given below:

	2023 £'000	2022 £'000
Sale of goods	43,755	56,075
Rendering of services	48,684	44,186
	92,439	100,261

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

4. STAFF NUMBERS AND COSTS

Directors' remuneration

G J Hiscock is remunerated by for his services to the group as a whole by Mitel Networks Corp; R E Hodgetts and C J Evans are remunerated for their services to the group by Mitel Europe Limited. It is not practicable to allocate their remuneration between services to the Company and to the group as a whole.

	2023 £'000	2022 £'000
Employee costs (including directors' emoluments)		
Wages and salaries	14,552	17,098
Social security costs	2,178	2,355
Other pension costs (note 21)	1,553	1,753
Share-based payments (note)	30	49
	18,313	21,255

Other pension costs comprise £830,000 (2022 - £891,000) for other defined contribution pension schemes and £723,000 (2022 - £862,000) for pension administration expenses paid by the Company.

The average monthly number of employees during the year, including directors, was made up as follows:

	2023 No.	2022 No.
Customer service	214	225
Support	43	55
	257	280

5. LOSS ON THE DISPOSAL OF FIXED ASSETS

	2023 £'000	2022 £'000
Loss on disposal of tangible fixed assets	-	36

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

6. NET FINANCE INCOME

	2023 £'000	2022 £'000
Interest receivable and similar income		
Interest receivable from group undertakings	14,706	13,551
Short-term deposit	18	13
	14,724	13,564
Interest payable and similar expenses		
Interest income/(cost) on pension plan (see note 21)	168	(354)
Interest payable to group undertakings	-	(6)
	168	(360)
Net finance income	14,892	13,204

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

7. PROFIT BEFORE TAXATION

	2023 £'000	2022 £'000
This is stated after charging		
Auditor's remuneration:		
- audit of the Company's financial statements	155	156
- other services *	-	37
Depreciation of owned assets	713	734
Amortisation of intangible fixed assets	516	1,836
Amounts written off investments	-	546
Cost of stock recognised as an expense	20,451	21,161
Operating lease rentals		
- plant and machinery	10	65
- other	826	603
Foreign exchange loss	2,233	3,235

* Other services relate to advice concerning overseas taxation compliance.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

8. TAX ON PROFIT

	2023	2022
The tax (credit)/charge comprises:	**£'000**	**£'000**
Current tax on profit		
United Kingdom corporation tax:		
Current tax on income for the year	-	226
Overseas tax	-	3
Adjustment in respect of prior period	(132)	179
Total current tax	(132)	408
Deferred taxation		
Current period charge/(credit)	(3)	238
Deferred tax on defined benefit pension scheme	1,742	1,611
Adjustment in respect of prior period	37	77
Total deferred tax	1,776	1,926
Total tax on profit/(loss)	1,644	2,334

The difference between the total tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2023	2022
	£'000	**£'000**
Profit before tax	12,003	5,406
Tax on profit at standard UK corporation tax rate of 23.5% (2022 – 19%)	2,821	1,027
Effects of:		
Expenses not deductible/(income not chargeable) for tax purposes	284	418
Effect of changes in tax rate	103	443
Transfer pricing adjustment	547	228
Group relief	(2,016)	(41)
Overseas tax	-	3
Adjustment in respect of prior period	(95)	256
Total tax (credit)/charge	1,644	2,334

Group relief was claimed from Mitel Networks (International) Limited.

Factors affecting future tax expense

A net deferred tax asset of £2,470,000 (2022 – asset of £2,504,000) has been recognised in respect of capital allowances and certain other timing differences (see note 17). £571,000 of the deferred tax asset relating to general provisions and fixed assets is expected to reverse within one year.

The Finance Act 2022 received Royal Assent on 24 February 2022 and therefore the main rate of corporation tax increased to 25% from 1 April 2023.

The Organization for Economic Co-operation and Development has issued Pillar Two model rules introducing a global minimum tax of 15% effective on January 1, 2024. While the US has not yet adopted the Pillar Two rules, various other governments around the world have enacted or are in the process of enacting legislation. The UK government enacted legislation on Pillar Two in July 2023. The Mitel group is in the process of assessing the full impact of this legislation but no material impacts are expected given the UK group companies are largely non trading companies, with Mitel networks Limited being the main UK trading entity but has no foreign holdings and the increased UK statutory tax rate is above the global minimum rate of 15%. We continue to monitor US and global legislative action related to Pillar Two for potential impacts.

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Customer Relationships £'000	Total £'000
Cost			
At 1 January and 31 December 2023	4,882	8,996	13,878
Amortisation and impairment			
At 1 January 2023	4,797	8,565	13,362
Charge for the year	85	431	516
At 31 December 2023	4,882	8,996	13,878
Net book value			
At 31 December 2023	-	-	-
At 31 December 2022	85	431	516

10. TANGIBLE FIXED ASSETS

	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2023	478	6,663	7,141
Additions	-	196	196
Disposals	-	(240)	(240)
At 31 December 2023	478	6,619	7,097
Depreciation			
At 1 January 2023	478	4,989	5,467
Charge for the year	-	713	713
Disposals	-	(240)	(240)
At 31 December 2023	478	5,462	5,940
Net book value			
At 31 December 2023	-	1,157	1,157
At 31 December 2022	-	1,674	1,674

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

11. FIXED ASSET INVESTMENTS

	£'000
Cost	
At 1 January 2023	-
Additions	1,653
At 31 December 2022	1,653
Impairment	
At 1 January 2022	-
Additions	-
At 31 December 2022	-
Net book value	
At 31 December 2023	1,653
At 31 December 2022	-

The Company holds the following investments in fellow group companies:

Company	Class of shares	% of voting shares held	Principal activity
Unify Holding UK 1 Limited	Ordinary shares	100%	Telecommunications

(a) Incorporated in the UK. Registered office: 12th Floor (South) , Dashwood House, 69 Old Broad Street, London, EC2M 1QS , UK.
The Company purchased the entire issued share capital of Unify Holding UK 1 Limited on 30 September 2023 as a part of the group's acquisition of the Unify business.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

12. LOANS TO GROUP UNDERTAKINGS

	Loans to parent undertakings £'000	Loan to group undertaking £'000	Total £'000
At 1 January 2023	245,316	-	245,316
Additions	14,548	-	14,548
Foreign exchange movement	(3,068)	-	(3,068)
At 31 December 2023	256,796	-	256,796

£57,773,000 (2022 - £60,842,000) of the loans to the Company's parent undertakings has a maturity date of 30 November 2025 and an interest rate of 6.5%. £136,018,000 of the loans to parent undertakings is repayable on demand and carries an interest rate of 8%. The remaining balance is interest free and repayable on demand. The Company has assured its immediate parent undertaking that it does not intend to recall its loan within twelve months of the date of signing the accounts.

All amounts are unsecured.

13. STOCKS

	2023 £'000	2022 £'000
Finished goods	6,991	9,903

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

14. DEBTORS

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade debtors	17,867	19,464
Amounts owed by parent undertakings	1,898	6,356
Amounts owed by group undertakings	10,748	13,777
Other debtors	237	329
Deferred tax asset (see note 17)	2,470	363
Prepayments	2,308	2,232
Corporation tax	307	-
	35,835	42,521
Amounts falling due after more than one year		
Deferred tax asset (see note 17)	-	2,141
Other debtors	176	192
	176	2,333
Total debtors	36,011	44,854

All amounts owed to parent and group undertakings are unsecured.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade creditors	3,074	5,223
Amounts owed to parent undertakings	100,338	109,609
Amounts owed to group undertakings	70,280	66,864
Other taxes and social security costs	1,745	916
Accruals	5,164	4,937
Deferred income	13,018	14,978
Corporation tax	137	226
	193,756	202,753

Amounts owed to parent and group undertakings are unsecured, interest free and repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £'000	2022 £'000
Deferred tax liability (see note 17)	-	-
Accruals and deferred income	3,822	4,235
	3,882	4,235

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

17. DEFERRED TAX

Analysis of deferred taxation liability:

	£'000
At 1 January 2023	2,504
Charge to profit and loss account (note 8)	(1,776)
Charge to statement of comprehensive income	1,742
At 31 December 2023	2,470

Deferred taxation has been fully provided as follows:

	2023 £'000	2022 £'000
Depreciation in excess of capital allowances	469	339
Other timing differences	2,001	2,165
Deferred tax on net pension liability	-	-
Total deferred tax asset (note 14)	2,470	2,504

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

A deferred tax asset of £2,470,000 (2022 – asset of £2,504,000) has been recognised in respect of capital allowances and certain other timing differences.

18. PROVISIONS FOR LIABILITIES

	Restructuring provisions	Product liability provision £'000	Total £'000
As at 1 January 2023	1,817	200	2,017
Utilised in year	(1,410)	(83)	(1,493)
Profit and loss account charge	347	-	347
As at 31 December 2023	754	117	871

Product liability provision – A provision is recognised for expected product liability claims. It is anticipated that most of these costs will be incurred over the next three years.

Restructuring provisions – These provisions consist of employee and property related charges in connection with headcount reductions and the vacation of a property, and are expected to be settled in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

19. CALLED-UP SHARE CAPITAL AND RESERVES

	Allotted, called-up and fully-paid	
Ordinary share of £1 each	**No.**	**£'000**
At 1 January 2023 and 31 December 2023	73,816,468	73,816

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The share premium reserve represents the difference between the par value of the shares issued and the subscription or issue price.

20. FINANCIAL COMMITMENTS

The Company's total minimum lease payment commitments under non-cancellable operating leases are as set out below:

	2023		2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	384	9	364	21
Between one and five years	90	17	87	12
After more than five years	-	-	-	-
	474	26	451	33

The operating lease charge for the year was £836,000 (2022 - £668,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

21. PENSION COMMITMENTS

The Company operated a defined benefit pension scheme called "Mitel Networks Family Security Plan". This provides pension benefits for members based on their earnings close to retirement and whose assets are held separately from those of the Company. The defined benefit section of the plan closed to future defined benefit accrual with effect from and on 11 November 2012. All active members at this date transferred to a defined contribution section of the plan with effect from and on 12 November 2012.

The pension cost has been determined on the basis of the long-term contribution rate to the plan expressed as a level percentage of pensionable payroll which has to be paid in the future to provide the plan benefits. It is the Company's intention to contribute to the plan at the long-term contribution rate disclosed in the periodic actuarial valuation.

The pension cost for the period has been assessed in accordance with the advice of a qualified actuary by reference to the most recent full actuarial valuation as at 1 August 2015.

A qualified actuary has calculated the position at 31 December 2023 for the purposes of complying with the requirements of FRS 102 for the current period.

a) The projected unit valuation method has been used - the main assumptions were as follows:

	2023	2022
i) Discount rate	4.75%	4.95%
ii) Rate of increase of pensions in payment	2.90%	2.95%
iii) Inflation assumption	3.10%	3.20%
iv) Deferred pension increase rate	2.50%	2.50%
v) Rate of increase of salaries	3.20%	3.35%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2023		2022	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.9	24.3	22.2	24.5
Member age 45 (life expectancy at age 65)	23.3	25.7	23.5	25.9

Reconciliation of present value of liability recognised in the balance sheet:

	Values as at 31 December 2023 £'000	Values as at 31 December 2022 £'000
Fair value of scheme assets	178,031	171,441
Present value of defined benefit obligations	(151,382)	(146,673)
Funded status	26,649	24,768
Effect of asset ceiling	(26,649)	(24,768)
Net asset/(liability) recognised in the balance sheet	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

21. PENSION COMMITMENTS (continued)

b) Movements in the present value of defined benefit obligations

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Benefit obligation at beginning of the year	146,673	248,050
Interest cost	7,112	4,406
Effect of changes in assumptions	2,673	(96,433)
Effect of experience adjustments	921	(3,170)
Benefits paid	(5,997)	(6,180)
Benefit obligation at end of the year	151,382	146,673

c) Analysis of defined benefit obligations

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Plans that are wholly or partly funded	151,382	146,673

d) Movement in the fair value of plan assets

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Fair value of scheme assets at beginning of the year	171,441	224,981
Interest income	8,506	4,052
Return on scheme assets (excluding interest income)	(2,719)	(58,212)
Employer contributions	6,800	6,800
Benefits paid	(5,997)	(6,180)
Fair value of scheme assets at end of the year	178,031	171,441

The analysis of scheme assets was as follows:		
Equities	13,196	13,395
Other	164,835	158,046
	178,031	171,441

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

21. PENSION COMMITMENTS (continued)

(e) Components of pension cost

	31 December 2023 £'000	31 December 2022 £'000
Interest expense on pension scheme liabilities	7,112	4,406
Interest income on pension scheme assets	(8,506)	(4,052)
Interest expense on effect of (asset ceiling)	1,226	-
Total pension cost recognised in profit and loss account	(168)	354
Effect of changes in assumptions	2,673	(96,433)
Effect of experience adjustments	921	(3,170)
(Return) on plan assets (excluding interest income)	2,719	58,212
Changes in asset ceiling (excluding interest income)	655	24,768
Recognised in other comprehensive income (SOCI)	6,968	(16,623)
Total (gain)/cost relating to defined benefit scheme	6,800	(16,269)

f) Contributions

Mitel Networks Limited contributed £830,000 into defined contribution plans (2022 – £873,000) during the financial year.

Mitel Networks Limited did not contribute into any private pensions (2022 – £18,000) during the financial year.

22. RELATED PARTY TRANSACTIONS

The Company has applied the exemption granted by Financial Reporting Standard 102 not to disclose related party transactions with group companies, where 100% of the voting rights of the subsidiary company are controlled within the group. The Company did not have any transactions with group companies where less than 100% of the voting rights are controlled within the group.

23. SHARE-BASED PAYMENTS

Certain employees receive remuneration in the form of share-based payments, being share options in parent company, MLN TopCo Limited. The required disclosures are included in the MLN TopCo Limited consolidated financial statements.

Options granted under the plan are generally granted for a fixed number of shares with an exercise price at least equal to the fair market value of the shares at the date of grant and have a term of ten years.

The expense for equity-settled share-based payments is based on the fair value estimate made on the grant date using the Black-Scholes option-pricing model for each award and is recognized on a straight-line basis over the employee service period, which is the vesting period. The Company estimates the volatility of its stock for the Black-Scholes option-pricing model using historical volatility of the Company's stock.

Forfeitures are accounted for as they occur, through reversal of the previously recognized expense on the awards that were forfeited during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the directors' opinion, at 31 December 2023, the immediate parent undertaking was Mitel Networks Holdings Limited, a Company registered in the UK.

The ultimate parent undertaking and ultimate controlling party is Searchlight Capital Partners II GP, LLC, a company registered in the USA.

The smallest and largest group of undertakings for which consolidated financial statements are drawn up is MLN TopCo Limited, a company registered in the Cayman Islands. Its registered office address is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

Copies of the financial statements of MLN TopCo Limited will be filed at Companies House alongside these financial statements.

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The directors present their Annual Report and audited consolidated financial statements for the year ended December 31, 2023.

MLN TopCo Limited and its subsidiaries (together "Mitel" or the "Company") are a global provider of Cloud and On-Site business communications and collaboration solutions. Our software product development enables us to help more than 70 million end users around the world, including more than a million cloud-based Unified Communications as a Service (UCaaS) subscribers, to seamlessly connect, collaborate and provide innovative solutions to their customers. Our global customer base leverages Mitel innovation every day in approximately 100 countries.

Mitel's strategy is built on the principle of putting customers first and providing an exceptional customer experience. We do that by providing a seamless technology path that will enable businesses to communicate, collaborate and participate in the digital transformation and application economy that is reshaping business models and competition globally.

By utilizing our research and development workforce, we believe we are uniquely positioned to offer customers a comprehensive portfolio of complementary and interoperable communications and collaborations solutions, globally.

With a global geographic footprint, we are structured around three primary geographic markets defined as the Americas, consisting of the continents of North America and South America; EMEA, which includes the continent of Europe, the Middle East and Africa; and Asia Pacific, which includes the continent of Asia and the Pacific region, including Australia and New Zealand.

FUTURE DEVELOPMENTS

Mitel operates in a dynamic and highly competitive industry, with changes in both technologies and business models. We believe that each industry shift is an opportunity to conceive new products, new technologies, or new ideas that can further transform the industry and our business. Through a broad range of research and development activities, we seek to identify and address the changing demands of customers, industry trends, and competitive forces.

On November 9, 2021 Mitel sold certain intellectual property and patents to RingCentral, Inc. ("RingCentral"), entering in to a strategic partnership in which RingCentral is now Mitel's exclusive UCaaS partner. In partnership with RingCentral, Mitel can offer best-in-class on-premise, subscription and private cloud solutions under our own brand, and help our partners and customers in their journey to the cloud.

In January 2023, the Mitel Group entered exclusive negotiations to acquire Unify, the Unified Communications and Collaboration (UCC) and Communications and Collaboration Services (CCS) businesses of the Atos group. The transaction was completed on September 30, 2023, and the Unify operations were included in the consolidated results for the fourth quarter of 2023.

SUBSEQUENT EVENTS

On June 21, 2024, Mitel completed a transaction to divest Mitel's Unified Communications as a Service ("UCaaS") business to RingCentral, including the products, related intellectual property, and respective customer bases. In connection with the transaction, Mitel concluded its exclusive UCaaS partnership with RingCentral.

On September 18, 2024, Mitel entered into a strategic partnership with Zoom Video Communications, Inc. to co-develop hybrid communication solutions. This collaboration aims to provide customers worldwide with cutting-edge, seamless communication tools.

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include: revenues, gross margins, operating income, net income, cash flows from operations, and Adjusted EBITDA.

Key Performance Indicators	2023 in millions	2022 in millions	Difference
Revenues	$870.7	$905.6	($34.9)
Gross Margins	446.5	484.2	(37.7)
Operating Income (Loss)	(73.7)	(110.0)	36.3
Net Income	(253.4)	(348.7)	95.3
Cash Flows from Operations	(31.2)	(180.1)	148.9
Adjusted EBITDA (Non-GAAP measure)	106.9	80.5	26.4

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS (continued)

Revenue performance is evaluated from both a segment and geographical perspective by comparing our actual results against both management forecasts and prior period results. This decline is in line with overall decline of market for UC segment. .

Gross margin performance is evaluated from a segment perspective by comparing our actual results against both management forecasts and prior period results. The decline is consistent with the decline in revenues, however it represents a slight decline as a function of revenues, from 52.7% to 53.5% as a result of a change in mix of products with a lower gross margin percentage.

Cash flow from operations is the key performance indicator with respect to cash flows. As part of monitoring cash flow from operations, we also monitor our days sales outstanding, our inventory turns and our days expenses in payables outstanding. There was a significant improvement this year, primarily driven by acquisition and divestiture-related charges as described in Note 13 of the financial statements.

Adjusted EBITDA, a non-GAAP measure, is evaluated by comparing actual results to management forecasts and prior period results. There was improvement in our adjusted EBITDA results over prior year as a result of our cost savings actions throughout the year, as described in Note 13 of the financial statements.

In addition to the above indicators, from time to time, we also monitor non-financial performance in the following areas: status of key customer contracts, the achievement of expected milestones of our key R&D projects and the achievement of our key strategic initiatives.

In an effort to ensure we are creating value for and maintaining strong relationships with our customers, we monitor customer service levels. With respect to our R&D projects, we measure content, quality and timeliness against project plans.

STRATEGIC REPORT (continued)

CARBON AND ENERGY USE

MLN TopCo Limited has followed the Environmental Reporting Guidelines issued by HM Government in 2019 and the GHG Reporting Protocol – Corporate Standard for any companies in the group that fall within the scope of the legislation. The following table represents emissions from the group's UK operations.

		2023		2022	
Type of emissions	**Activity**	**tCO_{2e}**	**% of Total**	**tCO_{2e}**	**% of Total**
Direct (Scope 1)	Natural Gas	20	7.4%	86	43.88%
	Subtotal	**20**	**67.22%**	**86**	**43.88%**
Direct (Scope 2)	Electricity - Location Based(1)	0	0.00%	0	0.00%
	Electricity - Market Based (2)(3)	230	84.05%	300	n/a
	Subtotal	**230**	**0.00%**	**300**	**0.00%**
Indirect (Scope 3)	Electricity - T&D	21	7.69%	27	13.77%
	Road Travel	2	0.86%	83	42.35%
	Subtotal	**23**	**8.55%**	**111**	**56.12%**
Total gross emissions (tCO_{2e})		**274**	**100%**	**497**	**100%**
Intensity metric					
Average number of employees		257		274	
Tonnes of CO2e per employee		1.07		0.72	

(1) A Location Based method reflects the average emission intensity of grids on which the consumption occurs.
(2) A Market Based method reflects emissions from electricity companies have purposely chosen e.g. 100% green energy
(3) Green energy is excluded from the gross emissions totals

MLN TopCo Limited has used the 2023 UK Government Conversion Factors for Company Reporting.

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO_2e per person.

Measures to Improve Energy Efficiency

The Company has downsized its office space and moved the warehouse operation to a modern facility which uses solar power. All sites, except one, use LED lighting.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have considered the principal risks and uncertainties of the company and believe them to include the following:

Our operating results may be adversely affected by unfavourable economic and market conditions in key markets, particularly in the United States and Europe.

Challenging economic conditions worldwide, particularly in the United States and in Europe, have, from time to time, contributed, and may continue to contribute, to slowdowns in the communications industry at large, as well as in specific segments and markets in which we operate, resulting in, but not limited to:

- reduced demand for our products;
- increased price competition for our products;
- risk of excess and obsolete inventories;
- risk of supply constraints;
- risk of manufacturing capacity;
- higher overhead costs as a percentage of revenue; and
- higher interest expense.

The global macroeconomic environment is challenging and volatile. The effect of the COVID-19 pandemic, instability in the global credit markets, central bank monetary policies, the instability in the geopolitical environment in many parts of the world and other disruptions, such as changes in energy costs, the United Kingdom's withdrawal from the European Union, regulatory and policy uncertainty in the United States, and uncertainty surrounding international trade arrangements, such as NAFTA, may adversely impact global economic conditions. If global economic and market conditions, or economic conditions in key markets remain uncertain, we may experience material impacts on our business, operating results, and financial condition. With respect to Russia's invasion of Ukraine, the Company's direct presence is not significant in either country, however geopolitical tensions may have a broad macroeconomic effect.

We rely on our channel partners (which includes our wholesale distribution channel) for a significant component of our sales and so disruptions to our partners could have a material adverse effect on our ability to generate revenues.

Our future success is highly dependent upon establishing and maintaining successful relationships with a variety of channel partners. A substantial portion of our revenues is derived through and dependent upon our channel partners, most of which also sell our competitors' products. In addition, many potential channel partners have established relationships with our competitors and may not be willing to invest the time and resources required to train their staff to effectively market our solutions and services. The loss of, or reduction in, sales to these channel partners could materially reduce our revenues. Our competitors may in some cases be effective in causing our channel partners or potential channel partners to favour their products or prevent or reduce sales of our solutions. If we fail to maintain relationships with these channel partners, fail to develop new relationships with channel partners in new markets or expand the number of channel partners in existing markets, fail to manage, train or provide appropriate incentives to existing channel partners or if these channel partners are not successful in their sales efforts, sales of our solutions may decrease and our operating results would suffer.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

We face competition from many competitors.

The market for our solutions is highly competitive and subject to rapidly changing technologies. This brings a challenging environment where we may face future competition from companies that do not currently compete in the business communications market. This includes companies that currently compete in other sectors of the information technology, communications or software markets, including mobile communications companies or communications companies that serve residential customers, rather than business customers.

Existing and potential competitors may have greater financial, personnel, research, project management and other resources derived from their brands or reputations and broader customer bases that are more well-established that ours. As a result, these competitors may be in a stronger position to respond more effectively to potential acquisitions and other market opportunities, new or emerging technologies and changes in customer requirements. Some of these competitors may also have customer bases that are more diversified than ours and therefore may be less affected by an economic downturn in a particular region. Competitors with greater resources may also be able to offer lower prices, additional products or services or other incentives that we do not offer or cannot match.

Additional risks and uncertainties affecting the Company are detailed in note 17 to the consolidated financial statements.

GOING CONCERN

These consolidated financial statements as at and for the year ended December 31, 2023, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which assume that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Mitel to continue as a going concern. Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the report and accounts.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT

Section 172 requires that "a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company".

Long term decision making

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

Reports are regularly made to the Board about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. The Board is well informed about the views of stakeholders through the regular reporting on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

Details of the key stakeholders and how we engage with them are set out below.

Our Key Stakeholders

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including a regular dialogue with employees through our intranet, email communication, team briefings and regular meetings. Matters of current interest and concern to the business are regularly discussed with employees at departmental, inter-department and "all employee" meetings. The company operates various incentive and recognition schemes including bonus schemes and an annual incentive plan based on the group's performance.

The company actively promotes the employment of disabled people and maintains close links with disablement bodies. When selecting candidates for employment, the company concentrates on their abilities and not their disabilities. Employees who become disabled during their employment with the company are considered for alternative employment where necessary and are provided with medical counselling.

Customers

Our ambition is to deliver best-in-class service to trade customers. We build strong lasting relationships with our trade customers and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them.

We regularly seek to introduce new products, features, applications and services to address the requirements of our customers. We put the customer at the centre of everything we do. Mitel's history of success in software-based cloud and enterprise communications solutions has provided us with the foundation for continued innovation. In recent years, we have increasingly invested in cloud-based R&D to support our rapidly growing cloud business. Our R&D personnel are skilled with deep domain expertise in the diverse areas of telecommunications, IP networking, unified communications, Contact Centre solutions software and vertical applications. We work to continuously improve our R&D efforts through operational measurement, adoption of best practices, effective partnerships and investment in our people.

STRATEGIC REPORT (continued)

As of December 31, 2023, we had approximately 855 employees working in our R&D department on cloud and enterprise solutions. Our global R&D workforce is located predominantly in North America, Europe, and India, however following the acquisition of Unify, we have now expanded our R&D operations into Greece, Romania, and Brazil.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of plastic and how this might be minimised.

Government and regulators

We engage with the government and regulators through a range of industry consultations, meetings and conferences. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

STRATEGIC REPORT (continued)

SUSTAINABILITY REPORT

Environment, Sustainability and Governance ("ESG")
At Mitel, we believe great communications enable organizations to thrive and sustainable environmental practices are at the heart of great communications. This Environmental Policy sets out our commitment at a global level to environmentally sustainable practices. We recognize the urgent need to address the global climate crisis. Committed to a sustainable future, we're taking steps to reduce our carbon footprint and promote ecofriendly practices across our supply chain.
Mitel Senior Management, the Board of Directors and Employees are committed to:

- Protection of the environment and prevention of pollution, including conserving natural resources through sourcing based on a product lifecycle environmental impact, sustainability, and social responsibility.
- Complying with all applicable legal, contractual, and other compliance obligations and consideration of stakeholder interests in our company operations; and,
- Continual performance improvement in environmental management.

To fulfil our promise, we focus on a comprehensive strategy:

- Reducing our carbon emissions
- Setting clear objectives to reduce our environmental footprint and minimizing waste.
- Delivering environmentally responsible products; and,
- Measuring and reporting on our progress and environmental performance annually.

At Mitel, we're equally dedicated to a sustainable future through proactive and accountable environmental practices. Our Mitel Environmental Policy is communicated within our organization and is available to our external stakeholders and interested parties through www.mitel.com.

Disclosure requirement	**Description/progress**
Describe the governance arrangements of the business in relation to assessing and managing climate-related risks and opportunities.	Responsibility for identifying and addressing climate-related risks and opportunities rests with the Head of Quality & Environment. These risks are integrated into the Enterprise Risk Management (ERM) program, and significant climate-related risks are discussed quarterly by the Board of Directors through the Environmental, Social, and Governance (ESG) Committee. The ESG Committee, composed of cross-functional leaders, is responsible for establishing ESG strategy, overseeing related initiatives and policies, and tracking developments in ESG matters, including climate-related risks. The committee regularly reviews performance against established climate related targets and reports on risk management to the Executive Leadership Team (ELT) on a quarterly basis. The management of climate-related risks falls under operations, with the Executive Vice President of Operations providing quarterly updates on the status and improvements through the ESG Committee.
Describe how the business identifies, assesses, and manages climate-related risks and opportunities.	Climate-related risks are considered a part of the enterprise risk management (ERM) framework. Enterprise Risk Management (ERM) is accountable for providing the Executive Leadership Team (ELT) with an opinion on the level of strategic risks. The ERM process includes a global assessment at the group level on a yearly basis of the major risks that may impact organization's objectives (including climate related risks). It provides a structured strategic picture and identifies major risk domains (including climate related risks). The ERM process is steered by the Global Risk Manager including several approval steps from the ELT and a continuous follow-up of the mitigation actions. Mitel risk profile is updated annually under the sponsorship of the Executive Leadership Team. The process includes: - Identification of the risks - new climate-related risks are identified through external risk studies, internal operational risk reporting, alignment with ESG strategy. Annual review

STRATEGIC REPORT (continued)

	of the risks is conducted with the risk owner by Head of Quality & Environment. - Risk assessment performed within Business Functions. The assessment of the defined risk types (including climate related risks) is done via e-mail questionnaire sent to a wide population of Mitel Management. Management is asked to assess every pre-defined risk category based on their perception of the impact, the likelihood and the mitigation effectiveness to their business objectives. The assessment scales have been designed to assess risks in terms of "impact * likelihood *mitigation effectiveness" and combining financial and non-financial criteria. - Management/Mitigation of the climate related risks: Business Functions management assign a Risk Owner on each risk. Risk Owners are responsible for defining the remediation actions and implementing/coordinating with other contributors. Mitigation actions are reported into a risk register. Business Functions management are responsible for the monitoring of those actions on a regular basis. Status is organized by Global Risk Manager to assess the progress. ERM status of mitigations actions and the overall closure rate of the mitigation actions are reported by Global Risk Manager to the Mitel Executive Leadership Team.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management process in the business	Climate-related risks are incorporated into our Enterprise Risk Management (ERM) framework and are regularly reviewed with country and functional leadership teams as part of our risk management processes. The potential impact of climate-related risks and opportunities on the group's business, strategy, and financial planning is carefully evaluated during the risk assessment. These risks are assessed using the group's risk methodology, considering both their impact and likelihood. Climate risks deemed significant by the ESG Committee (based on the risk assessment performed) are ultimately escalated to the Board of Directors for further consideration.
Describe the principal climate-related risks and opportunities arising in connection with the operations of the business, and the time periods by reference to which those risks and opportunities are assessed.	Given the nature of the Company's business, there are no significant climate-related physical risks. The Company does not engage in manufacturing (no plants or factories), and instead relies on suppliers to provide inventory. Additionally, the Company's flexible work-from-home policy allows employees to perform their duties remotely, further reducing potential disruptions caused by climate-related events. Climate-related risks are systematically identified through the Enterprise Risk Management (ERM) process, where management assesses the potential impact of these risks on the Company's operations. Given the nature of the Company's business model, the most significant climate-related risks are tied to non-compliance with environmental regulations and failure to achieve required decarbonization targets. For example: • Failure to adhere to new regulations and harmonized standards: As environmental laws become increasingly

STRATEGIC REPORT (continued)

	stringent, the risk of non-compliance could result in operational disruptions, fines, or legal consequences. • Inadequate reduction of carbon emissions: Falling short of carbon reduction goals not only poses regulatory challenges but also threatens the Company's reputation and competitiveness in an evolving market focused on sustainability. Supply chain risks are also thoroughly evaluated as part of the ERM process. These risks include, among others, the possibility that key external suppliers may not adhere to the necessary CSR, ESG, social, and environmental standards. The Company mitigates these risks through its comprehensive Mitel Supplier Code of Conduct, robust supplier assessment protocols, Supplier Management practices, and Procurement processes. Additionally, the annual review of the Mitel ESG program ensures that the Company's standards and commitments are consistently upheld across the supply chain. At this time, management has not identified any significant climate-related opportunities.
Describe the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the business.	The Company's business model makes it vulnerable to climate-related risks. These risks are closely linked to Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) obligations. Failure to meet these standards could diminish customer trust and acceptance, damaging the brand's reputation. - Failure to adhere to new regulations and harmonized standards - non-compliance with evolving regulations and harmonized standards could lead to severe consequences such as delivery interruptions, revenue loss, and potential fines. - Inadequate reduction of carbon emissions - a failure to provide environmentally friendly technologies and sustainable solutions to support decarbonization would result in missed business opportunities, ultimately impacting financial performance and long-term growth. However, these risks are mitigated through proactive measures the company has put in place, such as investing in sustainable technologies, adhering to strict regulatory compliance protocols, and continuously enhancing its CSR and ESG commitments. By addressing these risks strategically, the company aims to protect its market position and future profitability, while maintaining customer trust and regulatory compliance.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	The resilience of the Company's strategy to climate-related risks, where no physical risks are present, is built around mitigating the challenges of meeting decarbonization targets and regulatory requirements. The Company's vulnerability lies primarily in failing to comply with these critical environmental standards rather than facing direct physical climate risks. To address these challenges, the Company has implemented several proactive measures that enhance its resilience: 1. **ESG Program**: The Company has established a comprehensive Environmental, Social, and Governance (ESG) program, which includes detailed carbon emission reduction plans. This allows the Company to stay aligned

STRATEGIC REPORT (continued)

	with decarbonization goals while transparently communicating its progress. 2. **Supplier Code of Conduct and Assessment**: Social and environmental expectations are well known to our supplier through Mitel Supplier Code of Conduct which includes environmental and ethical standards. Suppliers are regularly assessed through a Supplier Management process to guarantee compliance with sustainability requirements. 3. **Procurement Processes**: Sustainable procurement processes are embedded within the organization to ensure that materials and services sourced by the Company contribute to its decarbonization efforts. This ensures alignment with the Company's overall sustainability objectives. 4. **Annual Review by EcoVadis**: The Company's ESG program undergoes an annual review by EcoVadis, a respected sustainability ratings provider. This independent review process ensures that the Company's ESG practices meet global standards and identifies opportunities for improvement. 5. **Portfolio Development and Decarbonization**: The Company has integrated decarbonization considerations into its portfolio development plans, ensuring that future offerings support a low-carbon economy and contribute to its overall sustainability targets. 6. **Positive Customer Satisfaction (CSAT) Results**: The Company's commitment to sustainability and ESG principles has led to positive Customer Satisfaction (CSAT) results, reflecting customer trust and approval of its environmentally responsible practices. By implementing these strategic initiatives, the Company significantly mitigates climate-related risks, protects its market position, and ensures long-term profitability, all while maintaining compliance with regulations and fostering strong customer relationships.
Describe the targets used by the business to manage climate-related risks and to realize climate-related opportunities and performance against those targets.	We are committed to achieving Net Zero emissions by 2050 based on Science Based Targets (SBTi).Mitel's focus is on reviewing all potential emissions and crafting science-based strategies to achieve net zero by 2050. The Net zero emissions target was developed in accordance with the IPCC(1.5^{0}c target) and SBTi guidance to become a part of the global climate change mitigation journey. The goal was developed with the assistance of SBTi target setting tool The company monitors and assesses the reduction in emissions on an annual basis. The scope of emissions includes Scope 1 and Scope 2 from our operations and Scope 3 indirect business. The emissions are calculated internally in accordance with GHG protocol. The targets are established to address the risk of inadequate carbon emission reductions, which could result in the loss of CSR/ESG reputation, diminished customer acceptance, and contribute to global warming. The 2023 target for carbon emissions was 12,993 MTCO2 vs 6,404.2 MTCO2 achieved (total for all scopes). As the emission data comes from multiple stakeholders both internal and external, the progress is monitored and assessed on annual basis.

MLN TOPCO LIMITED

STRATEGIC REPORT (continued)

<table>
<tr><td></td><td>For few parameters like the contract manufacturing emissions (purchased goods emissions), emissions from business travel and logistics emissions, we track and monitor the data on a quarterly basis through our internal KPIs.</td></tr>
<tr><td>Describe the key performance indicators used to assess progress against targets to manage climate-related risks and realize climate-related opportunities and a description of the calculations on which those key performance indicators are based.</td><td>Baseline Emissions Footprint:
Mitel uses 2021 emissions as our baseline for net zero targets. We have followed GHG protocol methodology for emission calculations. The baseline emissions include all the relevant scopes for Scope 1, Scope 2, and Scope 3 emissions. Those measurements are KPIs used by management to track progress against targets.
Baseline Year: 2021
Additional Details relating to the Baseline Emissions calculations.
We have recalculated our 2021 baseline to account for additional emission information we subsequently received from our real estate, travel, and logistics partners.
This includes all of Mitel's affiliates and locations but does not yet include the Unify portion of our business as it was acquired in late 2023. We will continue toward reporting an integrated emission footprint for all our overall blended operations with the intention to report a blended operations baseline by 2025. Our commitment to achieve net zero by 2050 remains unchanged.
<table>
<tr><th>EMISSIONS</th><th>TOTAL (MtCO2e) Baseline Year 2021</th><th>TOTAL (MtCO2e) Current Year 2023</th></tr>
<tr><td>Scope 1</td><td>309.8 MtCO2e</td><td>367.2
MtCO2e</td></tr>
<tr><td>Scope 2
Market Based</td><td>6,166.8 MtCO2e</td><td>1,594.4
MtCO2e</td></tr>
<tr><td>Scope 2
Location Based</td><td>5,695.7 MtCO2e</td><td>2,312.3
MtCO2c</td></tr>
<tr><td>Scope 3*
Includes all the relevant scope 3 categories excluding use of life and end of life emissions</td><td>11,139.2 MtCO2e</td><td>4,442.7
MtCO2e</td></tr>
<tr><td>Total Emissions</td><td>17,615.9 MtCO2e</td><td>6,404.2
MtCO2e</td></tr>
</table>
</td></tr>
</table>

STRATEGIC REPORT (continued)

	Mitel Carbon Reduction plan: • Scope 1 Emission – From leased vehicles to come down with switching to hybrid and electric models • Scope 2 Emission – Mitel Facilities (electricity, heating) • Scope 3 Emissions – Increased RE consumption by Mitel CMs and reliance on Ocean Freight for Logistics will reduce Scope 3 emissions

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
Francois Dekker
C87F5F0E1E0843E...

Director
Francois Dekker

DIRECTORS' REPORT

The directors present their Annual Report and the audited consolidated financial statements for the year ended December 31, 2023.

ACCOUNTING PERIOD

These consolidated financial statements are for the year ended December 31, 2023. The comparative results are for the year ended December 31, 2022.

DIVIDENDS

No dividend was paid during the year (year ended December 31, 2022 - $nil) and no dividends have been paid or proposed after the balance sheet date.

DIRECTORS

The directors of the company, who served throughout the financial period and subsequently, are as follows.

Francois Dekker
Nicolo Zanotto

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report.

SUBSEQUENT EVENTS

Subsequent events are detailed in note 21 to the financial statements.

RESEARCH AND DEVELOPMENT

Refer to s.172 report in the Strategic Report.

DISABLED EMPLOYEES

Refer to s.172 report in the Strategic Report.

EMPLOYEE CONSULATATION

Refer to s.172 report in the Strategic Report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial risks affecting the Company are foreign currency risk, interest rate risk, credit risk and concentration risk. More details about these risks can be found in note 17 to the consolidated financial statements.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:
Francois Dekker
C875F0E1E0843E...
Director
Francois Dekker

Deloitte.

Deloitte LLP
Suite 1600
100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel: 613-236-2442
Fax: 613-236-2195
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Independent Auditor's Report

To the Board of Directors and Shareholders of MLN TopCo Ltd.

Opinion

We have audited the consolidated financial statements of MLN TopCo Ltd. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2023, and the consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements of the Company for the year ended December 31, 2023, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Strategic and Directors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Strategic and Directors' Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 25, 2024

MLN TopCo Ltd.
CONSOLIDATED BALANCE SHEETS
(in U.S. dollars, millions, except share amounts)

		December 31, 2023		December 31, 2022
ASSETS				
Current assets:				
Cash and cash equivalents	$	**95.5**	$	102.1
Accounts receivable (net of allowance for doubtful accounts of **$15.8** and $7.0)		**205.4**		137.5
Inventories		**88.3**		65.7
Other current assets (note 4)		**143.8**		116.2
		533.0		421.5
Deferred tax asset (note 15)		**11.5**		1.3
Property and equipment (net) (note 5)		**29.9**		31.0
Operating lease right-of-use assets		**44.5**		30.7
Identifiable intangible assets (net) (note 6)		**404.8**		346.7
Pension asset (note 16)		**50.9**		45.5
Goodwill (net) (note 7)		**229.0**		229.0
Other non-current assets (note 8)		**6.2**		11.3
	$	**1,309.8**	$	1,117.0
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued liabilities (note 9)	$	**396.9**	$	245.8
Current portion of deferred revenue		**162.4**		115.4
Current portion of operating lease liabilities (note 11)		**21.4**		16.2
Current portion of long-term debt (note 10)		**1.3**		1.4
		582.0		378.8
Non-current portion of deferred revenue		**45.4**		38.3
Non-current portion of operating lease liabilities (note 11)		**58.7**		53.6
Long-term debt (note 10)		**1,282.6**		1,262.5
Deferred tax liability (note 15)		**37.6**		33.7
Pension liability (note 16)		**191.6**		13.8
Other non-current liabilities		**84.9**		29.3
		2,282.8		1,810.0
Commitments, guarantees and contingencies (note 11)				
Shareholders' equity (deficit):				
Ordinary share capital (outstanding: **134.7 million** and 134.7 million) and additional paid-in capital — (note 12)		**693.8**		691.5
Accumulated deficit		**(1,696.5)**		(1,443.1)
Accumulated other comprehensive income (loss)		**29.7**		58.6
		(973.0)		(693.0)
	$	**1,309.8**	$	1,117.0

(The accompanying notes are an integral part of these Consolidated Financial Statements)

MLN TopCo Ltd.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in U.S. dollars, millions)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenues	$ **870.7**	$ 905.6
Cost of revenues	**424.2**	421.4
Gross margin	**446.5**	484.2
Expenses:		
Selling, general and administrative	**284.7**	339.5
Research and development	**70.8**	86.9
Restructuring, integration and acquisition-related costs (note 13)	**39.7**	52.2
Amortization of acquisition-related intangible assets	**125.0**	115.6
	520.2	594.2
Operating loss	**(73.7)**	(110.0)
Interest expense	**(128.9)**	(108.6)
Gain (loss) on divestitures (note 3)	**(4.4)**	(146.4)
Debt retirement costs (note 10)	**(0.3)**	(11.1)
Other income (expense)	**(28.2)**	22.7
Loss before income taxes	**(235.5)**	(353.4)
Current income tax recovery (expense) (note 15)	**(15.7)**	6.7
Deferred income tax recovery (expense) (note 15)	**(2.2)**	(2.0)
Net loss	$ **(253.4)**	$ (348.7)

(The accompanying notes are an integral part of these Consolidated Financial Statements)

MLN TopCo Ltd.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in U.S. dollars, millions)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Net loss	$ **(253.4)**	$ (348.7)
Other comprehensive income (loss):		
Foreign currency translation adjustments	**12.1**	(14.4)
Pension liability adjustments, net of tax recovery (expense) of **$10.9** and ($14.0) (note 16)	**(31.0)**	43.6
Change in fair value of derivatives designated as cash flow hedges, net of tax recovery (expense) of **$3.5** and ($4.7) (note 17)	**(10.0)**	44.0
	(28.9)	73.2
Comprehensive income (loss)	$ **(282.3)**	$ (275.5)

(The accompanying notes are an integral part of these Consolidated Financial Statements)

MLN TopCo Ltd.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(in U.S. dollars, millions)

	Common Shares and Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
Balance at December 31, 2021	$ 688.3	$ (1,094.4)	$ (14.6)	$ (420.7)
Stock-based compensation (note 12)	3.2	—	—	3.2
Comprehensive income (loss)	—	(348.7)	73.2	(275.5)
Balance at December 31, 2022	$ 691.5	$ (1,443.1)	$ 58.6	$ (693.0)
Stock-based compensation (note 12)	**2.3**	—	—	**2.3**
Comprehensive income (loss)	—	**(253.4)**	**(28.9)**	**(282.3)**
Balance at December 31, 2023	**$ 693.8**	**$ (1,696.5)**	**$ 29.7**	**$ (973.0)**

(The accompanying notes are an integral part of these Consolidated Financial Statements)

MLN TopCo Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in U.S. dollars, millions)

	Year Ended December 31, 2023	Year Ended December 31, 2022
CASH PROVIDED BY (USED IN)		
Operating activities:		
Net loss	$ (253.4)	$ (348.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization and depreciation	143.0	135.4
Stock-based compensation	2.3	3.2
Deferred income tax expense (recovery)	2.2	2.0
Amortization of debt issue costs	(4.2)	4.9
Debt retirement costs	—	11.1
Loss on mark-to-market adjustment on investments (net) (note 3)	4.4	146.4
Non-cash movements in provisions	3.7	6.5
Change in non-cash operating assets and liabilities, net (note 14)	70.8	(140.9)
Net cash provided by (used in) operating activities	(31.2)	(180.1)
Investing activities:		
Additions to property, equipment and identifiable intangible assets	(13.8)	(15.4)
Acquisition of Unify, including acquired cash (note 3)	16.4	—
Proceeds from divestiture (note 3)	—	85.8
Net cash provided by (used in) investing activities	2.6	70.4
Financing activities:		
Proceeds from issuance of long-term debt	—	150.0
Payment of costs relating to debt issuance and exchange	(0.5)	(18.0)
Repayments of the first lien term loan	—	(2.8)
Borrowings under the revolving credit facility	26.0	70.0
Repayments of the revolving credit facility	—	(70.0)
Repayment of finance lease liabilities	(1.3)	(2.0)
Net cash provided by (used in) financing activities	24.2	127.2
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(1.1)
Increase (decrease) in cash equivalents	(6.6)	16.4
Total cash and cash equivalents, beginning of period	102.1	85.7
Total cash and cash equivalents, end of period	$ 95.5	$ 102.1

(Note 14 contains supplemental cash flow information)

(The accompanying notes are an integral part of these Consolidated Financial Statements)

MLN TopCo Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in U.S. dollars, millions, except for share amounts)

1. BACKGROUND AND NATURE OF OPERATIONS

MLN TopCo Ltd. ("Mitel" or the "Company") was incorporated under the laws of the Cayman Islands on April 19, 2018.

On November 30, 2018, the Company acquired all of the outstanding shares of Mitel Networks Corporation (NASDAQ:MITL, TSX:MNW), a global provider of unified communications hardware, software and services through direct, indirect and distribution channels, in exchange for total consideration of $1,934.5. In conjunction with the acquisition, the Company completed a financing of senior debt, as described in note 10.

2. ACCOUNTING POLICIES

a) Basis of Presentation

The consolidated balance sheets and consolidated statements of operations, comprehensive income (loss), shareholders' equity (deficit) and cash flows, along with the accompanying notes (together, the "Consolidated Financial Statements") have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP").

b) Basis of Consolidation

The Consolidated Financial Statements include the accounts of the Company and of its subsidiary companies. Intercompany transactions and balances have been eliminated on consolidation.

c) Use of Estimates

The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting periods.

Estimates and assumptions are used for, but not limited to, the determination of the fair values of assets and liabilities acquired through acquisitions, the fair value of investments, allowance for doubtful accounts, net realizable value of inventory, goodwill impairment assessments, estimated useful lives of property, equipment and intangible assets, accruals, warranty costs, sales rebates and returns, pension liability, contingencies, restructuring, integration and acquisition-related costs, income taxes, the determination of the incremental borrowing rate and lease term for operating leases, and the amortization period of contract assets, as well as certain estimates related to revenue recognition, as described in note 2(e).

Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the Consolidated Financial Statements in the period that they are determined. Actual results and outcomes could differ from these estimates.

d) Foreign Currency Translation

The Company's functional currency is the U.S. dollar and the Consolidated Financial Statements of the Company are prepared with the U.S. dollar as the reporting currency. Assets and liabilities of foreign operations with a functional currency other than the U.S. dollar are translated from foreign currencies into U.S. dollars at the exchange rates in effect at the balance sheet date while revenue and expense items are translated at the average exchange rate for the period. The resulting unrealized gains and losses are included as part of the cumulative foreign currency translation adjustment that is reported as part of other comprehensive income (loss).

Monetary assets and liabilities denominated in currencies foreign to the functional currency of each entity are translated into the functional currency using exchange rates in effect at the balance sheet date. All non-monetary assets and liabilities are translated at the exchange rates prevailing at the date the assets were acquired, or the liabilities incurred. Revenue and expense items are translated at the average exchange rate for the period. Foreign exchange gains and losses resulting from the translation of these accounts are included in the determination of net income for the period. For the year ended December 31, 2023, the Company recorded a foreign exchange loss of $21.9, which is included in other income (expense) on the consolidated statements of operations (year ended December 31, 2022 – foreign exchange gain of $18.9).

e) Revenue Recognition and Contract Costs

Revenue Recognition

The Company generates revenues primarily from the sale of unified communications systems and related services (collectively, a "Solution"). A typical Solution consists of a combination of IP phones, switches, software applications and support. A Solution may be deployed on the customer's premise (a unified communications or "UC" Solution) or deployed in a cloud environment and billed on a monthly basis (a unified-communications-as-a-service or "UCaaS" Solution). The Company also derives revenue in accordance with the partnership with RingCentral.

UC Solution Revenue

The Company sells UC Solutions primarily through channel partners and distributors.

For revenue generated through channel partners, a typical sale is supported by a customer contract, based on standard Mitel terms and conditions. The contract contains a standard discount against a list price for products and services and generally includes limited rebates and rights of return. As such, the transaction price for a sale to a channel partner is based on the standard pricing provided under the contract.

For revenue generated through distributors, a typical sale is supported by a customer contract, either based on standard Mitel terms and conditions or, in certain cases, a negotiated set of terms and conditions. A typical contract contains a standard discount against a list price for products and services and generally includes rebates as well as stock rotation or other return rights. To determine the transaction price for a sale to a distributor, the Company considers the up-front sale price at standard pricing, less estimates for rebates and returns. Estimates for rebates and returns are based on the Company's historical experience for such programs.

Payment terms for sales to channel partners generally range from 30 to 90 days. Payment terms for sales to distributors generally range from 30 to 60 days.

A typical UC Solution consists of the following:

- An IP-based unified communications platform, which consists of software, either embedded in hardware that the Company sells, or operating on hardware provided by the customer
- IP-based devices, including wired or wireless desktop phones
- Additional value-added software applications, which operate with our platforms
- Post-contract support, which includes software assurance (software support as well as when and if available upgrades)

The Company considers each of the above to be a distinct good or service and as such, accounts for each as a separate performance obligation. The Company allocates the transaction price to each of the performance obligations on a relative stand-alone selling price basis. As most sales are completed with standard discounting against a list price, the relative stand-alone selling price generally consists of the list price less a standard discount.

The Company recognizes revenue for performance obligations as follows:

Product Revenue — Hardware and Software

The Company recognizes hardware (platforms and devices) and software revenue when control of the product has transferred to the customer. Control is considered transferred generally when the customer has the risk and rewards of ownership of the product, which for hardware, is generally when the hardware is shipped by Mitel and for software, when the software has been provided or otherwise made available to the customer.

Post-Contract Support

Post-contract support consists primarily of software assurance revenue where the Company provides software upgrades on a when and if available basis and software support for a fixed annual fee under contracts that range from one to five years. Revenue from post-contract support is recognized ratably over the contractual period as the customer simultaneously receives and consumes the benefits over time.

UCaaS Solution Revenue

The Company primarily sells UCaaS Solutions directly to end customers under a monthly recurring billing model. A typical UCaaS Solution is sold under standard Mitel terms and conditions, which include a fixed monthly payment, under 30-day payment terms, for services over an initial term of three years. UCaaS Solutions consist of:

- The right to use an IP-based unified communications platform and additional value-added software applications hosted by Mitel over the term of the contract
- The right to use IP-based devices over the term of the contract
- Technical support over the term of the contract
- Voice and data telecommunication services

The Company does not consider these performance obligations distinct in the context of the contract with the customer as the customer views the contract as providing a single monthly unified communications service. As a result, the Company has grouped the goods and services together as a single performance obligation and considers the performance obligation to be fulfilled over the life of the contract. Revenue is then recognized ratably as monthly services are being provided as the customer simultaneously receives and consumes the benefits over time.

Federal Universal Service Fund and other regulatory fees are assessed by various governmental authorities in connection with the services the Company provides to customers and are included in cost of revenues in the consolidated statements of operations. In many cases, the Company will separately bill and collect these regulatory fees from customers, as allowed by the governmental authorities, and these are recorded in revenue in the consolidated statements of operations.

In conjunction with the sale of patents in November 2021, Mitel entered into additional agreements for RingCentral to be the exclusive UCaaS solutions partner for Mitel. Under this arrangement, Mitel is compensated by RingCentral for the successful migration of Mitel's current UCaaS subscription customers, and UC customer base to RingCentral.

Disaggregation of revenues

The Company's revenues are earned as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
UC – products	$ **314.1**	$ 307.5
UC – services(1)	**331.8**	257.0
UCaaS	**224.8**	341.1
	$ **870.7**	$ 905.6

(1) Included in UC services for the year ended December 31, 2023 is $0.6 of adjustments relating to purchase accounting (year ended December 31, 2022 – $1.7). In accordance with the fair value provisions applicable to the accounting for business combinations, acquired deferred revenue relating to acquisitions is recorded on the opening balance sheet of the acquired company at an amount that is generally lower than the historical carrying value. Although this purchase accounting requirement has no impact on the Company's business or cash flow, it results in a deferred revenue balance lower than historical book value and adversely impacts the Company's revenue in the reporting periods following the acquisition.

The Company has disaggregated its revenues based on the nature of the revenue streams. This disaggregation is consistent with how the Company's chief operating decision maker, its CEO, regularly reviews the financial performance of the Company. UC product revenue consists of hardware and software and is recognized at the point in time when control has passed to the customer, as described above. UC service revenue is recorded over time as the service is provided. UCaaS revenues now consist of services as well as migration revenues. Service revenues provided under a monthly, recurring billing model, are recognized over time. Migration revenues are recognized when a contract is signed between the customer and the service provider.

Significant estimates and judgments relating to revenue recognition

For the UC business, in determining the estimated total transaction price, the Company estimates levels of rebates and returns (including stock rotation) based on the Company's historical experience. In cases where the Company enters into a significant new customer or distributor agreement, significant judgment may be required to estimate rebate and return levels based on the Company's historical experience with customers and distributors with similar terms. In addition, when allocating the total transaction price amongst performance obligations, the Company estimates the relative selling price of the performance obligations based on its historical experience. While this area may require some judgment, in most cases the performance obligations of a contract are satisfied in the same reporting period, with the exception of post-contract support, which is generally less than 10% of the total contract price.

For the UCaaS business, the Company estimates the total contract period based on historical experience. Any initial discount, rebate or free period is considered as the Company estimates the total transaction price of the contract.

Contract Costs

The Company defers incremental costs to obtain, as well as incremental costs to fulfill, a contract with a customer for both UC Solutions and UCaaS Solutions, provided the incremental costs are expected to be recovered. These costs are amortized as the related revenue is recognized. The Company has elected to apply a practical expedient under the guidance and expenses costs to obtain a contract as incurred if the amortization period would have been one year or less. Unamortized deferred contract costs are recorded as other non-current assets in the consolidated balance sheets and totaled $1.8 at December 31, 2023 (December 31, 2022 – $4.2).

UC Solution contract costs

For UC Solution contracts, the Company's incremental costs to obtain the customer contracts consist primarily of commissions to the Company's internal salesforce, where the commissions were incurred directly as the result of sales achieved. Incremental costs to obtain the contract are generally incurred in the same period as the performance obligation is satisfied, with the exception of post-contract support. As a result, the Company defers incremental contract costs allocated to post-contract support and amortizes the costs over the period of post-contract support.

For UC Solution contracts, costs to fulfill are generally discrete for each performance obligation and incurred in the same period as the related performance obligation is satisfied. As a result, the Company has not deferred any costs to fulfill relating to UC Solution contracts.

UCaaS Solution contract costs

For UCaaS Solution contracts, the Company's incremental costs to obtain the customer contracts consist of commissions to the Company's internal salesforce, where the commissions were incurred directly as the result of sales achieved, as well as incentives paid to external agents for obtaining contracts. For UCaaS Solution contracts, costs to fulfill generally consist of customer activation costs. The Company defers both incremental contract costs and costs to fulfill for UCaaS Solution contracts and amortizes the costs over the estimated term of the contract, plus any expected renewal periods.

Balance sheet accounts relating to contracts with customers

The Company's significant balance sheet accounts relating to contracts with customers are as follows:

	December 31, 2023	December 31, 2022
Accounts receivable	$ **205.4**	$ 137.5
Contract assets included in other current assets	**16.5**	3.2
Contract assets included in other non-current assets	**1.8**	4.2
Current portion of deferred revenue	**162.4**	115.4
Non-current portion of deferred revenue	**45.4**	38.3

Remaining Performance Obligations

The aggregate amount of total transaction price allocated to performance obligations in contracts existing as of the balance sheet date, which are wholly or partially unsatisfied as of the end of the reporting period, and the expected time frame for satisfaction of those wholly or partially unsatisfied performance obligations, are as follows:

2024	$ **162.4**
2025	**32.9**
2026	**8.2**
2027	**3.0**
2028 and thereafter	**1.3**
Deferred revenue, December 31, 2023	$ **207.8**

The Company recognized $115.4 of revenue during the year ended December 31, 2023 that related to contract liabilities included in the opening balance of the current portion of deferred revenue (year ended December 31, 2022 - $121.0).

f) Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments that have terms to maturity of three months or less at the time of acquisition, and generally consist of cash on hand and investment-grade marketable securities. Cash equivalents are carried at amortized cost, which approximates their fair value. At December 31, 2023, the Company had cash of $94.5 and cash equivalents of $1.0 (December 31, 2022 – cash of $101.3 and cash equivalents of $0.8).

g) Restricted Cash

Restricted cash represents cash provided to support letters of credit outstanding and to support certain of the Company's credit facilities or other obligations. Restricted cash is presented within other current assets on the consolidated balance sheets.

h) Allowance for Doubtful Accounts

The allowance for doubtful accounts represents the Company's best estimate of probable losses that may result from the inability of its customers to make required payments. Reserves are established and maintained against estimated losses based upon historical loss experience, past due accounts, and specific account analysis. The Company regularly reviews the level of allowances for doubtful accounts and adjusts the level of allowances as needed. Consideration is given to accounts past due as well as other risks in the current portion of the accounts. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than historical experience, the estimate of the recoverability of amounts due could be adversely affected.

i) Inventories

Inventories are valued at the lower of cost (calculated on a first-in, first-out basis, which is approximated by standard cost) and net realizable value. Inventory is written down for estimated obsolescence equal to the difference between the cost of inventory and the net realizable value, based upon an aging analysis of the inventory on hand, specific known inventory-related risks and assumptions about future demand. Substantially all inventory consists of finished goods, primarily manufactured by contract manufacturers.

j) Property and Equipment

Property and equipment are initially recorded at cost. Depreciation is provided on a straight-line basis over the anticipated useful lives of the assets. Estimated lives range from two to ten years for equipment. Amortization of leasehold improvements is computed using the shorter of the remaining lease term or the useful life of the asset, generally five years.

The Company performs reviews for the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing the impairment, the Company compares projected undiscounted net cash flows associated with the related asset or group of assets over their estimated remaining useful life against their carrying amounts. If the projected undiscounted net cash flows are not sufficient to recover the carrying value of the assets, the assets are written down to their estimated fair values based on expected discounted cash flows. Changes in the estimates and assumptions used in assessing projected cash flows could materially affect the results of management's evaluation.

Assets leased on terms that transfer substantially all of the benefits and risks of ownership to the Company are accounted for as finance leases, as though the asset had been purchased outright and a liability incurred. All other leases are accounted for as operating leases.

Where a lease is determined to be an operating lease, the Company records an operating lease right-of-use asset and current and non-current operating lease liabilities in the consolidated balance sheets. The right-of-use asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the operating leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at the lease commencement date. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected not to recognize right-of-use assets and lease obligations for its short-term leases, which are defined as leases with an expected initial term of 12 months or less. The Company's short-term leases were not material for the years ended

December 31, 2023 and December 31, 2022. The Company has elected to consider both the lease and non-lease components as a single lease component.

The Company capitalizes qualifying internal-use software development costs that are incurred during the application development stage, provided that management with the relevant authority authorizes and commits to the funding of the project, it is probable the project will be completed, and the software will be used to perform the function intended. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized internal-use software development costs are included in property and equipment and are amortized on a straight-line basis over their estimated useful lives. For the year ended December 31, 2023, the Company capitalized $2.8 of internal-use software development costs (year ended December 31, 2022 – $5.6). The carrying value of internal-use software development costs at December 31, 2023 was $3.5 (December 31, 2022 - $4.7).

k) Identifiable Intangible Assets and Goodwill

Intangible assets include patents, trademarks, customer relationships and acquired technology. Amortization is provided on a straight-line basis over the estimated useful lives of the assets. The Company evaluates intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed based on the carrying value of the asset and the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable.

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and intangible assets acquired in business combinations. Goodwill is not amortized, but is subject to annual impairment tests, or more frequently if circumstances indicate that it is more likely than not that the fair value of the reporting unit is below its carrying amount. The Company performs its annual goodwill impairment test on October 1 of each year.

l) Derivative Financial Instruments

The Company uses foreign currency forward contracts to manage the impact of currency fluctuations on foreign currency receivables and payables (fair value hedges). The Company has also hedged cash flows by entering into interest rate swap agreements to manage the impact of interest rate changes on a portion of the forecasted interest payments on its variable rate debt (cash flow hedges).

For derivative instruments that qualify for hedge accounting (cash flow hedges), gains or losses on the effective portion of the hedge are initially reported as a separate component of other comprehensive income (loss) and subsequently recorded in income when the hedged item affects income or when the hedge is no longer deemed effective.

For fair value hedges and other derivative instruments that do not qualify for hedge accounting, the derivative instrument is recorded at fair market value, with subsequent changes in fair market value recorded in other income (expense) during the period of change.

m) Income Taxes

Income taxes are accounted for using the asset and liability method. Under this approach, deferred tax assets and liabilities are determined based on differences between the carrying amounts and the tax basis of assets and liabilities and are measured using enacted tax rates and laws. Deferred tax assets are recognized only to the extent that it is more likely than not that the future tax assets will be realized in the future.

The Company calculates certain tax liabilities based on the likely outcome of uncertain tax positions ("UTPs") and records this amount as an expense during the year in which UTPs are identified. Each UTP is remeasured each period to reflect any changes in facts and circumstances until the UTP is resolved. The Company also records interest and penalties associated with these UTPs. The Company classifies penalties and accrued interest related to income tax liabilities in income tax expense.

n) Research and Development

Research costs are charged to expense in the periods in which they are incurred. Software development costs related to software for external sale, primarily related to the Company's UC business, are expensed, as the costs incurred for the period from technological feasibility, as defined under software company specific guidance, to release is not material. Software development costs related to internal-use software, including software developed for the Company's UCaaS business, are capitalized as described under note 2(j) above.

o) Defined Benefit Pension Plans

Pension expense under defined benefit pension plans is actuarially determined using the projected benefit method, and management's best estimate assumptions. Pension plan assets are valued at fair value. The excess of any cumulative net actuarial gain (loss) over ten percent of the greater of the projected benefit obligation and the fair value of plan assets at the beginning of the year is amortized over the average remaining service life of its members, or in the case where the plan no longer grants service, over the average remaining life expectancy of its members. Based on the annual valuation, the funded status of the defined benefit pension plans is recognized as a liability or an asset on the consolidated balance sheets, with an offsetting adjustment made to accumulated other comprehensive income (loss). The Company measures its plan assets and obligations at the balance sheet date.

The discount rate assumption used reflects prevailing rates available on high-quality, fixed-income debt instruments. The assumption for long-term rate of return is based on the yield available on long-dated government and corporate bonds at the measurement date with an allowance for outperformance based on historical returns of each asset class.

The service cost component of pension and post-retirement costs is recorded in the same line as the other compensation costs for the relevant employee while non-service components are classified as other income (expense), outside of operating income (loss). The Company's net periodic benefit cost is disclosed in note 16.

p) Stock-Based Compensation

The Company grants stock options to employees of the Company for a fixed number of shares with an exercise price at least equal to fair market value of the shares at the date of grant.

Stock-based compensation expense for stock options is based on the fair value estimate made on the grant date using the Black-Scholes option-pricing model for each award and is recognized on a straight-line basis over the employee service period, which is the vesting period. The Company estimates the volatility of its stock for the Black-Scholes option-pricing model using volatility of comparable public companies.

Forfeitures are accounted for as they occur, through reversal of the previously recognized expense on the awards that were forfeited during the year.

q) Other Comprehensive Income (Loss)

Other comprehensive income (loss) includes unrealized gains and losses excluded from the consolidated statements of operations. These unrealized gains and losses consist of foreign currency translation adjustments, which are not adjusted for income taxes since they relate to indefinite investments in foreign subsidiaries, cash flow hedges, and changes in the unfunded status of defined benefit pension plans. Accumulated other comprehensive income (loss) at December 31, 2023 consisted of unrealized gains on foreign currency translation adjustments of $6.0 (December 31, 2022 – unrealized losses of $6.1), unrealized gains on cash flow hedges of $3.6 (December 31, 2022 – unrealized gains of $13.6), and unrealized gains on defined benefit pension plans of $20.1 (December 31, 2022 – unrealized gains of $51.1).

r) Advertising Costs

The cost of advertising is expensed as incurred, except for cooperative advertising obligations, which are expensed at the time the related sales are recognized,and the advertising credits are earned. Cooperative advertising obligations are recorded as a reduction to revenue when the cooperative advertising obligation is estimated to be used for Mitel product or services and are recorded as selling, general and administrative expenses when the cooperative advertising obligation is estimated to be used for cooperative advertising of Mitel products and services. Advertising costs are recorded in selling, general and administrative expenses. For the year ended December 31, 2023, the Company incurred $5.9 of advertising costs, of which $3.3 related to cooperative advertising expenses (year ended December 31, 2022 – $6.4 of advertising costs, of which $4.3 related to cooperative advertising expenses).

s) Product Warranties

At the time revenue is recognized, a provision for estimated warranty costs is recorded as a component of cost of sales. The warranty accrual represents the Company's best estimate of the costs necessary to settle future and existing claims on products sold as of the balance sheet date based on the terms of the warranty, which vary by customer and product, historical product return rates and estimated average repair costs. The Company periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary.

t) Restructuring, Integration and Acquisition-related Costs

Restructuring costs generally relate to workforce reductions and facility reductions incurred to eliminate duplication of activities as a result of acquisitions or to improve operational efficiency. Costs related to workforce reductions are recorded when the Company has committed to a plan of termination and notified the employees of the terms of the plan. Costs related to facility reductions primarily consist of lease termination obligations for vacant facilities, which generally include the remaining payments on an operating lease. Lease termination obligations are reduced for probable future sublease income. In addition, integration costs include professional services and consulting services incurred to complete the integration of acquisitions, which are expensed as incurred. Acquisition-related costs consist of incremental costs incurred for diligence activities and closing costs for acquisitions and divestitures and are expensed as incurred.

u) Accounting Pronouncements Issued, but not yet Adopted

There were no significant accounting pronouncements that have been issued, but not yet adopted, at the time of filing the statements.

3. Acquisitions

a) Acquisition of Unify

On January 24, 2023, Mitel entered into exclusive negotiations with Atos to acquire Unify, the Unified Communications and Collaboration (UCC) and Communication and Collaboration Services (CCS) businesses of the Atos group under a Share and Asset Purchase Agreement (SAPA). Under the terms of the SAPA, Atos agreed to sell the Unify business for purchase consideration of 50.0 million Euros of cash at closing, subject to customary adjustments for working capital, and 27.0 million Euros of deferred consideration. At the time of filing these financial statements, the period for adjusting working capital had not closed, as a result the final purchase price has not been determined.

Accounting for the acquisition is not finalized, pending the completion of a comprehensive valuation of the net assets acquired. The financial statements as at December 31, 2023 reflect management's current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the end of the third quarter of 2024.

The acquisition included share purchases, and asset purchases for aspects of the business that were integrated within Atos. Unify was a global provider of unified communications and collaboration software, solutions and services with annual revenues of approximately 500.0 million Euro for the year ended December 31, 2022. The transaction was completed on September 30, 2023.

The Company is required to allocate the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values. The excess of the purchase price over those fair values is recorded as goodwill. The preliminary purchase price and allocation of the purchase price is as follows:

		September 30, 2023
Net assets:		
Cash and cash equivalents	$	38.1
Accounts receivable(1)		86.8
Inventories(2)		42.0
Other current assets		84.1
Property and equipment		3.5
Right of use asset		22.4
Deferred tax asset		2.4
Intangible assets(3) (5)		181.7
Other non-current assets		0.2
Accounts payable and accrued liabilities		(148.9)
Deferred revenue, current		(50.6)
Operating lease liability, current		(6.9)
Deferred revenue, non-current		(8.1)
Deferred tax liability		(10.0)
Operating lease liability, non-current		(15.8)
Pension liability(4)		(133.1)
Other non-current liabilities		(25.0)
Net assets acquired	$	62.8
Consideration given:		
Cash paid to Atos	$	21.7
Cash owing to Atos(5)		41.1
Total consideration given	$	62.8

(1) Fair value of accounts receivable consists of gross contractual amounts receivable of $96.7, less best estimate of amounts not expected to be collected of $9.9.

(2) Fair value of inventory consists of inventory with a historical cost of $52.4 less a historical provision of $10.4.

(3) Intangible assets are expected to be amortized over the estimated useful life of the asset of 5 years and are not expected to be deductible for tax purposes, with the exception of certain asset purchases.
(4) The amounts recorded for pension liability consist primarily of unfunded defined benefit pension plans in Germany and the US. Additional information on these plans is included in note 24.
(5) The period for determining adjustments to the purchase price, including a final working capital adjustment, is still open and, as a result, the final consideration may vary from the current estimate.

Unify's results of operations are included in the consolidated statements of operations of the combined entity from the date of acquisition. The amount of revenue from the acquisition included in the Company's results of operations for year ended December 31, 2023 was $147.5. The amount of net income from the acquisition included in the Company's results of operations for year ended December 31, 2023 was $0.5, which includes amortization of acquired intangibles of $9.0.

4. OTHER CURRENT ASSETS

	December 31, 2023	December 31, 2022
Prepaid expenses and deferred charges	$ 33.3	$ 24.6
Unbilled receivables	69.5	46.9
Income tax receivable	7.6	20.7
Other receivables	33.0	23.9
Restricted cash	0.4	0.1
	$ 143.8	$ 116.2

5. PROPERTY AND EQUIPMENT

	December 31, 2023			December 31, 2023		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Property and Equipment	$ 114.4	$ (84.5)	$ 29.9	$ 103.1	$ (72.1)	$ 31.0

Depreciation expense on property and equipment recorded in the year ended December 31, 2023 amounted to $17.4 (year ended December 31, 2022 – $17.9).

6. IDENTIFIABLE INTANGIBLE ASSETS

	December 31, 2023			December 31, 2022		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Developed technology	$ 504.6	$ (366.4)	$ 138.2	$ 504.6	$ (294.3)	$ 210.3
Customer relationships	304.5	(221.1)	83.4	304.5	(177.6)	126.9
Other acquired intangibles	181.7	(9.0)	172.7	—	—	—
Trademarks	9.0	—	9.0	8.9	—	8.9
Patents and other	7.1	(5.6)	1.5	5.5	(4.9)	0.6
	$ 1,006.9	$ (602.1)	$ 404.8	$ 823.5	$ (476.8)	$ 346.7

The cost for developed technology, customer relationships and trademarks represents the fair value of intangible assets upon acquisition. The developed technology and customer relationships are amortized on a straight-line basis over their estimated useful lives of seven years. The patents and other consists primarily of the cost to register and defend patents and are amortized on a straight-line basis over their estimated useful lives of four years. Other acquired intangibles are the estimated intangibles relating to the acquisition of Unify (note 3) and are being amortized on a straight-line basis over the estimated useful life of 5 years.

Amortization of identifiable intangible assets for the year ended December 31, 2023 was $125.0 (year ended December 31, 2022 – $117.5). The estimated amortization expense, related to intangible assets in existence as of December 31, 2023, over the next five fiscal years is as follows: 2024 — $152.6, 2025 — $143.0, 2026 — $36.6, 2027 — $36.3, and 2028 — $27.3.

7. GOODWILL

Goodwill relates to the November 30, 2018 acquisition of Mitel Networks Corporation, as described in note 1.

Goodwill, December 31, 2022 and 2023	$ 229.0

8. OTHER NON-CURRENT ASSETS

	December 31, 2023	December 31, 2022
Debt issue costs relating to the revolving credit facility, net	$ **0.2**	$ 0.2
Contract costs	**1.8**	4.2
Other non-current assets	**4.2**	6.9
	$ **6.2**	$ 11.3

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Trade payables	$ **107.7**	$ 51.3
Employee-related payables	**56.1**	60.6
Accrued liabilities	**133.9**	101.1
Restructuring, warranty and other provisions	**56.9**	8.2
Other payables	**42.3**	24.6
	$ **396.9**	$ 245.8

10. LONG-TERM DEBT

	December 31, 2023	December 31, 2022
Priority lien term loan entered into on October 18, 2022	$ **155.8**	$ 155.8
New Second Lien Term Loan entered into on October 18, 2022	**576.3**	576.3
New Third Lien Term Loan entered into on October 18, 2022	**157.0**	124.8
Initial First Lien Term Loan entered into on November 30, 2018	**235.3**	280.9
Initial Second Lien Term Loan entered into on November 30, 2018	**108.4**	108.4
Unamortized reduction in face value due to the exchange transactions	**60.8**	62.3
Finance leases	**1.7**	3.0
Revolving credit facility entered into on November 18, 2022	**26.0**	—
Unamortized original issue discount	**(7.7)**	(9.1)
Unamortized debt issue costs	**(29.7)**	(38.5)
	1,283.9	1,263.9
Less: current portion	**(1.3)**	(1.4)
	$ **1,282.6**	$ 1,262.5

Summary of significant transactions affecting the reported periods

The following significant debt transactions are further described below:

On November 30, 2018, in connection with the acquisition of Mitel Networks Corporation (as described in note 1), the Company entered into the 2018 Credit Facilities (as defined below). The senior credit facilities initially consisted of an Initial First Lien Term Loan, an Initial Second Lien Term Loan and an Initial Revolving Credit Facility (each as defined below).

On October 18, 2022, the Company entered into the 2022 Credit Facilities (as defined below). The Company borrowed a new Priority Lien Term Loan and entered into exchange transactions pursuant to which a portion of the Initial First Lien Term Loan was exchanged into a New Second Lien Term Loan and a portion of the Initial Second Lien Term Loan was exchanged into a New Third Lien Term Loan.

On November 18, 2022, the Company entered into the New Revolving Credit Facility and terminated the Initial Revolving Credit Facility.

2018 Credit Facilities

On November 30, 2018, in connection with the acquisition of Mitel Networks Corporation (as described in note 1), the Company completed borrowings under the 2018 Credit Facilities. The senior credit facilities initially consisted of a $1,120.0 first lien term loan ("Initial First Lien Term Loan"), a $260.0 second lien term loan ("Initial Second Lien Term Loan") and a $100.0 revolving credit facility ("Initial Revolving Credit Facility"), (together, the "2018 Credit Facilities"). Costs incurred in connection with the 2018 Credit Facilities of $43.2 were recorded net against long-term debt and are being amortized over the duration of each respective term loan. Costs incurred of $2.9 relating to the Initial Revolving Credit Facility were recorded as other non-current assets and were being amortized on a straight-line basis over the term of the Initial Revolving Credit Facility.

The Initial First Lien Term Loan initially bore interest at LIBOR plus 4.50% or, at the option of the Company, a base rate plus an applicable margin. The Initial Second Lien Term Loan initially bore interest at LIBOR plus 8.75% or, at the option of the Company, a base rate plus an applicable margin. On October 15, 2022, the Company amended its 2018 Credit Facilities to change the variable portion of interest rates from LIBOR to SOFR and make a corresponding 0.10% credit spread adjustment to the related interest rate margin. The Initial First Lien Term Loan, as amended, bears interest at SOFR plus 4.60% or, at the option of the Company, a base rate plus an applicable margin. The Initial Second Lien Term Loan, as amended, bears interest at SOFR plus 8.85% or, at the option of the Company, a base rate plus an applicable margin.

In November 2021, the Company repaid $200.0 of its Initial First Lien Term Loan, using a portion of the proceeds from the RingCentral transaction (note 3). In connection with the repayment, the Company wrote off $3.6 of unamortized debt issue costs.

In connection with the October 18, 2022 financing and exchange, as described below, $602.7 of aggregate principal amount of the Initial First Lien Term Loan was exchanged for $563.1 of aggregate principal amount of the New Second Lien Term Loan and $151.6 of aggregate principal amount of the Initial Second Lien Term Loan was exchanged for $124.8 of aggregate principal amount of the New Third Lien Term Loan and certain affirmative and negative covenants were amended in the 2018 Credit Facilities.

The Initial First Lien Term Loan initially required quarterly repayments of $2.8 with the balance due on maturity in November 2025. In addition, the Initial First Lien Term Loan required annual payments of a certain percentage of excess cash flow (as defined in the credit agreement), to be paid within 95 days of the end of the fiscal year. As described above, in November 2021 the Company made a voluntary prepayment of $200.0 on the Initial First Lien Term Loan, which eliminated the remaining mandatory quarterly repayments. As amended, the Initial First Lien Term Loan does not require annual excess cash flow repayments and is due on maturity in November 2025. The Initial Second Lien Term Loan does not require quarterly repayments and is due on maturity in November 2026.

The Initial Revolving Credit Facility bore interest at LIBOR plus 4.50% or, at the option of the Company, a base rate plus an applicable margin and had a maturity of November 2023. The Initial Revolving Credit Facility had a 0.50% commitment fee for any undrawn amounts. The Initial Revolving Credit Facility was terminated in November 2022, in connection with the New Revolving Credit Facility, as described below. Upon termination of the Initial Revolving Credit Facility, unamortized costs of 0.6 were expensed.

The 2018 Credit Facilities, as amended, have certain default clauses and contain affirmative and negative covenants, as described in the amended credit agreement. The Company was in compliance with the applicable covenants at December 31, 2023 and 2022.

2022 Credit Facilities

On October 18, 2022, Mitel entered into a new financing arrangement, which consisted of a new $155.8 priority lien term loan ("Priority Lien Term Loan"). In addition, Mitel (i) purchased by way of assignment $602.7 of the Initial First Lien Term Loan and, in exchange, issued $563.1 of a new second lien term loan ("New Second Lien Term Loan"), and (ii) purchased by way of assignment $151.6 of the Initial Second Lien Term Loan and, in exchange, issued $124.8 of a new third lien term loan ("New Third Lien Term Loan"). On November 18, 2022 Mitel entered into a new $65.0 revolving credit facility ("New Revolving Credit Facility" and, together with the Priority Lien Term Loan, New Second Lien Term Loan and New Third Lien Term Loan, the 2022 Credit Facilities).

The Priority Lien Term Loan bears interest at SOFR plus 6.54% or, at the option of the Company, a base rate plus an applicable margin. The New Second Lien Term Loan bears interest at SOFR plus 6.80% or, at the option of the Company, a base rate plus an applicable margin. The New Third Lien Term Loan bears interest at SOFR plus 9.35% or, at the option of the Company, a base rate plus an applicable margin. The Priority Lien Term Loan, New Second Lien Term Loan and New Third Lien Term Loan mature upon are the earliest of 1) October 2027, 2) 60 days prior to the maturity date of the Initial First Lien Term Loan, subject to certain conditions, or 3) 60 days prior to the maturity date of the Initial Second Lien Term Loan, subject to certain conditions. The New Revolving Credit Facility bears interest at SOFR plus 6.54% or, at the option of the Company, a base rate plus an applicable margin and had a maturity of November 2025.

The 2022 Credit Facilities also require semi-annual prepayments of 75% of excess cash flow (as defined in the credit agreement). The prepayments are reduced to 50% of excess cash flow if the Gross Total Leverage Ratio (as defined in the credit agreement) is less than or equal to 3.0 to 1.0. The Company may also make voluntary prepayments. There is a prepayment premium that ranges from 4.0% to nil, depending on the timing and nature of the prepayment, as described further in the credit agreements.

Costs incurred in connection with the Priority Lien Term Loan totaled $16.6 and original issue discount of $5.8 were recorded net against long-term debt and are being amortized over the expected term of the loan. Costs incurred of $0.2 relating to the revolving credit facility were recorded as other non-current assets and are being amortized on a straight-line basis over the term of the revolving credit facility.

The 2022 Credit Facilities have certain default clauses and contain affirmative and negative covenants, including: periodic financial reporting requirements, limitations on the incurrence of additional indebtedness, limitations on liens, limitations on investments, and limitations on the payment of dividends and repurchases of shares. In addition, beginning with the fiscal period ended March 31, 2023, the Company is required to have a Net Priority Secured Leverage Ratio (as defined in the 2022 Credit Facilities) at or below 6.25:1.00. The Company was in compliance with these covenants at December 31, 2023.

2022 Exchanges

As described above, in connection with the 2022 Credit Facilities, the Company purchased by way of assignment $602.7 of the Initial First Lien Term Loan in exchange for $563.1 of the New Second Lien Term Loan and purchased by way of assignment $151.6 of the Initial Second Lien Term Loan in exchange for $124.8 of the New Third Lien Term Loan. The transactions were completed with various lenders, some of whom sold and exchanged only Initial First Lien Term Loan, some of whom sold and exchanged only Initial Second Lien Term Loan and some of whom sold and exchanged both Initial First Lien Term Loan and Initial Second Lien Term Loan. Under the governing credit agreements, once Initial First Lien Term Loan or Initial Second Lien Term Loan was purchased by way of assignment by the Company, such term loans were deemed to be cancelled and extinguished.

The Company assessed the transactions under Accounting Standards Codification ("ASC") 470 and concluded that no significant gain or loss should be recorded on the transactions. For accounting purposes, the reduction in face value of the debt has been deferred.

2023 Exchanges

As described above, in connection with the 2022 Credit Facilities, in March 2023 the Company purchased by way of assignment an additional $45.5 of the Initial First Lien Term Loan in exchange for $32.2 of the New Third Lien Term Loan. The transactions were completed with various lenders. Under the governing credit agreements, once the Initial First Lien Term Loan was purchased by way of assignment by the Company, such term loans were deemed to be cancelled and extinguished.

The Company assessed the transactions under Accounting Standards Codification ("ASC") 470 and concluded that no significant gain or loss should be recorded on the transactions. For accounting purposes, the reduction in face value of the debt has been deferred.

Interest rate Swap

On October 25, 2018 the Company entered into an interest rate swap to effectively fix the LIBOR portion of the interest rate on approximately 70% of its then-outstanding borrowings under the 2018 Credit Facilities for the period from April 2019 to February 2024, as described in note 17. The hedge remained effective against the term loans outstanding under the 2018 Credit Facilities and 2022 Credit Facilities. In September 2023 the hedging instrument was sold, and the remaining unrecognized gains are being amortized over the hedged transaction, through March 2024.

11. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Commitments

Operating Leases

The Company primarily leases facilities in the U.S and Europe under operating leases. For the year ended December 31, 2023, the Company's expense for operating leases, which approximates the cash paid, was $16.5 (year ended December 31, 2022 – $29.0).

Other information on operating leases is as follows:

	December 31, 2023	December 31, 2022
Weighted average lease term remaining	**6.3 years**	7.5 years
Weighted average discount rate of operating lease obligations	**6.5%**	6.1%
Assets obtained in exchange for operating lease obligations through the Unify acquisition during the year	**$ 21.5**	$ —
Assets obtained in exchange for operating lease obligations during the year	**2.7**	5.3

Future minimum operating lease payments, primarily consisting of base rent for facilities, are as follows:

Fiscal year	
2024	$ 21.7
2025	20.7
2026	15.8
2027	14.2
2028	10.4
Thereafter	28.6
Total undiscounted lease obligations	111.4
Less: imputed interest	(31.3)
Total operating lease obligation, December 31, 2023	80.1
Less: current portion	(21.4)
Non-current portion of operating lease obligation, December 31, 2023	$ 58.7

Guarantees

The Company has the following major types of guarantees:

Product Warranties

The Company provides its customers with standard warranties on hardware and software for periods up to 15 months. The following table details the changes in the warranty liability:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Balance, opening	**$ 1.8**	$ 2.2
Increase in warranty provision due to Unify acquisition	**0.9**	—
Warranty costs paid	**(1.5)**	(1.6)
Warranties expense	**1.5**	1.2
Balance, closing	**$ 2.7**	$ 1.8

Intellectual Property Indemnification Obligations

The Company enters into agreements with customers and suppliers on a regular basis that include limited intellectual property indemnification obligations that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party intellectual property claims arising from these transactions. The nature of these intellectual property indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to its customers and suppliers. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the Consolidated Financial Statements with respect to these guarantees.

Contingencies

Letters of Credit and Guarantees

Letters of credit, financial guarantees and other similar instruments are reviewed regularly, and the results of these reviews are considered in assessing the adequacy of the Company's reserve for possible credit and guarantee losses. Letters of credit, bank guarantees and other similar instruments amounted to $1.6 at December 31, 2023 (December 31, 2022 – $1.4). The estimated fair value of letters of credit, bank guarantees and similar instruments, which is equal to the fees paid to obtain the obligations, was not significant at December 31, 2023 or December 31, 2022.

Legal proceedings

The Company is regularly party to legal proceedings, claims and potential claims. The Company's management and legal counsel estimate that any monetary liability or financial impact of such claims or potential claims to which the Company might be subject after final adjudication would not be material to the Consolidated Financial Statements. In circumstances where the outcome of the lawsuit is expected to be unfavorable, the Company has recorded a provision for the expected settlement amount. Where the expected settlement amount is a range, the Company has provided for the best estimate within that range. If no amount within the range is more likely, the Company has provided for the minimum amount of the range.

12. COMMON SHARES

Share Capital

At December 31, 2023, the share capital of the Company comprises of 134.7 million ordinary shares (December 31, 2022 – 134.7 million ordinary shares). The Company may issue an unlimited number of ordinary shares, subject to approval of the controlling shareholder.

Stock Option Plan

In December 2018, the Company adopted a stock option plan. Options were first granted under the plan in 2019. The Company's board of directors has the discretion to determine and subsequently amend the terms of awards granted under the plan, subject to limits contained in the plan.

Options granted under the plan are generally granted for a fixed number of shares with an exercise price at least equal to the fair market value of the shares at the date of grant and have a term of ten years.

The plan permits the grant of up to 16.6 million options to be granted to employees of the Company or its subsidiaries. Any forfeitures, lapses or terminations again become available for grant under the plan. As at December 31, 2023, 10.8 million options were available for grant under the plan and 980,000 were proposed to be granted. Subsequent to year-end, the proposed grants were approved and granted.

Stock Option Information

The following is a summary of the Company's stock option activity:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding options:				
Balance, beginning of year	**7.4**	**$ 5.81**	14.7	$ 5.75
Granted	—	—	0.4	5.90
Exercised	—	—	—	—
Forfeited	**(0.8)**	**5.90**	(4.3)	5.65
Expired	**(0.8)**	**5.90**	(3.4)	5.77

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, end of year	**5.8**	**$ 5.79**	7.4	$ 5.81
Number of options exercisable	**4.8**	**$ 5.77**	4.2	$ 5.79

The following table summarizes information about the Company's stock options outstanding and exercisable at December 31, 2023:

	Total outstanding		Total exercisable	
Exercise Price	**Number of Options**	**Weighted-Average Remaining Contractual Life**	**Number of Options**	**Weighted-Average Remaining Contractual Life**
$5.00	4.3	6.2 years	3.6	6.1 years
$8.00	1.5	6.3 years	1.2	6.3 years
	5.8		4.8	

Additional information with respect to unvested stock option activity is as follows:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding options:				
Unvested, beginning of year	**3.2**	**$ 5.84**	9.1	$ 5.77
Granted	—	—	0.4	5.90
Vested	**(1.4)**	**5.78**	(2.0)	5.95
Forfeited	**(0.8)**	**5.90**	(4.3)	5.65
Unvested, end of year	**1.0**	**$ 5.87**	3.2	$ 5.84

Stock-based compensation expense

Stock-based compensation expense for stock options is based on the fair value of the stock options on the date of grant, calculated using the Black-Scholes option-pricing model, which is expensed on a straight-line basis over the vesting period. Assumptions used in the Black-Scholes option-pricing model are summarized as follows:

	Year Ended December 31, 2022
Risk-free interest rate	3.1%
Dividends	0.0%
Expected volatility	70.0%
Expected life of the options	6.25 years
Weighted average fair value per option	$ 1.95

At December 31, 2023, there was $1.0 of unrecognized stock-based compensation expense related to stock options that is expected to be recognized over a weighted average period of 0.9 years.

13. RESTRUCTURING, INTEGRATION AND ACQUISITION-RELATED COSTS

Restructuring, integration and acquisition-related costs of $39.7 were recorded in the year ended December 31, 2023. The costs consisted of $19.6 of workforce reduction and facility-reduction related charges and $20.1 of integration, acquisition and divestiture-related charges. Integration-related charges include professional fees and incidental costs relating to the integration of acquisitions. Acquisition and divestiture-related charges consisted of legal and advisory fees, as well as transaction-related compensation.

Restructuring, integration and acquisition-related costs of $52.2 were recorded in the year ended December 31, 2022. The costs consisted of $33.7 of workforce reduction and facility-reduction related charges and $18.5 of integration, acquisition and divestiture-related charges. Integration-related charges include professional fees and incidental costs relating to the integration of acquisitions. Acquisition and divestiture-related charges consisted of legal and advisory fees, as well as transaction-related compensation.

The following table summarizes details of the Company's restructuring activities:

Description	**Workforce Reduction**	**Facility-Reduction Related, Including Lease Termination Obligations**	**Total**
Balance of provision as of December 31, 2021	$ 16.2	$ 12.4	$ 28.6
Year ended December 31, 2022:			
Charges	12.0	21.7	33.7
Cash payments	(23.5)	(9.3)	(32.8)
Other reclasses	—	6.0	6.0
Balance of provision as of December 31, 2022	**$ 4.7**	**$ 30.8**	**$ 35.5**
Year ended December 31, 2023:			
Charges	**14.1**	**5.5**	**19.6**
Cash payments	**(13.3)**	**(10.9)**	**(24.2)**
Provision assumed in acquisition and other reclasses	8.4	**1.0**	**9.4**
Balance of provision as of December 31, 2023	**$ 13.9**	**$ 26.4**	**$ 40.3**

14. SUPPLEMENTARY CASH FLOW INFORMATION

	Year Ended December 31, 2023	Year Ended December 31, 2022
Change in non-cash operating assets and liabilities:		
Accounts receivable	$ **45.7**	$ (29.0)
Inventories	**18.3**	(16.4)
Other current assets	**29.5**	(48.4)
Other non-current assets	**3.2**	4.2
Accounts payable and accrued liabilities	**(14.8)**	(53.2)
Deferred revenue	**(8.0)**	(1.5)
Other non-current liabilities	**(6.9)**	18.2
Change in pension liability	**3.8**	(14.8)
	$ **70.8**	$ (140.9)
Interest payments	$ **128.6**	$ 86.7
Income tax payments (recovery)	$ **(10.9)**	$ 32.0
Disclosure of non-cash activities during the period:		
Property and equipment additions financed through inventory	$ —	$ 0.2
Property and equipment additions financed through finance leases	$ —	$ —

15. INCOME TAXES

Details of income taxes are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Current income tax recovery (expense)	$ **(15.7)**	$ 6.7
Deferred income tax recovery (expense)	**(2.2)**	(2.0)
	$ **(17.9)**	$ 4.7

The income tax recovery reported differs from the amount computed by applying U.K. rates to the loss before income taxes. The reasons for these differences and their tax effects are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Expected tax rate	**23.5%**	19.0%
Expected tax recovery	$ **51.8**	$ 67.2
Foreign tax rate differences	**(5.9)**	10.3
Net change in valuation allowance on deferred tax assets	**(69.0)**	(54.2)
Permanent differences	**2.9**	(4.7)
Tax credits and other adjustments	**2.3**	(13.9)
Income tax recovery (expense)	$ **(17.9)**	$ 4.7

The tax effect of components of the deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Assets (liabilities):		
Net operating loss and credit carryforwards	$ **204.6**	$ 194.5
Capital loss carryforwards	**27.4**	23.2
Allowance for doubtful accounts	**0.7**	0.8
Inventories	**(0.1)**	(0.3)
Restructuring and other provisions	**55.6**	23.0
Pension liability	**39.7**	(7.3)
Revenue recognition	**12.4**	7.5
Identifiable intangible assets	**(52.2)**	(70.5)
Long-term debt and other	**16.9**	23.3
Sales-type lease obligations	**3.3**	7.7
Property and equipment	**2.3**	—
Operating lease liabilities	**(19.3)**	(17.7)
Right of use assets	**19.3**	17.7
Total deferred tax assets net of deferred tax liabilities, before valuation allowance	**310.6**	201.9
Valuation allowance	**(336.7)**	(234.3)
Net deferred tax assets (liabilities)	$ **(26.1)**	$ (32.4)

The Company updates its assessment of the realizability of its deferred tax assets at each reporting period. At December 31, 2023, as a result of uncertainty regarding the future utilization of certain deferred tax assets, there was a valuation allowance of $336.7 against deferred tax assets primarily in the U.K., U.S. and Canada (December 31, 2022 – valuation allowance of $234.3 against deferred tax assets primarily in the U.K., U.S. and Canada). Future changes in estimates of taxable income could result in a significant change to the valuation allowance. In addition, the Company updated its assessment of future utilization of certain deferred tax assets and recorded an additional valuation allowance against deferred tax assets in Canada.

The Company had the following tax-effected loss carryforwards and tax credits:

	December 31, 2023	
Year of Expiry	**Tax Losses**	**Tax Credits**
2023	—	**0.6**
2024	**0.1**	**0.6**
2025	**1.3**	**0.5**
2026-2042	**15.3**	**70.5**
Indefinite	**67.9**	**75.6**
Total	**$ 84.6**	**$ 147.8**

These tax loss carryforwards primarily relate to operations in the U.K., U.S., Canada and France. Tax credit carryforwards primarily relate to operations in the U.S. and Canada. The U.S. has an annual restriction on the utilization of tax-effected loss carryforwards and tax credits of $62.1.

The Company operates in multiple jurisdictions throughout the world and its tax returns are subject to ongoing examinations by certain taxing authorities in those jurisdictions. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provisions for income taxes. The Company believes that it has adequately provided for tax adjustments that are probable as a result of any ongoing or future examinations.

Uncertain Tax Positions

At December 31, 2023, the Company recorded a provision for uncertain tax positions of $33.1 (December 31, 2022 – $32.0), of which $25.8 is included in other non-current liabilities and $7.3 is recorded net against deferred tax assets in the consolidated balance sheet. The amount of unrecognized tax benefits at December 31, 2023 that would affect the effective tax rate, if recognized, was $34.0.

The Company recognizes any interest and penalties related to unrecognized tax benefits in income tax expense. At December 31, 2023, in addition to the unrecognized tax benefits above, the Company has a balance of $7.6 for the potential payment of interest and penalties (December 31, 2022 – $5.8). For the year ended December 31, 2023, the Company expensed $0.6 for the potential payment of interest and penalties (year ended December 31, 2022 – $0.4).

The Company routinely engages in discussions and negotiations with tax authorities regarding tax matters in various jurisdictions throughout the year. The Company believes it is reasonably possible that certain federal, foreign, and state tax matters may be concluded in the next 12 months. The Company estimates that the unrecognized tax benefits inclusive of interest at December 31, 2023 are expected to be reduced by $9.6 in the next 12 months.

The Company or its subsidiaries file income tax returns in a significant number of countries. These tax returns are subject to examination by local taxing authorities. The following summarizes the open years by major jurisdiction: Canada — 2019 to 2023; the U.S. — 2021 to 2023; Germany — 2019 to 2023; France — 2021 to 2023; Sweden — 2018 to 2023; Switzerland — 2019 to 2023; and the U.K. — 2020 to 2023.

At December 31, 2023, the Company is presently under audit in Germany for the 2018 to 2021 tax year, India for the 2017 to 2018 tax year and Canada for the 2020 tax year. The resolution of tax matters in these jurisdictions is not expected to be material to the Consolidated Financial Statements.

16. PENSION PLANS

The Company maintains defined contribution pension plans or defined benefit plans that cover a significant portion of its employees.

Defined Contribution Plans

The Company contributes to defined contribution pension plans on the basis of the percentage specified in each plan. The costs of the defined contribution plans are expensed as incurred. For the year ended December 31, 2023, the Company made contributions to these plans of $10.8 (year ended December 31, 2022 – $10.7).

Defined Benefit Plans

Description of defined benefit plans

The Company's projected benefit obligation and plan assets, by defined benefit plan, at December 31, 2023 were as follows:

	U.K. Plan	Switzerland Plan	US Plan	Unify German Plans	All Other	Total
Plan assets	$ 226.2	$ 84.2	$ 231.9	$ 254.3	$ 10.9	$ 807.5
Projected benefit obligation	192.3	67.2	244.6	413.1	31.0	948.2
Pension asset (liability)	$ 33.9	$ 17.0	$ (12.7)	$ (158.8)	$ (20.1)	$ (140.7)

The Company's projected benefit obligation and plan assets, by defined benefit plan, at December 31, 2022 were as follows:

	U.K. Plan	Switzerland Plan	All Other	Total
Plan assets	$ 206.0	$ 77.4	$ —	$ 283.4
Projected benefit obligation	176.9	61.0	13.8	251.7
Pension asset (liability)	$ 29.1	$ 16.4	$ (13.8)	$ 31.7

U.K. Plan

The Company operates a partially funded defined benefit plan in the U.K. ("U.K. Plan"), which was closed to existing members in 2001 and was closed to new service in 2012.

Switzerland Plan

The Company operates a multiple-employer pension plan in Switzerland ("Switzerland Plan"). Under the Switzerland Plan, retirees generally benefit from the receipt of a perpetual annuity at retirement based on an accrued value at the date of retirement. The accrued value is related to the actual returns on contributions during the working period. As the plan is a multiple-employer plan, the Consolidated Financial Statements include the Company's pro-rata share of assets, projected benefit obligation and pension benefit cost.

U.S. Plan

These plans were transferred to Mitel with the acquisition of Unify. The Company operates a partially funded defined benefit plan in the USA. ("U.S. Plan"), which was closed to new members in 2008.

Unify Germany Plans

These plans were transferred to Mitel with the acquisition of Unify. The plans cover multiple legal entities in Germany and are subject to the German regulatory framework which has no funding requirements. Plans are partially funded using a Contractual Trust Agreement (CTA). The CTA is governed by a professional independent third party. The investment strategy is set by the Investment Committee composed of employer representatives.

Other

The Company operates unfunded defined benefit plans related to France, Italy and Mitel Germany ("France Plan", "Italy Plan" and "Germany Plan", respectively). Under the France Plan and Italy Plan, retirees generally benefit from a lump sum payment upon retirement or departure. Under the Germany Plan, retirees generally benefit from the receipt of a perpetual annuity at retirement based on their years of service and ending salary.

The defined benefit plan disclosures below are provided in aggregate for all defined benefit plans, unless otherwise noted.

Plan assets and projected benefit obligation information

The change in aggregate projected benefit obligation and plan assets was as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Change in projected benefit obligation:		
Benefit obligation, opening	$ **251.7**	$ 434.0
Acquisitions	**608.4**	—
Service cost	**1.3**	0.5

	Year Ended December 31, 2023	Year Ended December 31, 2022
Interest cost	**17.7**	5.8
Employee contributions	**0.4**	0.4
Actuarial loss/ (gain)	**61.8**	(141.7)
Benefits paid	**(18.4)**	(10.4)
Curtailments	**(0.3)**	(0.1)
Settlements	**(2.7)**	(2.6)
Foreign exchange	**28.3**	(34.1)
Benefit obligation, closing	**$ 948.2**	$ 251.7

	Year Ended December 31, 2023	Year Ended December 31, 2022
Change in plan assets:		
Fair value of plan assets, opening	**$ 283.4**	$ 388.2
Acquisitions	**475.5**	—
Actual return on plan assets	**42.2**	(70.0)
Employer contributions	**9.1**	8.9
Employee contributions	**0.4**	0.4
Benefits paid	**(15.0)**	(10.0)
Reimbursement from fund	**(11.7)**	—
Settlements	**(2.7)**	(2.6)
Foreign exchange	**26.3**	(31.6)
Fair value of plan assets, closing	**$ 807.5**	$ 283.4
Net pension asset (liability)	**$ (140.7)**	$ 31.7

The following table provides the Company's aggregate accumulated benefit obligation:

	December 31, 2023	December 31, 2022
Accumulated benefit obligation	**942.3**	250.3

Periodic benefit cost

The aggregate net periodic benefit cost was as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Current service cost — defined benefit	**$ 1.3**	$ 0.9
Interest cost	**17.8**	5.8
Expected return on plan assets	**(19.9)**	(11.7)
Amortization of net loss (gain)	**(2.5)**	—
Recognized actuarial loss (gain)	**—**	(0.1)
Curtailment	**—**	(0.1)
Settlement	**(0.8)**	(0.7)
Net periodic defined benefit cost (recovery)	**$ (4.1)**	$ (5.9)

Assumptions

The following assumptions were used to determine the periodic pension expense for the U.K. Plan:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Discount rate	**4.95%**	1.80%
Inflation rate	**3.20%**	3.35%
Investment returns assumption	**2.50%**	2.65%

The following assumptions were used to determine the net present value of the projected benefit obligation for the U.K. Plan:

	December 31, 2023	December 31, 2022
Discount rate	**4.75%**	4.95%
Inflation rate	**3.10%**	3.20%

(1) As a result of the U.K. Plan's November 2012 pension curtailment, members no longer earn benefits for current service and therefore the compensation rate increase and average remaining service life are not factors in determining the net present value of accrued pension benefits.

The following assumptions were used to determine the periodic pension expense for the Switzerland Plan:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Discount rate	**2.15%**	0.20%
Inflation rate	**1.25%**	1.00%
Investment returns assumption	**3.30%**	2.30%

The following assumptions were used to determine the net present value of the projected benefit obligation for the Switzerland Plan:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Discount rate	**1.40%**	2.15%
Inflation rate	**1.25%**	1.25%
Compensation increase rate	**1.75%**	1.75%
Average remaining service life of employees	**6.4 years**	6.6 years

The following assumptions were used to determine the periodic pension expense for the U.S Plan:

	Year Ended December 31, 2023
Discount rate	**5.59%**
Inflation rate	**2.00%**
Investment returns assumption	**5.40%**

The following assumptions were used to determine the net present value of the projected benefit obligation for the U.S Plan:

	Year Ended December 31, 2023
Discount rate	**4.77%**
Inflation rate	**2.00%**
Compensation increase rate	**n/a**
Average remaining service life of employees	**4 years**

The following assumptions were used to determine the periodic pension expense for the Unify Germany Plans:

	Year Ended December 31, 2023
Discount rate	**4.52%**
Inflation rate	**2.20%**
Investment returns assumption	**4.60%**

The following assumptions were used to determine the net present value of the projected benefit obligation for the Unify Germany Plans:

	Year Ended December 31, 2023
Discount rate	**3.52%**
Inflation rate	**2.20%**
Compensation increase rate	**2.50%**
Average remaining service life of employees	**5.2 years**

Estimated future benefit payments

The table below reflects the total benefits expected to be paid in each of the next five years and in the aggregate for the subsequent five years.

	Benefit Payments
2024	54.9
2025	52.5
2026	50.8
2027	52.0
2028	56.6
2029-2033	281.0

Contributions

The Company expects to make annual employer contributions of approximately $8.64 (£6.8) to fund the U.K. Plan deficit in 2024. The amount of annual employer contributions required to fund the pension deficit is determined every three years in accordance with U.K. regulations. The Company expects to make employer contributions of $0.3 to fund the Switzerland Plan and $0.6 to fund the U.S plan in 2024. There are no required contributions to fund the Unify Germany plans.

Plan assets

The Company's target allocation and actual pension plan asset allocation by asset category for the U.K Plan were as follows:

	December 31, 2023 Actual	December 31, 2023 Target (1)	December 31, 2022 Actual	December 31, 2022 Target (1)
Cash	**5%**	**0%**	1%	0%
Equities	**16%**	**16%**	25%	21%
Debt securities	**76%**	**80%**	70%	74%
Other	**3%**	**4%**	4%	5%

(1) Under the current statement of investment principles of the plan, the target allocation includes a 65% allocation (year ended December 31, 2022 - 55% allocation) to liability-driven investments ("LDI" funds) and a 20% allocation (year ended December 31, 2022 – 25% allocation) to diversified target return funds. These allocations have been assigned to the equity, debt security and other targets based on the investments held at the end of the period.

The Company's target allocation and actual pension plan asset allocation by asset category for the Switzerland Plan were as follows:

	December 31, 2023 Actual	December 31, 2023 Target	December 31, 2022 Actual	December 31, 2022 Target
Cash	**8%**	**5%**	9%	5%
Debt securities	**26%**	**31%**	27%	31%
Real estate	**43%**	**40%**	42%	40%
Equities	**20%**	**21%**	19%	21%
Other	**3%**	**3%**	3%	3%

The Company's target allocation and actual pension plan asset allocation by asset category for the U.S Plan were as follows:

	December 31, 2023 Actual	December 31, 2023 Target
Cash	**2%**	**1%**
Debt securities	**93%**	**94%**
Equities	**5%**	**5%**

The Company's target allocation and actual pension plan asset allocation by asset category for the Unify Germany Plan were as follows:

	December 31, 2023 Actual	December 31, 2023 Target
Cash	**17%**	**17%**
Debt securities	**42%**	**42%**
Equities	**42%**	**42%**

The investment objectives of the pension portfolio of assets are designed to generate returns that will enable the fund to meet its future obligations. The performance benchmark for the investment managers is to earn in excess of the index return in those asset categories that are actively managed.

The long-term return assumption at December 31, 2023 is 5.5% for the U.K. Plan, 3.3% for the Switzerland Plan, 5.4% for the U.S Plan and 4.3% for Unify Germany Plans. In setting the overall expected rate of return, the various percentages of assets held in each asset class together with the investment return expected from that class are taken into account. A consistent approach is used to develop the investment return assumptions. The approach considers various factors, including historical and expected inflation, bond yields, and returns from specific asset classes. The assumption is based on consideration of all inputs, with a focus on long-term trends to avoid short-term market influences.

The following table discloses the major categories of fair value (as described in note 18):

	Fair Value Measurement at December 31, 2023			
	Quoted Price in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Total
Assets				
Cash	**$ 65.0**	**$ —**	**$ —**	**$ 65.0**
Equities	**—**	**170.7**	**—**	**170.7**
Bonds	**—**	**526.3**	**—**	**526.3**
Real estate	**—**	**—**	**36.2**	**36.2**
Other	**—**	**—**	**9.3**	**9.3**
	$ 65.0	**$ 697.0**	**$ 45.5**	**$ 807.5**

	Fair Value Measurement at December 31, 2022			
	Quoted Price in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 9.0	$ —	$ —	$ 9.0
Equities	—	66.2	—	66.2
Bonds	—	165.1	—	165.1

	Fair Value Measurement at December 31, 2022			
	Quoted Price in Active Markets for Identical Instruments	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Total
Real estate	—	—	32.5	32.5
Other	—	—	10.6	10.6
	$ 9.0	$ 231.3	$ 43.1	$ 283.4

17. FOREIGN CURRENCY, CREDIT, INTEREST RATE AND CONCENTRATION RISK

Foreign currency risk

The Company operates globally, and therefore incurs expenses in currencies other than its various functional currencies and its U.S. dollar reporting currency. The Company has used, and may use in the future, foreign currency forward contracts to hedge the fair value of certain assets and liabilities as well as to hedge likely future cash flows denominated in a currency other than the functional currency of the entity. The Company does not enter into forward contracts for speculative purposes.

Fair value hedging

The Company has used, and may use in the future, foreign currency forward contracts to minimize the short-term impact of currency fluctuations on foreign currency receivables, payables and intercompany balances. Foreign currency contracts used to hedge the fair value of foreign currency receivables, payables and intercompany balances are recorded at fair value, with changes in the fair value recorded as other income (expense) in the consolidated statements of operations. At December 31, 2023 and December 31, 2022, all of the Company's outstanding foreign currency forward contracts had a term of 35 days or less.

Cash flow hedging

The Company has used, and may use in the future, foreign currency forward contracts to hedge probable future cash flows. Cash flow hedges are assessed for effectiveness at the time of inception and again at each reporting period. Foreign currency forward contracts that are assessed as effective are recorded at fair value at each reporting period, with changes in the fair value recorded through other comprehensive income (loss), net of tax. When foreign currency forward contracts are settled, the unrealized gain or loss is removed from accumulated other comprehensive income (loss) and recorded as an increase or decrease to the hedged transaction.

For the years ended December 31, 2023 and December 31, 2022 the Company did not enter into any forward contracts for foreign currency cash flow hedging purposes.

On October 25, 2018, the Company entered into an interest rate swap agreement contingent on the closing of the acquisition of Mitel Networks Corporation. On November 30, 2018, the Company completed the acquisition of Mitel Networks Corporation, as described in note 1. The interest rate swap agreement effectively fixed the LIBOR portion of the interest expense to be approximately 3.1%, on approximately 70% of the term loans then outstanding under the 2018 Credit Facilities for the period from April 2019 to February 2024. As the interest rate swap agreement was entered into prior to the borrowings under the 2018 Credit Facilities, the change in fair value from the swap agreement date (October 25, 2018) up to the date of the borrowings (November 30, 2018) of $10.9 was recorded as an expense in the consolidated statement of operations. Once the borrowings under the 2018 Credit Facilities were completed on November 30, 2018, the hedge was determined to be effective. The hedging instrument was sold at fair value in September 2023, and the unrecognized gain continued to be amortized into income along with the hedged transaction. For the year ended December 31, 2023, a gain of $13.5 was recorded in other comprehensive income (loss) to reflect the change in fair value during the year (year ended December 31, 2022 – gain of $48.2 was recorded in other comprehensive income (loss)). The interest rate swap agreement had a fair value of $15.8 at December 31, 2022.

Interest rate risk

As described in note 10, the Company is exposed to interest rate risk primarily on its credit facilities which bear interest at SOFR. The Company had effectively fixed its interest rate on approximately 63% of its term loans outstanding, up to when the hedged instrument was sold in September 2023. The remaining unrecognized gains in Other Comprehensive Income (Loss) are being amortized against interest expense up until March 2024. As a result, the Company's interest expense was only exposed to changes in interest rates on the remaining 37% of its outstanding debt up to September 2023. The Company periodically reviews its exposure to interest rate risk and determines what actions, if any, should be taken to mitigate the risk.

In addition, the Company's defined benefit pension plans, as described in note 16, are exposed to changes in interest rate risk through their investment in bonds and the discount rate assumptions on the projected benefit obligation. The Company is not exposed to any other significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities.

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, restricted cash, accounts receivable, other receivables, and assets held by the defined benefit pension plans. Cash is generally held in banks with an investment grade rating. Cash equivalents are invested in government and commercial paper with an investment grade credit rating. The Company is exposed to normal credit risk from customers. However, the Company has a large number of diverse customers, which minimizes concentrations of credit risk. As at and for the year ended December 31, 2023, the Company had a single distributor in the U.S. that accounted for 6.7% of the Company's revenues and 4.6% of the Company's accounts receivable (as at and for the year ended December 31, 2022 – 9.1% of revenues and 8.9% of the accounts receivable). As at and for the years ended December 31, 2023 and December 31, 2022, no other single customer accounted for more than 10 percent of the Company's revenues or accounts receivable.

Concentration risk

The Company sells its products and services to a broad set of enterprises ranging from large, multinational enterprises, to small and mid-sized enterprises. Management believes that the Company's concentration risk is limited by the geographic and industry characteristics of its customers. The Company performs periodic credit evaluations of its significant customers' financial condition and generally does not require collateral for its accounts receivable although, in some cases, the Company will require payment in advance or security in the form of letters of credit or third-party guarantees. In the year ended December 31, 2023, no one customer accounted for more than 10 percent of the Company's revenues or accounts receivable, as described above.

Seven independent suppliers manufacture a significant portion of the Company's products. The Company is not obligated to purchase products from these specific suppliers in any specific quantity, except as the Company outlines in forecasts or orders for products required to be manufactured by these companies. The Company's supply agreements with these suppliers results in a concentration that, if suddenly eliminated, could have an adverse effect on the Company's operations. While the Company believes that alternative sources of supply would be available, disruption of its primary sources of supply could create a temporary, adverse effect on product shipments.

18. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities carried at fair value are measured using one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Assets/Liabilities Measured at Fair Value on a Recurring Basis

The Company's cash equivalents, as described in note 2, were valued using the category Level 2. The Company's interest rate swap, as described in note 17, was valued using the category Level 2. The Company does not have any other significant financial assets or liabilities measured at fair value on a recurring basis, other than the investments held by defined benefit pension plans, as described in note 16.

Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts receivable, accounts payable, long-term debt and the interest rate swap. Due to the short-term maturity of cash, restricted cash, accounts receivable and accounts payable, the carrying value of these instruments is a reasonable estimate of their fair value. The interest rate swap and shares in

RingCentral are recorded at fair value at each reporting period. At December 31, 2023, the fair values of the long-term debt, as described in note 10, are as follows:

	December 31, 2023
Priority lien term loan entered into on October 18, 2022	**65.0%**
New Second lien term loan entered into on October 18, 2022	**25.0%**
New Third lien term loan entered into on October 18, 2022	**15.0%**
Initial First lien term loan entered into on November 30, 2018	**15.0%**
Initial Second lien term loan entered into on November 30, 2018	**10.0%**

19. RELATED PARTY TRANSACTIONS

On November 27, 2018, the Company entered into a management consulting agreement with certain affiliates of shareholders of the Company. The consulting agreement requires quarterly payments of $0.5 and terminates after eight years, or at the time of transaction that results in 80% of the Company's equity being held by new shareholders. The Company expensed $2.0 in relation to this agreement in the year ended December 31, 2023 (year ended December 31, 2022 – $2.0). At December 31, 2023, $8.0 was included in accounts payable and accrued liabilities related to the agreement (December 31, 2022 – $6.0).

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year presentation. As a result, cost of revenues has been reduced by $6.9 and research and development costs have been increased by $6.9 for the year ended December 31, 2022.

21. SUBSEQUENT EVENTS

The Company has evaluated subsequent events up to November 25, 2024, the date the financial statements were issued. The following subsequent events have occurred.

On June 21, 2024, Mitel completed a transaction to divest Mitel's Unified Communications as a Service ("UCaaS") business to RingCentral, including the products, related intellectual property, and respective customer bases. In connection with the transaction, Mitel concluded its exclusive UCaaS partnership with RingCentral.

On September 18, 2024, Mitel entered into a strategic partnership with Zoom Video Communications, Inc. to co-develop hybrid communication solutions. This collaboration aims to provide customers worldwide with cutting-edge, seamless communication tools.