Management's Discussion and Analysis

and

Audited Annual Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the years ended June 30, 2025 and 2024

Dear Fellow Shareholders,

Fiscal 2025 was a year of resilience, transformation, and progress for Vecima as we laid the foundation for our next phase of profitable growth, even while navigating the complexities of customer project timing, a momentary period of atypical product mix, and negative foreign exchange impacts.

On the topline, consolidated revenue of $285.9 million was 2% lower than in fiscal 2024. Through much of the year, operators were working through complex network qualification phases in preparation for next-generation platforms like DOCSIS 4.0. While this period of transition led to reduced overall demand, by year-end a number of major customers had actively begun their rollouts, supported by Vecima solutions. This helped to drive sequential quarterly revenue growth in Q4 as compared to Q3, and also resulted in record annual Entra sales, while also setting the stage for a sustained period of new demand momentum going forward.

Fiscal 2025 also brought an anticipated and transitory reduction in gross margin as we rolled out our new EN9000 platform. As we have discussed previously, the EN9000 carries lower margins in the stand-alone implementation phase, but pays long-term dividends by housing successive generations of higher-margin broadband access modules in later periods. Our margins were further affected by a sharp weakening of the U.S. dollar in the fourth quarter, which significantly impacted both revenues and margins in the period.

Included in our bottom-line results were non-cash charges relating to the impairment of certain deferred development expenses and inventory reserves following a detailed and disciplined year-end review. Vecima's extensive R&D program has helped build one of the industry's most comprehensive portfolios of cable and fiber access solutions targeting high-value markets. As is normal in ambitious R&D programs like ours, not every new technology variant ends up being adopted at scale. The recent assessment of our IP and product inventories resulted in one-time, non-cash charges of $15.2 million, which enables us to now move forward with a refreshed balance sheet, reduced expense drag, and improved resource allocation.

While the financial results of fiscal 2025 were certainly disappointing, a longer-term view of Vecima's progress provides important context. Since FY2020, when revenue stood at $96.4 million, Vecima has nearly tripled in size, with our long-term trend remaining one of significant expansion and industry leadership. Acquisitions, technology launches, and strategic partnerships have significantly advanced our product portfolio and deepened our relationships with the world's largest operators, and all three of our business segments have established a strong foundation for future success and growth.

Entra Family Solidifies its Position at the Forefront of the Industry

Our Video and Broadband Solutions segment, which accounts for the majority of our topline, advanced in multiple directions in fiscal 2025.

The year's most pivotal milestone was our entry into the virtualized cable modem termination system (vCMTS) market. After showcasing the technology at SCTE TechExpo and advancing through multiple lab trials, we signed a multi-year agreement with Cox Communications to deploy our Entra vCMTS across our customer's cable access network. This agreement places Vecima among a select group of vendors in a market expected at approximately U.S. $350 million by 2028. Vecima's vCMTS is fully containerized, cloud-native, and designed for scalability, flexibility, and operational efficiency. This win not only validates our innovation but also dramatically expands our serviceable market and is a driver of gross margin enhancement as a software product.

We also made excellent progress on DOCSIS 4.0 development, a critical standard that represents the pathway to next-generation multi-gigabit broadband. Together with vCMTS, DOCSIS 4.0 positions Vecima at the heart of the industry's next wave of network evolution.

Our tuck-in acquisition of Falcon V Systems was another important highlight of the year. The acquisition brought us two critical software platforms: *Principal Core* and *Test Suite*. Principal Core is a virtual orchestration technology that enables operators to converge cable, fiber, and even mobile networks into a single access platform. It allows seamless interoperability across multiple vendors and cores, accelerating the vision of true network convergence. Test Suite, meanwhile, is an automated platform that allows operators to validate and deploy DAA software upgrades at scale, dramatically speeding time-to-market for next-generation rollouts. Both solutions align directly with Vecima's long-standing strategy of delivering flexibility and interoperability, and they quickly found traction with Tier 1 operators, with Charter licensing Principal Core and additional customers engaging with Test Suite.

Fiscal 2025 also saw continued expansion of our hardware and software ecosystem, including the launch of our new EN3400 Compact Generic Access Platform (GAP) Node. Designed as a future-proof, "Forever Node" to support 4 GHz and optimized for multi-dwelling unit and enterprise applications, it offers customers a seamless upgrade path to DOCSIS 4.0 and 10G fiber while protecting their current network investments. It is built on the interoperability of our EN9000 GAP node, the world's first commercially available GAP Node and which is now in broad deployment with a Tier 1 Broadband Service Provider. We shipped over 30,000 EN9000 GAP nodes during the year, providing operators with a foundation that will support successive generations of next-generation access modules.

With an eye to the future, we also showcased our Entra ONE – Open Network Ecosystem which includes the vPON Manager and cloud-based XGS PON platform at two major industry shows in fiscal 2025, highlighting our commitment to innovation. Vecima has been a market leader in 10G EPON and we are now adding a new and larger addressable market for fiber. And subsequent to year end, we announced that Vecima will demonstrate concurrent 50G-PON and 10G-EPON over the same optical port at SCTE 2025, the industry's flagship event occurring in late September. This world-first achievement allows broadband service providers a future-forward FTTH path by adding 50G-PON when and as needed, while preserving their investment and continuing to scale today's 10G PON subscribers into the next decade

Once again, for the fourth year in a row, Vecima was named as the 2024 global market share leader by Dell'Oro in two segments, Remote Optical Line Terminals which are used by cable operators to deliver 10G fiber-to-the-home services, and Remote MACPHY DAA devices. Vecima also held the second-largest global revenue share in Remote PHY devices in 2024, proving our continued leadership in DAA technology and our commitment to advancing the needs of cable operators worldwide.

CDS Segment Establishes Multiple Avenues for Expansion

In our Content Delivery and Storage segment, fiscal 2025 was a mixed year with performance peaking in the third quarter and including an extraordinary 70% margin on increased software sales, before softening in the fourth quarter as a result of project timing delays.

The year included successes with our MediaScale portfolio, particularly the expansion of our Dynamic Ad Insertion (DAI) solution. With deployments at multiple customers, DAI is enabling operators to monetize video more effectively by providing targeted advertising capabilities. We also advanced our Open CDN platform, enhancing readiness and engaging with customers to prepare for deployments in the coming fiscal year.

CDS also introduced KeyFrame Media Optimization, launched through our exclusive global partnership with Digital Harmonic. KeyFrame uses advanced AI to reduce bitrates and costs while simultaneously improving video quality, freeing up network capacity and unlocking significant efficiency gains for operators. Customer response has been enthusiastic, with early traction indicating wide-scale adoption potential.

The fiscal year also included a major upgrade to a Tier 1 customer's Video on Demand infrastructure, using MediaScale to modernize and unify their network. This not only delivered strong revenue but also embedded IPTV capabilities that will serve the customer well into the future.

Despite a well-earned reputation for being the "lumpiest' part of our business, CDS continues to establish itself as a software-driven, high-margin growth engine within Vecima. The opportunities in IPTV, OTT, open caching, and advertising monetization provide us with multiple avenues for expansion, with each new software solution deepening customer reliance on our platforms.

Telematics Continues to Prove High Margins and Sustainable Growth

As we anticipated, our Telematics segment continued to provide consistent and profitable growth in fiscal 2025, strengthening Vecima's overall business model. Highlights of the year included the signing of a major national restoration company, which added over 1,200 vehicles and 20,000 asset tags to our platform in a single contract. By year-end, the segment had approximately 125,000 assets under management, including close to 20,000 vehicles and over 100,000 asset tags.

Telematics maintained gross margins of approximately 65%, reflecting the high value of this recurring revenue stream. As demand grows for both moveable asset tracking and fleet solutions, we see steady, long-term growth potential from this segment. Importantly, Telematics also embodies Vecima's culture of innovation, delivering practical, scalable solutions to everyday challenges for our customers.

Closing Thoughts

Looking back on fiscal 2025, the year stands out for the challenges we faced, but more so for the foundational progress we made in every part of our business. The launch and landmark agreement with Cox for vCMTS, our acquisition of Falcon V, the rollout of EN9000 and EN8400, the software-driven evolution of CDS through KeyFrame, DAI, and Open CDN, and the steady scaling of our Telematics subscriptions all represent critical platforms for long-term profitable growth.

Vecima is moving forward exceptionally well positioned for the future. Our market leadership in Remote Optical Line Terminals, Remote MACPHY, and Remote PHY devices is unmatched. Our relationships with Tier 1 operators are deep and growing. And our culture of innovation continues to drive us into new markets, from virtualized access infrastructure to AI-powered video optimization.

At the close of this pivotal year, I extend my deepest thanks to our employees. Your dedication and creativity are the reason Vecima continues to push the boundaries of broadband, video, and telematics. To our customers and partners, thank you for your trust and collaboration. And to you, our shareholders, thank you for your ongoing support and for your confidence in our future. Vecima is not just keeping pace with the future—we are defining it. Together, we are building the networks that will connect and empower communities for decades to come.

Sincerely,

Sumit Kumar
President and CEO

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 24, 2025

This Management's Discussion and Analysis ("MD&A") provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the year ended June 30, 2025.

Our MD&A supplements, but does not form part of, our consolidated financial statements and related notes for the year ended June 30, 2025 and 2024. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended June 30, 2025 and 2024 which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Our MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes.

The content of this MD&A contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements include, but are not limited to, our expectations related to general economic conditions and market trends and their anticipated effects on our business segments and our expectations related to customer demand. For additional information related to forward-looking statements and material risks associated with them, please see the "Additional Information - Forward-Looking Information" section of this MD&A.

Additional information regarding Vecima, including our Annual Information Form, can be found on SEDAR+ at www.sedarplus.ca.

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1. Company Overview

Vecima Networks Inc. ("TSX: VCM") is a Canadian company founded in 1988 in Saskatoon, Saskatchewan. Today, Vecima has a global presence with offices in Victoria, Burnaby, Duluth, Raleigh, San Jose, Qingdao, Shanghai, Tokyo, Gdynia, and Amsterdam, and manufacturing, warehousing and research and development ("R&D") facilities in Saskatoon. Vecima's corporate head office is located in Victoria, British Columbia.

Vecima is a global leader focused on developing integrated hardware and scalable software solutions for broadband access, content delivery, and telematics. We enable the world's leading innovators to advance, connect, entertain, and analyze. We build technologies that provide internet video delivery and storage (IPTV) and next-generation high-speed broadband network access.

Vecima's products incorporate sophisticated hardware and software developed within our R&D facilities. Examples of the types of technologies incorporated within our solutions include content workflow processing, content delivery networks, video storage, video transcoding, edge caching, high-speed digital signal processing, control, and digital modulation. In addition to these technologies, Vecima's embedded software also facilitates the implementation of other network functions, such as media access control, traffic management and embedded system management.

Vecima's diverse array of products across its business segments allows for strategic alignment with a broad array of global customers.

Vecima's business is organized into three segments:

1) **Video and Broadband Solutions** includes platforms that process data from the cable network and deliver high-speed internet connectivity to homes over cable and fiber as well as adapt video services to formats suitable to be consumed on televisions in commercial properties.

   Our next-generation Entra® family of products and platforms addresses the network migration to DAA (as described below under Industry Overview). The Entra DAA platform is Vecima's realization of the next generation of hybrid fiber coaxial and FTTH nodes as optical transport moves away from analog distribution to fully digital distribution. Our goal is to provide the market's most flexible and complete portfolio of broadband access infrastructure products driving the future of ultra-high-speed networks to multi-gigabit per second symmetrical access.

   The Entra® Broadband Access family of products is divided into the following core categories:

   - Entra Cloud - An open, interoperable set of software applications to centralize orchestration, management, control, and virtualized data plane across all the Entra products, which includes:
     - The cloud-native Entra vCMTS virtual cable access core that allows broadband service providers to transform their networks for next-generation broadband access and designed to maximize performance while minimizing space, power, and cost through virtualization;
   - Entra Access Controller virtualizes all the control components, allowing for the distribution of the data processing to the edge and into the Entra Cable and Entra Fiber nodes;
     - Entra Remote PHY Monitor, which offers unified control software for management, service assurance and monitoring of access nodes;
     - Entra Video QAM Manager, which allows for the integration of video in a DAA environment, leveraging existing video generation infrastructure by providing a direct pathway for video through to the Entra node;
     - Entra vPON Manager, which delivers provisioning and telemetry management for configuration, fault-monitoring, accounting, and analytics support for operators deploying PON with a subscriber service-based, orchestration model; and
     - Entra Automation, which includes unique applications that simplify and accelerate orchestration, provisioning, deployment, and management of Distributed Access Architecture (DAA) networks:
       - Entra Access Test Platform - Automated, seamless testing and optimized network deployment solutions to accelerate DAA device and service readiness with unmatched precision and scalability; and
       - Entra Access Simulators - Through simulation of RPDs, Optical Line Terminals (OLTs) and customer premises equipment (CPE), operators can identify bottlenecks, prevent failures, and make informed capacity planning decisions to ensure seamless operations.

- Entra Cable Access
  - Entra Remote PHY - Multiple variants of the Entra Access Node that can operate as Remote PHY, providing a modular and highly interoperable platform for deployment of access technologies, leveraging billions of dollars of investment in coaxial cable; and
  - Entra Remote MACPHY - Multiple variants of the Entra Access Node that can operate as Remote MACPHY, providing the full complete next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable.
- Entra Optical Fiber Access - Consists of both chassis and node node-based FTTH access technologies in areas of the service provider network where FTTH is practical and advantageous;
  - EntraVideo Adapters and Management Devices - a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures, including:
    - the Entra Legacy QAM Adapter and DV-12, which provides a simple solution to adapt existing video QAM infrastructure for distributed access; and
    - the Entra Interactive Video Controller, which supports essential two-way network connectivity for legacy STBs that are heavily deployed and in service today.

- Our Terrace, Terrace QAM™, and Terrace IQ product families meet the unique needs of the business services vertical, including multi-dwelling units and hospitality (hotels, motels, and resorts) by adapting video services to individual business requirements and leveraging existing televisions in rooms.

2) **Content Delivery and Storage** includes solutions and software, under the MediaScale™ brand, for service providers and content owners that focus on ingesting, producing, storing, delivering, and streaming video for live linear, VOD, network Digital Video Recorder and time-shifted services over the internet.

   MediaScale™

   - Transcode: transforms live and OnDemand content utilizing state-of-the-art GPU technology, creating beautiful, cost-effective content for any device;
   - Origin: packages and secures video for streaming OTT or through a service provider managed network, regardless of network technology;
   - Storage: captures live, OnDemand, and DVR content, holds it indefinitely, and allows for future streaming, rewind, fast-forward and pause;
   - Cache: highly scalable, streaming platform, providing the ability to serve content to all IP and legacy devices, including Streaming Video Technology Alliance Open Cache technology to allow operators to cache and monetize OTT content. Strategically geographically located to minimize network latency and optimize the end user streaming experience;
   - Ad Monetization with Dynamic Content: provides dynamic ad insertion, content replacement, blackout, simultaneous substitution, official alert insertion, and other content personalization on a stream-by-stream basis at the edge of the customer network; and
   - Open CDN: Streaming Video Technology Alliance standards-compliant Open Caching solution aimed at operator monetization of OTT content via partnerships with OTT content owners.
   - The KeyFrame™ Media Optimization Solution enables Content Providers and BSPs to elevate video quality using real-time generative AI while simultaneously reducing bitrates. With KeyFrame, network operators can dramatically improve video quality while simultaneously reducing required bitrates. This patented technology not only ensures true 1080p and 4K, but also features advanced denoising and artifact removal, spatial and temporal anti-aliasing, and artifact-free upscaling. In addition, it can significantly reduce bitrates, resulting in substantial cost savings in both storage and transmission.

3) **Telematics** provides fleet managers with the key information and analytics they require to optimally manage their mobile and fixed assets under the Contigo and Nero Global Tracking brands. Vecima's Telematics solutions allow fleets and high-value assets to be tracked, managed, reported on, and optimized over a subscription-based cloud portal serving commercial and municipal government customers.

2. Industry Developments

Video and Broadband Solutions

Over the last several years, the cable industry has been transitioning towards DAA under the latest data over cable system interface specification (“DOCSIS”) standards. Multiple top-tier and mid-tier players have initiated a roll-out of this new platform with further large-scale deployments anticipated over the next several years. DAA is a critical evolution for the industry in that it unlocks gigabit broadband speeds over existing coaxial cable by allowing data transmission up to 10 Gigabits per second (“Gbps”) for download speed and 3 Gbps for upload speed today and growing to 6 Gbps upload in the future. The speed provided by DAA using coaxial cable is comparable to that of fiber optic connections, thereby allowing cable operators to leverage their systems without the significant added infrastructure costs of building fiber to the home. Global cable operators expect to benefit from a flexible migration given that DOCSIS 3.1 and 4.0 modems can coexist with older versions and build on top of their previously deployed capacity. The higher efficiency of DAA technology also enables significant cost-per-bit reductions and network resiliency enhancements relative to legacy DOCSIS network solutions.

The cable market began its broad shift towards DAA in 2020 as more operators recognized its suitability for market needs in terms of speed, agility, user experience and cost savings. The impacts of the COVID-19 pandemic further increased demands on network bandwidth, and accelerated the push towards distributed access solutions.

Cable Television Laboratories or CableLabs, a not-for-profit innovation and research and development lab that works in cooperation with cable companies and cable equipment manufacturers, has subsequently released the DOCSIS 4.0 specifications, which include full duplex DOCSIS (“FDX”) and extended spectrum DOCSIS (“ESD”), allowing multi-system operators (“MSO”) to significantly increase their total capacity while leveraging their past coaxial infrastructure investment.

Increasingly, service providers are strategically extending their networks with an all-fiber architecture using cable specific fiber to the home (“10G EPON”) technology. Further, government funding is being made available to subsidize wide-scale fiber network build-outs with an emphasis on rural areas that are currently unserved or underserved. Operators have favoured architectures and products that allow them to cohesively orchestrate both coaxial cable and fiber access networks over a common cloud management platform.

Content Delivery and Storage

Global demand for Internet Protocol (“IP”) video content delivery and storage is growing, driven by the rapidly increasing consumption of IP video as consumers turn to streaming services, and cable operators make vast arrays of new IP video content available to subscribers. Service providers are also pursuing new DVR opportunities that shift delivery and storage away from traditional set-top storage to cloud-based models.

Content owners and broadcasters are also leveraging IPTV technologies to deliver services directly to subscribers using OTT business models. Open cache technology, such as that being standardized by the streaming video alliance is aimed at consolidating IPTV traffic utilizing strategically placed cache capacity that reduces cost and network latency.

Telematics

Traditional vehicle telematics is widely available for commercial fleets, but operations managers increasingly demand additional value to improve productivity of personnel and investment in the entire asset base. This has created additional opportunities to leverage asset tracking technology used in the Internet of Things to cost-effectively monitor mobile or fixed assets in the field, particularly in service-based industries where asset utilization can drive a stronger profit margin. Managers in these asset-intensive industries can use key information and analytics to optimally manage their mobile and fixed assets using subscription-based cloud portals.

Our Strategy

Our growth strategy focuses on the development of our core technologies, including next-generation platforms such as our Entra DAA platform, as well as our IP video storage and distribution technologies being sold and deployed under the MediaScale brand within the Content Delivery and Storage segment. We will continue to pursue profitable growth both organically and when appropriate, through value-enhancing strategic acquisitions.

3. Fiscal 2025 Q4 and Full-Year Highlights

Financial and Corporate

- Achieved full-year consolidated sales of $285.9 million, compared to $291.0 million in fiscal 2024, a year-over-year decrease of 2%. Fourth quarter revenue of $68.8 million was an increase of 7% from $64.0 million in Q3 fiscal 2025.
- Full-year gross margin and adjusted gross margin (non-IFRS) of 38.3% and 40.6%, respectively, compared to 48.7% and 49.2%, respectively, in fiscal 2024. Fourth quarter gross margin and adjusted gross margin of 27.3% and 37.4%, respectively. Transitory decline in Q4 gross margin was impacted by foreign exchange volatility, an atypically unfavorable product mix, and a non-cash inventory write-down taken in the fourth quarter.
- Generated full-year adjusted EBITDA (non-IFRS) of $28.9 million, compared to $53.2 million in fiscal 2024. Reported fourth quarter adjusted EBITDA of $6.7 million (Q4FY2024: $14.5 million; Q3FY25: $10.2 million).
- Full-year loss per share of $(0.73), compared to net income per share of $0.80 in fiscal 2024. Fourth quarter loss per share of $(0.54), compared to net income per share of $0.34 in Q4 fiscal 2024.
- Ended the fourth quarter in a solid financial position with working capital of $51.2 million at June 30, 2025, compared to $73.1 million at June 30, 2024. Our net debt position has decreased from a high of $92.0 million in Q3 fiscal 2024 to $53.6 million in Q4 fiscal 2025.

Video and Broadband Solutions (VBS)

- The Video and Broadband Solutions segment achieved full-year sales of $237.9 million, on par with the $236.1 million in fiscal 2024. Fourth quarter VBS segment sales of $58.1 million decreased 22.2% year-over-year, but climbed 22% from $47.7 million in Q3 fiscal 2025.

  DAA (Entra Family)

  - Full-year deployments of next-generation Entra DAA products increased 5% year-over-year to a record $222.7 million; fourth quarter sales of $54.6 million decreased 20% year-over-year from Q4 fiscal 2024 Entra sales, but grew 26% from $43.5 million in Q3 fiscal 2025.
    - Total customer engagements increased to 136 MSOs worldwide at year-end, from 115 a year earlier, with customer engagements deepening significantly during the year. Sixty-seven of these customers have ordered Entra products as broader DAA deployment progresses.
    - Furthered lab trials with additional operators in North America and globally in the fourth quarter and achieved first revenue from Vecima's new vCMTS solution, part of the Entra Cloud platform which enables operators to transform their networks for next-generation broadband access, including DOCSIS 4.0. During the fourth quarter, Cox Communications, a leading Tier 1 North American MSO, chose Entra vCMTS to modernize and enhance its DOCSIS network and will begin migrating to this platform in fiscal 2026. The multi-year agreement firmly positions Vecima in the rapidly growing global market for vCMTS, which Dell'Oro Group forecasts will be worth approximately $350 million annually by calendar 2028. Currently Vecima is just one of three vendors worldwide offering a vCMTS solution.
    - Made significant forward progress on the Entra DOCSIS 4.0 RPD platform which provides a critical pathway to unlocking next-generation multi-gigabit speed on our customers' platforms.
    - Building on the success of the Entra EN9000 GAP node, announced the launch of the EN3400, a compact, standardized multi-services GAP node with a unique form factor optimized for enterprise and multi-dwelling unit (MDU) applications. The EN3400 offers both line-powered and AC-powered options, as well as an assortment of RPD are R-OLT options. Subsequent to the year-end, Vecima secured initial orders for the EN3400 with a Tier 1 operator with deliveries expected to commence in Q2 fiscal 2026.
    - Announced availability of vPON Manager, Vecima's cloud-based XGS-PON orchestration platform, which offers operators robust XGS-PON subscriber management and service provisioning capability plus back-office management integration with telemetry support.
    - Deployed our new Entra Power Holdover Modules (PHM) in the field with our lead Tier 1 customer. Entra PHMs provide reliable protection from power fluctuations to Vecima's cable and fiber access platforms in the field and are expected to provide a significant contribution to revenues in fiscal 2026.
    - Continued growth in the R-MACPHY product category with a new operator win in the US Northwest and expansion with a Tier 1 customer in the CALA region.

- Following our Q2 acquisition of Falcon V Systems, increased license uptake for our new Principal Core product, a virtual orchestration technology that aims to enable operators to converge cable, fiber and even mobile networks onto a single access platform. Achieved early contribution from our new Falcon V Test Suite technology, which accelerates DAA deployments by ensuring customers can fully test new software in a multi-core, multi-vendor environment.
- Subsequent to the year-end, Vecima will demonstrate significant new innovations at the SCTE Tech Expo from September 29 to October 1, 2025, further entrenching our technology leadership in the global cable and fiber access market. Planned demonstrations include:
  - Industry's first-ever 50G-PON migration solution, supporting 50G ITU PON and 10-G EPON on the same port for maximum investment protection and simplified next-gen PON migration;
  - World's first Dual Downstream Service Group DOCSIS 4.0 Remote PHY device, the ERM422; and
  - Live demonstrations of ENTRA vCMTS driving DOCSIS 4.0 Remote PHY devices.

Commercial Video (Terrace Family)

- Commercial Video product sales were in line with expectations and included full-year sales of $15.0 million and fourth quarter sales of $3.4 million (fiscal 2024: $23.8 million; Q4 fiscal 2024: $5.9 million; Q3 fiscal 2025 $4.2 million). These results reflect the continued transition to next-generation platforms, together with some of Vecima's newer DAA-driven Commercial Video solutions now being accounted for as part of Entra family sales.

Content Delivery and Storage (CDS)

- The Content Delivery and Storage segment generated full-year sales of $40.1 million, compared to $48.2 million in fiscal 2024, a decrease of 17%. Fourth quarter CDS sales of $8.6 million were 22% lower year-over-year (Q4 fiscal 2024: $11.1 million; Q3 fiscal 2025: $14.1 million).
  - Achieved strong full-year gross margin performance of 60.8%, compared to 59.9% in fiscal 2024. Generated fourth quarter gross margin of 51.6% (Q4 fiscal 2024: 56.7%; Q3 fiscal 2025: 70.0%).
  - Deployed Vecima's targeted Dynamic Ad Insertion (DAI) solutions with multiple customers, enabling operators to monetize their video platforms more effectively; in Q4 expanded DAI with a key customer.
  - Continued progress and development of the standards-driven MediaScale Open CDN platform in preparation for deployments in fiscal 2026.
  - Following Q2 agreement with Digital Harmonic to exclusively resell its innovative dh/KeyFrame Media Optimization Solution, showcased the technology's ability to significantly elevate video quality while reducing content bit rates at the NAB Show early in April 2025.
  - Subsequent to the year-end, Blue Stream Fiber, Florida's fastest-growing fiber-optic telecommunication provider, announced its deployment of our KeyFrame Media Optimization Solution to enhance video quality streaming experience for its Blue Stream Fiber TV service.

Telematics

- The Telematics segment grew full-year sales to $7.8 million, an increase of 16% from the $6.7 million achieved in fiscal 2024. Fourth quarter fiscal 2025 sales increased 18% year-over-year to $2.1 million (Q4 fiscal 2024: $1.8 million; Q3 fiscal 2025: $2.2 million).
  - Added 10 new customers for the NERO asset tracking platform during the fourth quarter, adding over 18,000 tags and bringing total asset tags under management to over 100,000.
  - Added 1,045 vehicle subscriptions to the quarter, with a total of 21,500 vehicles now being monitored.
  - Achieved strong gross margin percentage of 59.4%.

4. Outlook

Throughout the past year and across the cable industry, MSOs have been preparing for major network upgrades as part of their transition to next-generation technologies like DOCSIS 4.0. While system-level changes of this magnitude are complex and typically challenging for operators to implement, once field level qualifications are complete the stage is set for technology uptake as rollouts commence.

At the close of fiscal 2025, a number of operators had begun their network upgrade programs, supported by Vecima's next-generation solutions. Customers' existing product inventories were also starting to come into better balance as more platforms were deployed. These developments translated into a 7.5% sequential strengthening of our quarterly sales pace in Q4 fiscal 2025, as compared to Q3. As we approach the conclusion of the first quarter of fiscal 2026, we are tracking another strong quarter on the top line. On a full-year basis, we anticipate a return to strong annual growth, including exiting the year with a run rate higher than any previous high water mark in sales. We expect to pair the sales growth with improved gross margins in the first quarter, along with gradual strengthening of gross margins through the fiscal year as our product mix reflects the growth and addition of higher-margin product lines. The anticipated rebound in gross margins reflects a normalization in foreign exchange volatility as well as a more typical product mix.

In the VBS segment, design wins for DOCSIS 4.0 and vCMTS, including our multi-year vCMTS contract with Cox Communications, are expected to be significant growth drivers over the next several years. Our outlook also reflects additions to our diverse Entra product roster, including the EN3400, a compact version of the EN9000 specifically designed for MDU and enterprise applications, the EEM210, a stand-alone 10G EPON module that fits both new and existing nodes and supports global deployments, and our new power holdover modules (PHMs) which support Entra's cable and fiber access products with innovative super-capacitor-based resiliency to power grid interruptions in the field. These new products are expected to build on continued strong contribution from our industry-leading Remote PHY device (RPD) solutions, EN9000 and EN8400 platforms, and highly successful Entra Optical fiber access portfolio. They also represent new and incremental use cases and market verticals for our broad and ever-more comprehensive portfolio of cable and fiber access IP.

Commercial Video sales, which include TerraceQAM and Terrace Family products, are expected to continue to trend slightly lower in fiscal 2026 as customers transition to our next-generation IQ solution and as a portion of our Commercial Video solutions become DAA-driven and are accounted for as part of Entra family sales.

In the Content Delivery and Storage segment we are sharply focused on strengthening revenue in fiscal 2026, while continuing to note that CDS results can fluctuate significantly from quarter-to-quarter based on order and project timing. Our outlook for the CDS segment anticipates the addition of new IPTV customers in fiscal 2026, together with upgrades and expansions with existing IPTV customers. Vecima's Dynamic Ad Insertion technology and our KeyFrame reselling agreement with Digital Harmonic are also expected to provide meaningful contribution during the year. Longer term, we continue to see excellent opportunities for the CDS segment as IPTV builds momentum and our newer solutions, including open caching, gain traction.

In the Telematics segment, we anticipate stable revenue performance and continued strong profitability from our asset and fleet tracking business.

To date, trade actions have had a negligible impact on the 90% of our sales made to the US. Our manufacturing is predominantly domiciled in Canada, exempting that portion of our production from tariff actions under the United States-Mexico-Canada Agreement (USMCA). While upcoming renegotiation of the USMCA could, in an unlikely case, result in changes to the tariff environment, Vecima is one of the few competitors in our industry that fully "owns" our manufacturing process. This gives us significant flexibility to adapt quickly to changing macroeconomic conditions, an agility we have demonstrated in the past, inclusive of rapidly transitioning manufacturing to different countries.

Moving forward, we are confident in our growth prospects both near and longer term. We have built the industry's deepest and broadest portfolio of innovative, interoperable cable and fiber access products and IPTV solutions that now give customers unprecedented choice and support as they move forward with their network-wide upgrades. And we are simultaneously leading the way forward with new investments in a comprehensive, highly innovative, cloud-native portfolio that will prepare them for the 50G future.

5. Consolidated Results of Operations

Amounts are presented in thousands of Canadian dollars except percentages, employees and per share amounts. This information should be read in conjunction with our financial statements for the relevant periods, including the related notes, and the balance of this MD&A.

Consolidated Statements of Comprehensive Income Data *(in thousands of dollars except common share data)*	**Years ended June 30,** **2025**		2024		2023	
Sales	$ 285,863	100%	$ 291,047	100%	$ 303,437	100%
Cost of sales:						
Cost of product and services[7]	168,015	59%	150,020	52%	156,659	52%
Write-down (recovery) of inventory to net realizable value	8,428	3%	(591)	–%	(206)	–%
Total cost of sales[7]	**176,443**	**62%**	**149,429**	**51%**	**156,453**	**52%**
Gross profit[7]	**109,420**	**38%**	**141,618**	**49%**	**146,984**	**48%**
Operating expenses						
Research and development[1]	46,402	16%	44,169	15%	45,950	15%
Sales and marketing[7]	34,751	12%	33,358	11%	31,817	10%
General and administrative[7]	28,642	10%	31,660	11%	30,318	10%
Impairment expense	6,949	2%	–	–%	–	–%
Restructuring costs	2,798	1%	–	–%	1,236	–%
Share-based compensation	1,855	1%	1,033	–%	2,502	1%
Other expense	540	–%	1,805	1%	1,871	1%
	121,937	**43%**	**112,025**	**39%**	**113,694**	**37%**
Operating income	**(12,517)**	**(5)%**	**29,593**	**10%**	**33,290**	**11%**
Finance expense	(10,000)	(3)%	(7,124)	(2)%	(2,370)	(1)%
Foreign exchange (loss) gain	(2,033)	(1)%	(1,935)	(1)%	2,681	1%
Income before taxes	**(24,550)**	**(9)%**	**20,534**	**7%**	**33,601**	**11%**
Income tax expense	(6,788)	(3)%	1,143	(1)%	6,389	2%
Net income	**(17,762)**	**(6)%**	**19,391**	**6%**	**27,212**	**9%**
Other comprehensive income (loss)	(161)	–%	2,136	1%	(114)	–%
Comprehensive income (loss)	**$ (17,923)**	**(6)%**	**$ 21,527**	**7%**	**$ 27,098**	**9%**
Net income per share[2]						
Basic – total	$ (0.73)		$ 0.80		$ 1.15	
Diluted – total	$ (0.73)		$ 0.80		$ 1.15	
Other Data:						
Research and Development Expenditures[3]	$ 61,576		$ 58,729		$ 57,428	
Adjusted EBITDA[4]	$ 28,856		$ 53,230		$ 60,472	
Adjusted earnings per share[5]	$ (0.18)		$ 0.87		$ 1.21	
Number of employees[6]	592		608		602	

(1) *Net of investment tax credits and capitalized development costs.*

(2) *Based on weighted average number of common shares outstanding.*

(3) *See "Total Research and Development Expenditures".*

(4) *Adjusted EBITDA does not have any standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers. See "EBITDA and Adjusted EBITDA".*

(5) *Adjusted Earnings per Share does not have any standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers. See "Adjusted Earnings per Share".*

(6) *The number of employees is determined as of the end of the period.*

(7) *The Company has restated the comparative period for a change in commission expense presentation.*

Consolidated Statements of Financial Position *(in thousands of dollars except common share data)*		**June 30, 2025**		June 30, 2024		June 30, 2023
Cash and cash equivalents	$	3,441	$	2,136	$	2,278
Working capital[(1)(3)]	$	51,164	$	73,083	$	70,748
Total assets	$	332,069	$	387,823	$	331,686
Total debt	$	28,263	$	17,832	$	16,383
Shareholders' equity	$	213,569	$	234,960	$	217,653
Number of common shares outstanding[(2)]		24,314,594		24,307,418		23,712,384

(1) *Working capital does not have any standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers.*

(2) *Based on the weighted average number of common shares outstanding during fiscal 2025.*

(3) *The Company has restated the comparative periods for a change in classification of its term loan facility, which should have been presented as a current liability as at June 30, 2024 and July 1, 2023.*

Adjusted Net Income and Adjusted Earnings per Share

The following table reconciles net income for the period to adjusted net income as well as earnings per share to adjusted earnings per share. The term “adjusted net income” refers to net income or net loss as reported in the consolidated financial statements, excluding any amounts included in net income or net loss for write-downs and recoveries of inventory to net realizable value, impairment of intangible assets and deferred development costs, restructuring costs, acquisition-related fees, gains and losses on the sale of non-core property, plant and equipment ("PP&E"), intangible assets, and assets held for sale, warrant expense and recovery, settlement on software support costs, advisory fees and the tax effect of these adjusted items. We believe that adjusted net income and adjusted earnings per share provides supplemental information for management and our investors because they provide for the analysis of our results exclusive of certain items which do not directly correlate to our business of selling broadband access products, content delivery and storage products and services or supplying telematics services. Adjusted net income and adjusted earnings per share do not have a standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers.

Calculation of Adjusted Earnings per Share *(in thousands of dollars)*		**Years ended June 30,**				
		2025		2024		2023
Net income (loss)	$	(17,762)	$	19,391	$	27,212
Write-down (recovery) of inventory to net realizable value, net of tax		6,536		(437)		517
Intangible asset impairment expense, net of tax		5,490		–		–
Restructuring costs, net of tax		2,210		–		976
Acquisition-related fees, net of tax		308		–		–
Loss (gain) on sale of non-core PP&E, net of tax		101		(1,886)		56
Warrant expense (recovery), net of tax		(1,384)		1,619		–
Settlement on software support costs, net of tax		–		485		–
Advisory fees, net of tax		–		2,026		–
Adjusted net income (loss)	**$**	**(4,501)**	**$**	**21,198**	**$**	**28,761**
Net income (loss) per share	$	(0.73)	$	0.80	$	1.15
Write-down (recovery) of inventory to net realizable value, net of tax		0.27		(0.02)		0.02
Intangible asset impairment expense, net of tax		0.23		–		–
Restructuring costs, net of tax		0.09		–		0.04
Acquisition-related fees, net of tax		0.01		–		–
Loss (gain) on sale of non-core PP&E, net of tax		0.01		(0.08)		–
Warrant expense (recovery), net of tax		(0.06)		0.07		–
Settlement on software support costs, net of tax		–		0.02		–
Advisory fees, net of tax		–		0.08		–
Adjusted earnings (loss) per share[(1)(2)]	**$**	**(0.18)**	**$**	**0.87**	**$**	**1.21**

(1) *Adjusted earnings per share includes non-cash share-based compensation of $1.9 million or $0.08 per share for the year ended June 30, 2025, and $1.0 million or $0.04 per share for the year ended June 30, 2024. The non-cash share-based compensation primarily reflects certain performance-based vesting thresholds achieved under the Company's Performance Share Unit Plan.*

(2) *Adjusted earnings per share includes foreign exchange loss of $2.0 million or $0.08 per share for the year ended June 30, 2025, and a loss of $1.9 million or $0.08 per share for the year ended June 30, 2024.*

Adjusted Gross Margin

The following table reconciles Gross Margin for the period to Adjusted Gross Margin. The term "Gross Margin" refers to sales less cost of sales as reported in the IFRS Accounting Standards financial statements. The term "Adjusted Gross Margin" refers to gross margin adjusted for warrant expense and the write-downs and recoveries of inventory to net realizable value. We believe that Adjusted Gross Margin is useful supplemental information for management and for our investors because it provides for the analysis of our results exclusive of certain non-cash items and other items which do not directly correlate to our business of selling broadband access products, content delivery and storage products and services or supplying telematics services. Adjusted Gross Margin is not a recognized measure under IFRS Accounting Standards and, accordingly, investors are cautioned that adjusted margin should not be construed as alternatives to gross margin, determined in accordance with IFRS Accounting Standards, or as indicators of our financial performance or as measures of our liquidity and cash flows.

Calculation of Adjusted Gross Margin *(in thousands of dollars)*	Years ended June 30, **2025**	2024	2023
Sales	$ 285,863	$ 291,047	$ 303,437
Cost of sales	176,443	149,429	156,453
Gross profit	**109,420**	**141,618**	**146,984**
Warrant expense (recovery)[1]	(1,752)	2,024	–
Write-down (recovery) of inventory to net realizable value	8,428	(591)	(206)
Adjusted gross profit	**$ 116,096**	**$ 143,051**	**$ 146,778**
Adjusted gross margin %	**40.6%**	**49.2%**	**48.4%**

(1) *Reflects non-cash expense associated with warrants issued to a customer which are recorded as sales incentives under IFRS Accounting Standards.*

EBITDA and Adjusted EBITDA

The following table reconciles net income for the period to EBITDA and Adjusted EBITDA. The term "EBITDA" refers to net income or net loss as reported in the IFRS Accounting Standards financial statements, excluding any amounts included in net income or net loss for income taxes, interest expense, and depreciation and amortization for PP&E, right-of-use assets, deferred development and intangible assets. The term "Adjusted EBITDA" refers to EBITDA adjusted for: impairment of intangible assets; write-downs and recoveries of inventory to net realizable value; gains and losses on sale of PP&E, intangible assets, and assets held for sale; impairment of PP&E; impairment of deferred development costs and other intangible assets; warrant expense and recovery; share-based compensation expense; acquisition costs; restructuring costs; settlement on software support costs and advisory fees. We believe that Adjusted EBITDA is useful supplemental information for management and for our investors because it provides for the analysis of our results exclusive of certain non-cash items and other items which do not directly correlate to our business of selling broadband access products, content delivery and storage products and services or supplying telematic services. EBITDA and Adjusted EBITDA are not recognized measures under IFRS Accounting Standards and, accordingly, investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives to net income, determined in accordance with IFRS Accounting Standards, or as indicators of our financial performance or as measures of our liquidity and cash flows.

Calculation of Adjusted EBITDA *(in thousands of dollars)*	Years ended June 30, **2025**	2024	2023
Net income (loss)	$ (17,762)	$ 19,391	$ 27,212
Income tax expense (recovery)	(6,788)	1,143	6,389
Interest expense	10,024	7,136	2,390
Depreciation of property, plant and equipment	3,445	4,746	3,416
Depreciation of right-of-use assets	1,552	1,289	1,355
Amortization of deferred development costs	16,289	12,970	11,981
Amortization of intangible assets	3,454	3,270	3,265
EBITDA	**10,214**	**49,945**	**56,008**
Intangible asset impairment expense	6,949	–	–
Write-down (recovery) of inventory to net realizable value	8,274	(553)	655
Loss (gain) on sale of assets	128	(2,357)	71
Warrant expense (recovery)	(1,752)	2,024	–
Share-based compensation	1,855	1,033	2,502
Acquisition costs	390	–	–
Restructuring costs	2,798	–	1,236
Settlement on software support costs	–	606	–
Advisory fees	–	2,532	–
Adjusted EBITDA	**$ 28,856**	**$ 53,230**	**$ 60,472**
Percentage of sales	**10%**	**18%**	**20%**

Total Research and Development Expenditures

The following table reconciles research and development expenses reported in accordance with IFRS Accounting Standards as shown on the consolidated statements of comprehensive income (research and development) to our actual cash research and development expenditures (total research and development expenditures) below:

Calculation of R&D Expenditures *(in thousands of dollars)*	Years ended June 30, **2025**	2024	2023
R&D expense per consolidated statements of comprehensive income	$ 46,402	$ 44,169	$ 45,950
Deferred development costs	31,290	27,395	23,354
Investment tax credits	173	135	117
Amortization of deferred development costs	(16,289)	(12,970)	(11,981)
Government grants	–	–	(12)
Total research and development expenditures	**$ 61,576**	**$ 58,729**	**$ 57,428**
Percentage of sales	**22%**	**20%**	**19%**

6. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the years ended June 30, 2025 and 2024 in accordance with IFRS Accounting Standards. This information should be read in conjunction with those financial statements and their related notes as well as with the balance of this MD&A.

(in thousands of dollars except per share amounts)	**Fiscal 2025**				Fiscal 2024			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Sales	$ 68,756	$ 63,979	$ 71,223	$ 81,905	$ 87,476	$ 80,139	$ 61,954	$ 61,478
Cost of sales(1)	49,959	33,443	45,307	47,734	45,548	41,312	31,109	31,460
Gross profit(1)	**18,797**	**30,536**	**25,916**	**34,171**	**41,928**	**38,827**	**30,845**	**30,018**
Operating expenses								
Research and development(2)	11,992	11,500	11,288	11,624	11,041	11,281	11,551	10,296
Sales and marketing(1)	9,814	8,238	7,257	9,442	9,529	7,721	7,674	8,434
General and administrative(1)(2)	6,655	6,945	7,320	7,720	8,757	8,123	6,607	8,173
Impairment expense	6,949	–	–	–	–	–	–	–
Restructuring costs	–	–	2,798	–	–	–	–	–
Share-based compensation	361	486	462	546	248	272	257	256
Other expense	34	19	194	293	189	1,349	97	170
	35,805	**27,188**	**29,319**	**29,625**	**29,764**	**28,746**	**26,186**	**27,329**
Operating income (loss)	**(17,008)**	**3,348**	**(3,403)**	**4,546**	**12,164**	**10,081**	**4,659**	**2,689**
Finance expense	(3,249)	(2,033)	(2,345)	(2,373)	(3,184)	(1,580)	(1,660)	(700)
Foreign exchange gain (loss)	1,480	251	(4,272)	508	(2,029)	(1,159)	1,837	(584)
Income (loss) before income taxes	**(18,777)**	**1,566**	**(10,020)**	**2,681**	**6,951**	**7,342**	**4,836**	**1,405**
Income tax expense (recovery)	(5,573)	384	(2,135)	536	(1,306)	1,542	1,247	(340)
Net income (loss)	**(13,204)**	**1,182**	**(7,885)**	**2,145**	**8,257**	**5,800**	**3,589**	**1,745**
Other comprehensive income (loss)	(4,464)	(786)	6,001	(912)	959	1,361	(1,157)	973
Comprehensive income (loss)	**$ (17,668)**	**$ 396**	**$ (1,884)**	**$ 1,233**	**$ 9,216**	**$ 7,161**	**$ 2,432**	**$ 2,718**
Net income (loss) per share								
Basic – total	$ (0.54)	$ 0.05	$ (0.32)	$ 0.09	$ 0.34	$ 0.24	$ 0.15	$ 0.07
Diluted – total	(0.54)	0.05	(0.32)	0.09	0.34	0.24	0.15	0.07
Adjusted EBITDA as reported	$ 6,706	$ 10,317	$ (258)	$ 12,092	$ 14,494	$ 17,377	$ 12,588	$ 8,765

(1) *The Company has restated the comparative period for a change in commission expense presentation.*

(2) *The Company has restated research and development and general and administrative costs for the classification of depreciation expense in the first and second quarters of fiscal 2025.*

Quarter-to-Quarter Sales Variances

There are many factors that may contribute to the overall variances of our sales. Traditionally, one of the main factors has been that we continually develop new products to replace products that are reaching the end of their lifecycle. The timing of development can vary based on the size of the projects. The timing of regulatory certification and customer acceptance of new products can also affect the timing of sales.

Within the industry, spending by cable operators is impacted by major new technology adoption such as the industry-wide migration to distributed access architecture. The budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders as do their installation schedules and any adjustments thereof. We are currently experiencing a transition in demand for some of our legacy Video and Broadband Solutions products as customers complete their digital networks and migrate their focus to distributed access architecture and next-generation commercial video platforms.

Our Content Delivery and Storage segment also influences potential variations of our quarterly sales. Pronounced quarterly sales fluctuations are typical of this business due to the typically large size of customer orders and associated IPTV projects that are subject to customer timing adjustments.

7. Segmented Information

Sales

Segment		Three months ended June 30, 2025		2024		Years ended June 30, 2025		2024
Video and Broadband Solutions	$	58,051	$	74,651	$	237,909	$	236,085
Content Delivery and Storage		8,617		11,058		40,141		48,220
Telematics		2,088		1,767		7,813		6,742
Total sales	**$**	**68,756**	**$**	**87,476**	**$**	**285,863**	**$**	**291,047**

Three-Month Results

We achieved total sales of $68.8 million in the fourth quarter of fiscal 2025, a decrease of 21% from $87.5 million in Q4 fiscal 2024, but a 7% increase from $64.0 million in Q3 fiscal 2025. The year-over-year change primarily reflects lower VBS and CDS segment sales, partially offset by slightly higher Telematics segment sales.

The Video and Broadband Solutions segment generated fourth quarter revenue of $58.1 million, a decrease of 22% from $74.7 million in Q4 fiscal 2024, but 22% higher than the $47.7 million generated in Q3 fiscal 2025.

- Next-generation Entra products sales of $54.6 million were 20% lower than the $68.7 million generated in Q4 fiscal 2024, but increased 26% from $43.5 million in Q3 fiscal 2025. The year-over-year decrease reflects a temporary slow down in orders as our customers continue to draw down inventory on in-flight projects and plan for the next phase of large-scale network deployments.
- Commercial Video products contributed sales of $3.4 million, compared to $5.9 million in Q4 fiscal 2024 and $4.2 million in Q3 fiscal 2025. Results were in line with expectations and reflect the continued transition to next-generation platforms and the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, fourth quarter revenue of $8.6 million was 22% lower than the $11.1 million generated in Q4 fiscal 2024 and 39% lower than the $14.1 million achieved in Q3 fiscal 2025. The year-over-year decrease primarily reflects fewer customer upgrades and expansions, combined with lower service revenues. As always, we note that quarterly sales variances are typical for the CDS segment. Segment sales for the fourth quarter of fiscal 2025 included $2.8 million of product sales (Q4 fiscal 2024 - $4.5 million) and $5.8 million of services revenue (Q4 fiscal 2024 - $6.5 million).

Fourth quarter Telematics sales grew to $2.1 million, an increase of approximately 18% from $1.8 million in Q4 fiscal 2024, but were 7% lower than the $2.2 million achieved in Q3 fiscal 2025. The year-over-year improvement reflects an increase in assets and tags monitored.

Twelve-Month Results

For the year ended June 30, 2025, total sales of $285.9 million compared to $291.0 million in fiscal 2024. The modest 2% decrease reflects lower CDS segment sales, largely offset by slightly higher full-year VBS and Telematics segment sales.

Full-year Video and Broadband Solutions sales were $237.9 million, compared to $236.1 million in fiscal 2024, an increase of 1%.

- Next-generation Entra products sales grew 5% to $222.7 million in fiscal 2025, from $212.2 million in the previous year. This increase was supported by the rollout of our new EN9000 products in fiscal 2025.
- Commercial Video products sales were $15.0 million in fiscal 2025, compared to $23.8 million in fiscal 2024. The year-over-year change was anticipated and reflects continued transition to next-generation platforms as well as the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, full year sales were $40.1 million, compared to $48.2 million in fiscal 2024, a decrease of 17%. The year-over-year change primarily reflects fewer customer upgrades and expansions as compared to fiscal 2024. CDS segment sales for the year included $15.9 million of product sales (fiscal 2024 - $23.7 million) and $24.2 million of services revenue (fiscal 2024 - $24.5 million).

Telematics sales increased 16% to $7.8 million in fiscal 2025, from $6.7 million in fiscal 2024. Results for the period reflect the increase in assets and tags monitored.

Cost of Sales

Cost of sales consists primarily of product manufacturing and assembly expenses, with component parts, employee and third-party supplier costs representing a significant portion of these costs. Costs associated with Video and Broadband Solutions sales include related overhead, compensation, final assembly, quality assurance, and inventory management costs, as well as support costs and payments to contract manufacturers that perform printed circuit board assembly functions. Costs associated with Content Delivery and Storage sales include the cost of the computer systems sold, depreciation, labour, material, overhead and third-party product costs, as well as the salaries, benefits and other costs of the maintenance, service and help desk personnel associated with product installation and support activities. Costs associated with Telematics sales consist of hardware amortization, inventory management costs, order fulfillment, wireless fees, server hosting services, and mapping licenses.

	Three months ended June 30,		Years ended June 30,	
Segment	**2025**	2024	**2025**	2024
Video and Broadband Solutions	$ 44,938	$ 40,263	$ 158,033	$ 127,990
Content Delivery and Storage	4,174	4,792	15,721	19,313
Telematics	847	493	2,689	2,126
Total cost of sales	**49,959**	**45,548**	**176,443**	**149,429**
Recovery (write-down) of inventory to net realizable value	(6,956)	995	(8,428)	591
Total cost of sales before net realizable value adjustments(1)	**$ 43,003**	**$ 46,543**	**$ 168,015**	**$ 150,020**

(1) *Total cost of sales before net realizable value adjustments is a non-GAAP measure, calculated by removing any recoveries or writedowns on inventory to net realizable value from cost of sales.*

Three-Month Results

For the three months ended June 30, 2025, total cost of sales were $50.0 million, a 10% increase from $45.5 million in Q4 fiscal 2024 and 49% higher than cost of sales of $33.4 million in Q3 fiscal 2025. The year-over-year increase was primarily due to a $7.0 million write-down of inventory to net realizable value. It also reflects a higher volume of lower-margin product sales as discussed in the Gross Profit and Gross Margin section, partially offset by lower VBS and CDS segment sales. Excluding the adjustments to inventory net realizable value, cost of sales was 8% lower than the same period in fiscal 2024.

Fourth quarter cost of sales in the Video and Broadband Solutions segment increased 12% to $44.9 million, from $40.3 million in Q4 fiscal 2024 and 58% from $28.4 million in Q3 fiscal 2025. The year-over-year increase was primarily due to the inventory write-down of $6.9 million and the higher volume of lower-margin product sales, partially offset by decreased sales.

In the Content Delivery and Storage segment, fourth quarter cost of sales of decreased 13% to $4.2 million, from $4.8 million in Q4 fiscal 2024 and were in line with the $4.2 million cost of sales in Q3 fiscal 2025. The year-over-year decrease primarily reflects lower CDS sales.

Fourth quarter cost of sales from the Telematics segment increased to $0.8 million, from $0.5 million in the same period of fiscal 2024 and were on par with cost of sales of $0.8 million in Q3 fiscal 2025. The year-over-year increase reflects higher sales and a change in accounting treatment of certain mobile asset tracking products.

Twelve-Month Results

For the year ended June 30, 2025, total cost of sales increased by 18% to $176.4 million, from $149.4 million in fiscal 2024. The year-over-year increase was primarily due to an $8.4 million write-down of VBS and CDS inventory to net realizable value. It also reflects a higher volume of lower-margin product sales, partially offset by lower CDS segment sales. Excluding the inventory net realizable value adjustments, cost of sales were 12% higher than in fiscal 2024.

Cost of sales in the Video and Broadband Solutions segment increased 23% to $158.0 million in fiscal 2025, from $128.0 million in fiscal 2024. The year-over-year change primarily reflects the $8.1 million write-down of inventory to net realizable value, as well as a higher volume of lower-margin product sales.

Cost of sales in the Content Delivery and Storage segment decreased 19% to $15.7 million, from $19.3 million in fiscal 2024. The year-over-year change was primarily driven by lower CDS sales.

Cost of sales in the Telematics segment increased to $2.7 million in fiscal 2025, from $2.1 million in fiscal 2024, reflecting higher sales and a change in accounting treatment of certain mobile asset tracking products.

Gross Profit and Gross Margin

Segment	Three months ended June 30, 2025	2024	Years ended June 30, 2025	2024
Gross profit				
Video and Broadband Solutions	$ 13,113	$ 34,388	$ 79,876	$ 108,095
Content Delivery and Storage	4,443	6,266	24,420	28,907
Telematics	1,241	1,274	5,124	4,616
Total gross profit	**$ 18,797**	**$ 41,928**	**$ 109,420**	**$ 141,618**
Gross margin				
Video and Broadband Solutions	22.6 %	46.1 %	33.6 %	45.8 %
Content Delivery and Storage	51.6 %	56.7 %	60.8 %	59.9 %
Telematics	59.4 %	72.1 %	65.6 %	68.5 %
Total gross margin	**27.3 %**	**47.9 %**	**38.3 %**	**48.7 %**
Adjusted gross margin				
Video and Broadband Solutions	34.5 %	45.0 %	36.3 %	46.2 %
Content Delivery and Storage	51.8 %	59.3 %	61.6 %	60.7 %
Telematics	59.4 %	72.1 %	65.6 %	68.5 %
Total adjusted gross margin	**37.4 %**	**47.3 %**	**40.6 %**	**49.2 %**

Three-Month Results

For the three months ended June 30, 2025, we generated total gross profit of $18.8 million, a decrease of 55% from $41.9 million in Q4 fiscal 2024 and a decrease of 38% from $30.5 million in Q3 fiscal 2025. The year-over-year change in gross profit primarily reflects a $7.0 million write-down of inventory to net realizable value combined with lower VBS segment sales and a lower-margin product mix. The quarter-over-quarter decrease reflects inventory write-downs and the impact of foreign exchange volatility as higher cost inventory produced during a period when the US dollar was stronger was sold in a period in which the US dollar weakened relative to the Canadian dollar. Fourth quarter gross margin was 27.3% (adjusted gross margin of 37.4%), as compared to 47.9% (adjusted gross margin of 47.3%) in Q4 fiscal 2024 and 47.7% (adjusted gross margin of 47.5%) in Q3 fiscal 2025. The year-over-year decrease reflects inventory write-downs combined with a shift in product mix, particularly the inclusion of lower-margin EN9000 VBS product sales. As previously noted, the EN9000 carries a lower margin when initially fulfilled on a standalone basis but later helps to drive higher margins as software-driven access modules are populated within the node. The quarter-over-quarter decrease in gross margin reflects the impact of inventory write-downs and foreign exchange volatility as described above.

Video and Broadband Solutions segment gross profit for the fourth quarter was $13.1 million (gross margin of 22.6%; adjusted gross margin of 34.5%), compared to $34.4 million (gross margin of 46.1%; adjusted gross margin of 45.0%) in Q4 fiscal 2024 and $19.2 million in Q3 fiscal 2025 (gross margin of 40.3%; adjusted gross margin of 39.8%). The year-over-year decrease in gross profit dollars reflects a $6.9 million write-down of inventory to net realizable value combined with lower sales and a lower-margin product mix. The quarter-over-quarter change reflects inventory write-downs combined with the negative foreign exchange impact of higher cost inventory being sold during a period in which the U.S. dollar weakened relative to the Canadian dollar, partially offset by higher sales.

In the Content Delivery and Storage segment, fourth quarter gross profit of $4.4 million (gross margin of 51.6%; adjusted gross margin of 51.8%), compared to $6.3 million (gross margin of 56.7%; adjusted gross margin of 59.3%) in the same period last year and $9.9 million (gross margin of 70.0%; adjusted gross margin of 70.5%) in Q3 fiscal 2025. The 29% year-over-year decrease and the 55% quarter-over-quarter decrease in CDS gross profit reflect lower sales combined with lower product margins.

Fourth quarter gross profit from the Telematics segment was $1.2 million (gross margin of 59.4%), slightly lower than the $1.3 million (gross margin of 72.1%) achieved in Q4 fiscal 2024 and a decrease of 16% from $1.5 million (gross margin of 65.4%) in Q3 fiscal 2025. The year-over-year change reflects lower margins, partially offset by higher sales.

Twelve-Month Results

For the year ended June 30, 2025, gross profit was $109.4 million, compared to $141.6 million in fiscal 2024. The 23% year-over-year decrease primarily reflects lower VBS margins. Gross margin for the full year was 38.3% (adjusted gross margin of 40.6%), compared to 48.7% (adjusted gross margin of 49.2%) in fiscal 2024. The decrease primarily reflected a $8.4 million write-down of inventory to net realizable value combined with a lower-margin product mix, including decreased sales in the higher-margin CDS segment, were the primary factors in the change. While we normally target a gross margin percentage of 45% to 49%, we anticipated lower gross margins in fiscal 2025 as a result of the roll out of our EN9000 platform. As previously noted, the EN9000 carries a lower margin when initially fulfilled on a standalone basis but later helps to drive higher margins as software-driven access modules are populated within the node.

The Video and Broadband Solutions segment generated gross profit of $79.9 million (gross margin of 33.6%; adjusted gross margin of 36.3%) in fiscal 2025, compared to $108.1 million (gross margin of 45.8%; adjusted gross margin of 46.2%) in fiscal 2024. The 26% year-over-year decrease in gross profit dollars is mainly attributed to a $8.1 million write-down of inventory to net realizable value and lower gross margin on overall sales.

Content Delivery and Storage segment gross profit decreased 16% to $24.4 million (gross margin of 60.8%; adjusted gross margin of 61.6%) in fiscal 2025, from $28.9 million (gross margin of 59.9%; adjusted gross margin of 60.7%) in fiscal 2024. The year-over-year decrease primarily reflects lower segment sales, partially offset by higher product margins.

Telematics segment gross profit for the year increased to $5.1 million (gross margin of 65.6%), from $4.6 million (gross margin of 68.5%) in fiscal 2024, reflecting higher sales due to new customer wins.

Operating Expenses

Segment	Three months ended June 30, 2025	Three months ended June 30, 2024	Years ended June 30, 2025	Years ended June 30, 2024
Video and Broadband Solutions	$ 28,623	$ 20,194	$ 90,525	$ 76,635
Content Delivery and Storage	6,052	8,509	27,226	31,568
Telematics	1,130	1,061	4,186	3,822
Total operating expense	**$ 35,805**	**$ 29,764**	**$ 121,937**	**$ 112,025**

Three-Month Results

For the three months ended June 30, 2025, total operating expenses increased to $35.8 million, from $29.8 million in Q4 fiscal 2024 and $27.2 million in Q3 fiscal 2025. As a percentage of sales, Q4 operating expenses were 52%, as compared to 34% in Q4 fiscal 2024.

Video and Broadband Solutions operating expenses were $28.6 million, compared to $20.2 million in Q4 fiscal 2024 and $19.4 in Q3 fiscal 2025. The year-over-year increase primarily reflects impairment expense of $6.9 million on certain deferred development assets (as noted below) combined with increased finished goods inventory allowances, operating costs associated with the Falcon acquisition and higher deferred development amortization, partially offset by lower bonus expense and savings realized from the restructuring program initiated in the second quarter. The $9.2 million quarter-over-quarter increase primarily reflects the same factors.

Content Delivery and Storage operating expenses decreased to $6.1 million in Q4 fiscal 2025, from $8.5 million in the same period of fiscal 2024 and $6.7 million in Q3 fiscal 2025. The year-over-year change was primarily driven by lower general and administrative and sales and marketing expense resulting from lower shared service allocations. The quarter-over-quarter decrease mainly reflects lower commissions and shared service cost allocations.

Telematics operating expenses were $1.1 million, consistent with both Q4 fiscal 2024 and Q3 fiscal 2025.

Research and development expenses for Q4 fiscal 2025 increased to $12.0 million, or 17% of sales, from $11.0 million, or 13% of sales in the same period of fiscal 2024. The increase primarily reflects higher deferred development cost amortization and added research and development expenses related to the Falcon V operations acquired in the second quarter, partially offset by higher capitalized development costs. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for Q4 fiscal 2025 increased slightly to $15.7 million, or 23% of sales, from $15.6 million, or 18% of sales in Q4 fiscal 2024. The increase reflects the impact of the Falcon V acquisition, partially offset by savings realized from the restructuring program implemented in the second quarter, together with lower bonus expense.

Sales and marketing expenses increased to $9.8 million, or 14% of sales in Q4 fiscal 2025, from $9.5 million, or 11% of sales in the same period last year. This primarily reflects higher finished goods inventory allowances, partially offset by decreased salary and wages costs resulting from the restructuring program implemented in the second quarter, together with lower trade show expenses.

General and administrative expenses decreased to $6.7 million, or 10% of sales, from $8.8 million or 10% of sales in Q4 fiscal 2024. The year-over-year decrease primarily reflects lower depreciation expense and decreased salary and bonus expense.

Impairment expense increased to $6.9 million in Q4 fiscal 2025, from $nil in Q4 fiscal 2024. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company.

Stock-based compensation expense increased to $0.4 million in Q4 fiscal 2025, from $0.2 million in Q4 fiscal 2024. The year-over-year change reflects an increase in PSUs outstanding and grant date fair value vesting in Q3 fiscal 2025 compared to the prior-year period.

Other expense was $nil in Q4 fiscal 2025, compared to $0.2 million in Q4 fiscal 2024, reflecting advisory fees related to M&A activity in the prior-year period.

Twelve-Month Results

For the year ended June 30, 2025, total operating expenses increased to $121.9 million, from $112.0 million in fiscal 2024. The year-over-year increase primarily reflects impairment expense of $6.9 million on certain legacy deferred development assets combined with restructuring costs, additional research and development costs related to our newly acquired Falcon V operations, and the negative impact on expenses of a stronger US dollar. These increases were partially offset by lower general and administrative costs, primarily due to a decrease in depreciation expense and advisory fees incurred in the prior-year period. As a percentage of sales, fiscal 2025 operating expenses were 43%, as compared to 38% in fiscal 2024.

Video and Broadband Solutions operating expenses increased to $90.5 million in fiscal 2025, from $76.6 million in fiscal 2024. The $13.9 million increase primarily reflects impairment expense of $6.9 million on certain deferred development assets (as noted below), combined with restructuring costs, higher research and development costs mainly related to the acquired Falcon V operations, and higher deferred development amortization expense. These increases were partially offset by savings realized from the restructuring program.

Content Delivery and Storage operating expenses decreased to $27.2 million in fiscal 2025, from $31.6 million in fiscal 2024. The decrease is mainly attributed to lower shared service allocations driven by lower sales and support.

Telematics operating expenses increased to $4.2 million in fiscal 2025, from $3.8 million in fiscal 2024, reflecting growth in sales.

Research and development expenses for fiscal 2025 increased to $46.4 million, or 16% of sales, from $44.2 million, or 15% of sales in fiscal 2024. The increase primarily reflects higher deferred development cost amortization and added research and development expenses related to the acquired Falcon V operations, partially offset by higher capitalized development costs and savings realized from the restructuring program implemented in the second quarter. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for fiscal 2025 increased to $61.6 million, or 22% of sales, from $58.7 million, or 20% of sales in the same period of fiscal 2024. This increase reflects the impact of the acquired Falcon V operations, combined with increased prototyping and software and licensing costs as our next-generation products move closer to commercial deployment.

Sales and marketing expenses increased slightly to $34.8 million, or 12% of sales in fiscal 2025, from $33.4 million, or 11% of sales in fiscal 2024. The year-over-year change primarily reflects increased travel and business development costs and higher trade show and promotion expenses, partially offset by savings realized from the restructuring program implemented in the second quarter.

General and administrative expenses decreased to $28.6 million, or 10% of sales in fiscal 2025, from $31.7 million, or 11% of sales in fiscal 2024. The year-over-year decrease primarily reflects lower depreciation and bonus expense.

Impairment expense increased to $6.9 million in fiscal 2025, compared to $nil in fiscal 2024. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company.

Restructuring costs were $2.8 million in fiscal 2025, compared to $nil in fiscal 2024, reflecting the workforce reduction initiated in the second quarter of fiscal 2025 in response to market conditions.

Stock-based compensation expense was $1.9 million in fiscal 2025, compared to $1.0 million in fiscal 2024. The year-over-year change reflects an increase in PSUs outstanding and grant date fair value vesting compared to the prior-year period.

Other expense was $0.5 million in fiscal 2025, compared to $1.8 million in fiscal 2024. The decrease reflects advisory fees incurred as part of M&A activity in the prior-year.

Operating Income (Loss)

	Three months ended June 30,		Years ended June 30,	
Segment	**2025**	2024	**2025**	2024
Video and Broadband Solutions	$ (15,510)	$ 14,194	$ (10,649)	$ 31,460
Content Delivery and Storage	(1,609)	(2,243)	(2,806)	(2,661)
Telematics	111	213	938	794
Total operating income (loss)	**$ (17,008)**	**$ 12,164**	**$ (12,517)**	**$ 29,593**

Three-Month Results

We incurred an operating loss of $17.0 million in Q4 fiscal 2025, compared to income of $12.2 million in Q4 fiscal 2024. The $29.2 million decrease primarily reflects impairment expense of $6.9 million and inventory allowances of $8.3 million, together with the impact of lower VBS segment revenue and margins, partially offset by a reduction in operating costs, excluding impairment and restructuring costs.

The Video and Broadband Solutions segment generated a fourth quarter operating loss of $15.5 million, as compared to operating income of $14.2 million in Q4 fiscal 2024. The year-over-year decrease was primarily due to impairment expense of $6.9 million and inventory allowances of $8.3 million, combined with lower sales and margins.

Content Delivery and Storage recorded an operating loss of $1.6 million in the fourth quarter, as compared to an operating loss of $2.2 million in the same period of fiscal 2024. The year-over-year improvement primarily reflects lower operating costs, partially offset by lower sales and gross margins.

Telematics operating income decreased to $0.1 million in the fourth quarter, from $0.2 million in Q4 fiscal 2024, reflecting lower margins.

Finance expense was consistent at $3.2 million in both Q4 fiscal 2025 and 2024.

Foreign exchange gain for the fourth quarter was $1.5 million, compared to a loss of $2.0 million in the same period of fiscal 2024. Foreign exchange gains resulted from a strengthening Canadian dollar and its impact on outstanding U.S.-denominated accounts payable.

Income tax recovery increased to $5.6 million in Q4 fiscal 2025, from income tax expense of $1.3 million in Q4 fiscal 2024, reflecting a net loss before taxes.

Net loss for Q4 fiscal 2025 was $13.2 million or $(0.54) per share, compared to net income of $9.2 million or $0.34 per share in Q4 fiscal 2024.

Other comprehensive loss was $4.5 million in Q4 fiscal 2025, as compared to other comprehensive income of $1.0 million in the same period in fiscal 2024. The decrease reflects the impact of a strengthening Canadian dollar on U.S. net assets.

Comprehensive loss for Q4 fiscal 2025 was $17.7 million, compared to comprehensive income of $9.2 million in Q4 fiscal 2024, reflecting the changes described above.

Twelve-Month Results

We generated total operating income of $12.5 million during fiscal 2025, compared to $29.6 million in fiscal 2024. The year-over-year change primarily reflects a combination of the decrease in sales from the high-margin CDS segment, lower product margins in the VBS segment, and the impact of one-time restructuring costs, partially offset by lower bonus expense.

The Video and Broadband Solutions segment generated operating income of $10.6 million in fiscal 2025, compared to $31.5 million in fiscal 2024. The decrease primarily reflects lower product margins and restructuring costs incurred in the second quarter.

Content Delivery and Storage recorded an operating loss of $2.8 million in fiscal 2025, as compared to an operating loss of $2.7 million in fiscal 2024. This slight increase in operating loss was primarily due to lower sales and the inclusion of restructuring costs, partially offset by lower allocation of support costs.

Telematics operating income increased to $0.9 million in fiscal 2025, from $0.8 million in fiscal 2024.

Finance expense increased to $10.0 million in fiscal 2025, from $7.1 million in fiscal 2024, reflecting increased interest costs associated with the revolving line of credit and accounts receivable factoring costs.

Foreign exchange loss was $2.0 million in fiscal 2025, compared to a loss of $1.9 million in fiscal 2024. Foreign exchange losses from a strengthening U.S. dollar negatively impacted our net U.S. dollar monetary liability position settlements throughout the year.

Income tax recovery was $6.8 million in fiscal 2025, compared to an income tax expense of $1.1 million in fiscal 2024.

Net loss for fiscal 2025 was $17.8 million or $(0.73) per share, compared to net income of $19.4 million or $0.80 per share in fiscal 2024.

Other comprehensive income decreased to $0.2 million in fiscal 2025, from $2.1 million in the prior-year reflecting a slight change to opening and ending closing exchange rates.

Comprehensive loss for fiscal 2025 increased to $17.9 million, from comprehensive income of $21.5 million in fiscal 2024. The year-over-year decline in comprehensive income was due to the changes described above.

8. Liquidity and Capital Resources

We manage our liquidity and capital resources to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. We believe that our current working capital position, access to loan facilities and anticipated cash flow from operations, will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future.

Cash Flow Provided by (Used in) Operating, Investing and Financing Activities

Operating Activities

For the three months ended June 30, 2025, cash flow provided by operating activities was $18.9 million, compared to $36.1 million in the three months ended June 30, 2024. The $17.2 million decrease reflects an $8.6 million decrease in operating cash flow combined with a $8.6 million decrease in net working capital.

For the year ended June 30, 2025, cash flow provided by operating activities was $54.6 million, compared to $2.7 million for the year ended June 30, 2024. The $51.9 million improvement reflects a $69.6 million increase in net working capital, offset by a $17.7 million decrease in operating cash flow.

Investing Activities

For the three months ended June 30, 2025, cash flow used in investing activities increased to $9.2 million from $4.2 million in the same period last year. This increase reflects deferred development expenditures of $8.4 million (Q4 fiscal 2024 - $7.6 million) and the purchase of property, plant and equipment of $0.8 million (Q4 fiscal 2024 - $0.5 million).

For the year ended June 30, 2025, cash flow used in investing activities increased to $37.9 million from $26.2 million in fiscal 2024. This increase reflects deferred development expenditures of $31.3 million (fiscal 2024 - $27.4 million), net cash payments on business combinations of $3.9 (fiscal 2024 - $nil), and the purchase of property, plant and equipment of $2.9 million (fiscal 2024 - $2.7 million), offset by $0.2 proceeds on the sale of property, plant and equipment (fiscal 2024 - $3.9 million).

Financing Activities

For the three months ended June 30, 2025, we repaid $0.4 million of our long-term debt (Q4 fiscal 2024 - $0.5 million), repaid lease liabilities of $0.5 million (Q4 fiscal 2024 - $0.4 million), paid dividends of $1.3 million (Q4 fiscal 2024 - $1.3 million), had net draws of $11.8 million on our revolving line of credit (Q4 fiscal 2024 - $30.0 million) and received proceeds from debt of $6.0 million (Q4 fiscal 2024 - $nil).

For the year ended June 30, 2025, we repaid $1.9 million of our long-term debt (fiscal 2024 - $1.6 million), received proceeds from exercised options of $0.04 million (fiscal 2024 - $0.1 million), repaid lease liabilities of $1.6 million (fiscal 2024 - $1.6 million), paid dividends of $5.3 million (fiscal 2024 - $5.3 million), made repayments on our revolving line of credit of $17.8 million (fiscal 2024 - $31.2 million drawn), received proceeds from debt of $6.9 million (fiscal 2024 - $0.9 million) and received proceeds of $5.0 million from a shareholder loan (fiscal 2024 - $nil).

Working Capital

Working capital represents current assets less current liabilities. Our working capital decreased to $51.2 million at June 30, 2025, from $73.1 million at June 30, 2024. We note that our working capital balances can be subject to significant swings from quarter to quarter. Our product shipments can be "lumpy", reflecting the requirements of our major customers. It is not unusual to ship $5 to $6 million of product in a one-week period. If this level of sales occurs in the first week of a succeeding quarter, we would expect to experience an increase in inventory levels and a drop in receivables in the prior quarter. Other timing issues, like contracts with greater than 30-day payment terms, also affect working capital, particularly if shipments are backend weighted for a quarter.

Accounts receivable balance decreased to $23.9 million at June 30, 2025, from $70.1 million at June 30, 2024. The change reflects the timing impact of factoring certain customer receivables to manage working capital requirements.

Inventories decreased by $25.4 million to $110.6 million at June 30, 2025, from $136.0 million as at June 30, 2024. Finished goods inventories decreased to $29.3 million at June 30, 2025, from $35.0 million at June 30, 2024. Raw material inventory decreased to $73.1 million at June 30, 2025, from $86.4 million at June 30, 2024. Work-in-progress inventories decreased to $8.2 million as at June 30, 2025, from $14.6 million at June 30, 2024. We manufacture and assemble products with the result that inventory levels will be substantially higher than other companies in the industry that outsource manufacturing and assembly.

Prepaid expenses and other current assets balance increased to $6.7 million at June 30, 2025 (June 30, 2024 - $6.6 million).

Investment tax credits increased to $22.2 million at June 30, 2025, from $21.8 million at June 30, 2024. For every dollar we spend on eligible research and development in Canada, we generate approximately 15 cents in income tax credits. These credits are used to offset our income tax payable.

Accounts payable and accrued liabilities decreased to $37.7 million at June 30, 2025, from $57.6 million at June 30, 2024.

Financial liabilities, including the current portion, were $0.3 million at June 30, 2025, as compared to $2.6 as at June 30, 2024, reflecting a decrease in share price which impacted the valuation of customer-based warrants.

Long-term debt, including the current portion and lease liabilities, increased to $28.3 million at June 30, 2025, from $17.8 million at June 30, 2024, reflecting a $5.0 million shareholder loan in the second quarter of fiscal 2025 and a $6.0 million third-party loan in the fourth quarter of fiscal 2025.

Revolving Line of Credit

As at June 30, 2025, we had an authorized line of credit of $75.0 million (June 30, 2024 - $85.0 million), subject to a general security agreement limit as described below, of which $50.0 million was available and $33.9 million was drawn (June 30, 2024 - $56.6 million available; $51.7 million drawn). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable plus 40% of the value, up to $42,500, of certain inventory. Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding U.S. and Canadian denominated balances. The Canadian prime rate as at June 30, 2025 was 4.95% (June 30, 2024 - 6.95%) while the U.S. prime rate was 7.50% (June 30, 2024 - 8.50%).

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2025, we were in compliance with all covenants related to the line of credit.

Factoring Programs

Accounts Receivable

As at June 30, 2025, we had a factoring arrangement with a major customer and a U.S. chartered bank, through which we could elect to expedite our accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on our consolidated statements of comprehensive income (loss). During the year ended June 30, 2025, we recognized an accounts receivable factoring cost of $5.2 million (June 30, 2024 - $0.3 million) in accordance with the factoring arrangement. As at June 30, 2025, $0.1 million of outstanding accounts receivable were selected for factoring and were received in July 2025 (June 30, 2024 - $0.5 million received in July 2024). These amounts were included in accounts receivable as at June 30, 2025 and 2024.

Accounts Payable

During the year ended June 30, 2025, we entered into a supply-chain financing (or "reverse-factoring") arrangement with a third party for certain of our accounts payable. The new payable provides an extension of 120 days on the original invoice due date. During the year ended June 30, 2025, we reverse-factored accounts payable of $6.7 million, with the resulting payable to the third party due between June 9, 2025 and July 10, 2025, and incurred reverse-factoring expenses of $0.2 million. As at June 30, 2025, $3.0 million remained in accounts payable and accrued liabilities.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
November 12, 2024	$0.055	November 22, 2024	December 16, 2024
February 11, 2025	$0.055	February 28, 2025	March 24, 2025
May 13, 2025	$0.055	May 30, 2025	June 23, 2025
September 23, 2025	$0.055	October 10, 2025	November 3, 2025

Contractual Obligations

As at June 30, 2025, lease liabilities reported in our consolidated statements of financial position were $5.2 million. Our lease liabilities do not include short-term leases and low-value asset leases, as permitted under IFRS 16, and are of nominal value.

As at June 30, 2025, our undiscounted future cash payments in respect of our lease liabilities were as follows: due within one year is $1.5 million; due between two-to-five years is $4.1 million; and thereafter is $0.2 million.

At June 30, 2025, contractual purchase obligations to certain contract manufacturers due within a year that are not recognized as liabilities were $26.9 million (June 30, 2024 - $31.0 million). Related inventory deposits paid to these contract manufacturers and classified as prepaid expenses were $2.0 million (June 30, 2024 - $2.2 million).

Foreign Exchange

Approximately 96% of our revenues are denominated in U.S. dollars. We translate U.S. dollar sales to Canadian dollars on the date of delivery and subsequently when the accounts receivable is collected. If the U.S. dollar appreciates relative to the Canadian dollar after we collect the accounts receivable in U.S. dollars, we will receive more Canadian dollars when the U.S. dollars are converted to Canadian dollars in subsequent months. We also enjoy a natural hedge since the majority of our materials and components purchased are in U.S. dollars.

As at June 30, 2025, the exchange rate on the Canadian dollar relative to the U.S. dollar remained constant at $1.368 as at June 30, 2024.

Financial Instruments

We periodically enter into forward contracts to partially manage our exposure to currency fluctuations between Canadian and U.S. dollars. Forward contracts are entered into based on our projected requirements for converting U.S. to Canadian dollars. We do not recognize these contracts in the consolidated financial statements when they are entered into, nor do we account for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes to fair value are recorded in income. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position. We had no forward contracts outstanding at June 30, 2025.

9. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial performance or financial condition.

10. Transactions Between Related Parties

Key management personnel consist of the Board of Directors and certain executives who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

The company had the following related party transactions in fiscal 2025:

Building Lease

We entered into a building lease on August 1, 2022 with one of our principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2025, total lease payments, including interest, were $0.1 million (June 30, 2024 - $0.2 million). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholder and therefore, no longer subject to a related party relationship.

Shareholder Loan

We received a shareholder loan in the second quarter of fiscal 2025 of $5.0 million from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.95% plus 4.30% and is collateralized by a general security agreement. During the year ended June 30, 2025, we incurred $0.3 million of interest expense pursuant to the shareholder loan. The loan agreement was executed at arms length, approximates fair value and will be used to fund short-term working capital requirements.

There were no other related party transactions in fiscal 2025.

11. Proposed and Completed Transactions

We continually review potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value.

On October 11, 2024, we acquired all outstanding shares of Falcon V Systems S.A. ("Falcon") for total cash consideration of $5.2 million, plus an additional $0.6 million paid for excess cash as defined in the agreement. Falcon is a Poland-based provider of vendor-agnostic, virtualized software solutions and services for Broadband Services Providers worldwide. Its key products are being integrated into our Entra Cloud portfolio of open, interoperable, cloud-native applications. In accordance with the acquisition, we incurred $0.4 million of acquisition-related costs which are included in other expense.

At the current time, there are no other reportable proposed transactions.

12. Critical Accounting Estimates

The preparation of our consolidated financial statements, in conformity with IFRS Accounting Standards, requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments in future periods to the carrying amount of the affected asset or liability. Actual results could differ from those estimates.

Functional currency

We assess the primary economic environment in which we operate by considering factors such as the currency for which sales of goods and services are denominated and settled, the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and the currency that mainly influences labour, material and other costs of providing goods and services.

Sales by Vecima Networks Inc. are primarily transacted in U.S. dollars ("USD"). Our cost of materials is denominated in both Canadian and U.S. dollars and labour costs are denominated fully in Canadian dollars. Management pays close attention to gross margin, and the setting of prices in USD is influenced by costs which are primarily influenced by the Canadian dollar. Due to the mix of indicators for our primary economic environment, we assess the secondary indicators of finance activities and receipts from operations. Equity and debt financing activities are both denominated in Canadian dollars and receipts from operations are retained primarily in Canadian dollars. Based on all these factors, we determined that the functional currency for the entities listed above is the Canadian dollar.

Sales by Vecima Technology Inc. (a subsidiary of the Company) are primarily transacted in USD. The cost of materials and labour costs are denominated fully in USD. Equity and debt financing activities are both denominated in USD and receipts from operations are retained primarily in USD. Based on all these factors, we determined that the functional currency for Vecima Technology Inc. is USD.

Sales by Vecima Solutions Corporation (a subsidiary of the Company) are primarily transacted in Japanese Yen. The cost of materials is denominated in Japanese Yen, however certain inventory purchases are made in USD. The labour cost is denominated fully in Japanese Yen. Equity and intercompany financing activities are denominated in both Japanese Yen and USD and receipts from operations are retained in Japanese Yen. Based on all these factors, we determined that the functional currency for Vecima Solutions Corporation is the Japanese Yen.

Sales by Vecima Technology (UK) Ltd. (a subsidiary of the Company) are primarily transacted in Great British Pounds (GBP). The labour cost is denominated fully in GBP. Equity and intercompany financing activities are denominated in either GBP or USD and receipts from operations are retained primarily in GBP. Based on all these factors, we determined that the functional currency for Vecima Technology (UK) Ltd. is GBP.

Sales by Vecima Technology B.V. (a subsidiary of the Company) are primarily transacted in Euro. The cost of materials and labour costs are denominated fully in Euro. While equity transactions are denominated in Canadian dollars, intercompany financing activities and receipts from operations are denominated in Euro. Based on all these factors, we determined that the functional currency for Vecima Technology B.V. is Euro.

Sales by Vecima Technology (Qingdao) Co., Ltd. and Vecima Technology (Shanghai) Co., Ltd., (subsidiaries of the Company) are transacted in Renminbi (“RMB”). The cost of materials and labour costs are denominated in RMB. Equity and debt financing activities are both denominated in RMB and receipts from operations are retained in RMB. Based on all of these factors, we determined that the functional currency for Vecima Technology (Qingdao) Co., Ltd. and Vecima Technology (Shanghai) Co., Ltd. is RMB.

Sales by Falcon V Systems S.A. (a subsidiary of the Company) are primarily transacted in Polish Zloty ("PLN"). The labour cost is denominated fully in PLN. Equity and intercompany financing activities are denominated in either PLN or USD and receipts from operations are retained primarily in PLN. Based on all these factors, the Company determined that the functional currency for Falcon V Systems S.A. is PLN.

Revenue from contracts with customers and deferred revenue

Significant judgment may be required in determining the distinct performance obligations within a contract and the allocation of transaction price to multiple element performance obligations. When multiple performance obligations are identified in a contract, the transaction price is allocated based on the standalone selling price for each. If the standalone selling price is not observable, we estimate the standalone selling price for each distinct performance obligation based on a related cost-plus margin, taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

Deferred revenue consists of service contracts and upfront customer activation and connection fees where billings are recorded and received prior to the rendering of the associated service. Deferred revenue may be impacted by the allocation of the transaction price where a component of the contract includes such services. Billings for services are recognized as revenue in the period in which the services are provided. Upfront customer activation and connection fees are recognized over the expected term of the customer relationship.

Deferred development costs

Development costs are capitalized in accordance with our accounting policy. Capitalization of costs is initiated based on management's judgment that technological and economic feasibility is confirmed, usually when the research project is approved to begin development. In assessing whether these costs are impaired, management makes assumptions regarding the expected future cash flows from the project, discount rates to be applied and the expected periods of benefit.

Impairment of non-financial assets

Impairment exists when the carrying value of a tangible asset, intangible asset or cash-generating unit, including goodwill, exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value-in-use. The value-in-use calculation is based on a discounted cash flow model, where the cash flow is derived from the budget extrapolated over the next three to five years, exclusive of restructuring activities or significant future investments to enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used as well as the expected future cash inflows and growth rate used to extrapolate beyond the three to five years.

Share-based compensation

We measure the cost of share-based compensation transactions with reference to the fair value of the options issued at the date they were granted. Estimated fair value for share-based compensation transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option and the volatility.

The assumptions within the Black-Scholes option-pricing model used for estimating fair value for share-based compensation are as follows:

Years ended June 30,	**2025**	2024
Weighted average share price	$ 15.70	$ 17.14
Expected option life	6 years	6 years
Risk-free rate of return	2.95 %	3.89%
Volatility factor	30.66 %	27.71%
Expected dividends	1.40 %	1.29%
Forfeiture rate	5.55 %	4.75%

Income taxes

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, source and amounts of future taxable income together with tax planning strategies. We make certain judgments in interpreting tax rules and regulations when we compute income tax expense, and when we evaluate whether a deferred tax asset can be recovered based on an assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

Leases

We estimate the lease term by considering the facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Certain qualitative and quantitative assumptions are made when determining the value of the economic incentives.

The application of IFRS 16 requires us to make estimates that affect the measurement of right-of-use assets and liabilities, including:

- Identifying or determining if a contract is or contains an identified asset – the identified asset should be physically distinct or represent all or substantially all of the capacity of the asset, and should provide the right to all or substantially all of the economic benefits from the use of the identified asset;
- determining which interest rate to use in measuring the present value of the lease liability for each lease – the incremental borrowing rate should reflect the interest that would have to be paid to borrow at a similar term and with similar security; and
- determining, with reasonable certainty, whether we will exercise an option to extend or an option not to terminate a lease contract – this will be based on an assessment of the expected economic return from the lease.

Other areas

Other key areas of estimation where management is required to make subjective estimates, often as a result of matters that are inherently uncertain, include:

- the assessment of the carrying values of allowances for doubtful accounts and inventory obsolescence;
- the capitalization of overhead;
- the useful lives of property, plant and equipment; and the useful lives of intangible assets; and
- provisions, contingent liabilities and the fair value of financial assets.
- valuation of customer-based warrants

13. Accounting Pronouncements and Standards

Adoption of amendments to accounting standards

The following amended standards and interpretations issued by the IASB were adopted in the first quarter of fiscal 2025:

Amendments to IAS 1 – Presentation of financial statements (IAS1)

On January 23, 2020, the IASB issued amendments to IAS 1 in respect of the classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The adoption of this amendment did not have a material impact on our financial statements.

Recent accounting pronouncements

The following new and amended standards and interpretations issued by the IASB is effective after our June 30, 2025 year-end date and have not yet been adopted by us:

IFRS 18, "Presentation and Disclosure in Financial Statements"

On April 9, 2024, the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), which will replace International Accounting Standard 1, "Presentation of Financial Statements". IFRS 18 will establish a revised structure for the Consolidated Statements of Comprehensive Income (Loss) and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard is to be applied retrospectively, with certain transition provisions. We are currently evaluating the impact of adopting IFRS 18 on our Consolidated Financial Statements.

Amendment to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures"

On May 30, 2024, the IASB issued amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively. We are currently evaluating the impact of the amendments on our Consolidated Financial Statements.

14. Disclosure Controls and Procedures

Disclosure controls and procedures were designed to provide reasonable assurance that material information relating to Vecima is made known by us to others, particularly during the period in which annual filings are being prepared, and information required to be disclosed by us in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of our disclosure controls and procedures as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as at June 30, 2025.

15. Internal Control over Financial Reporting

Internal controls over financial reporting ("ICFR") were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS Accounting Standards. There are inherent limitations to the effectiveness of any system of internal controls, including the possibility of human error and the circumvention or overriding of internal controls. Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Accordingly, even if internal controls are effective, they can only provide reasonable assurance of achieving their controls.

Our CEO and CFO have evaluated the effectiveness of the internal control over financial reporting as at June 30, 2025 in accordance with Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our CEO and CFO have determined that the internal control over financial reporting is effective as at June 30, 2025. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2024 and ended on June 30, 2025 that has materially affected, or is reasonably likely to materially affect our internal controls on financial reporting.

16. Legal Proceedings

From time to time, we may be involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if considered likely to result in a loss, and when the amount of the loss is quantifiable, a provision for the loss is made based on management's assessment of the most likely outcome. We do not provide for claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable.

If it becomes probable that we will be held liable for claims against the Company, we will recognize a provision during the period in which the change in probability occurs, which could be material to our consolidated statements of comprehensive income or consolidated statements of financial position.

17. Risks and Uncertainties

Our financial performance, share price, business prospects and financial condition are subject to numerous risks and uncertainties, and are affected by various factors outside the control of management. Prior to making any investment decision regarding Vecima, investors should carefully consider, among other things, the risks described herein (including the factors outlined under the heading “Forward-Looking Information” below) and the risk factors set forth in our Annual Information Form for our most recently completed fiscal year, which are incorporated by reference herein. These risks and uncertainties are not the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business. If any of these risks occurs, our financial performance, share price, business prospects and financial condition could be materially adversely affected.

Cybersecurity incidents and other issues related to our information systems, technology and data may materially and adversely affect us.

Cybersecurity threats continue to grow in frequency, sophistication, and severity worldwide, with the cable and telecommunications industry remaining a significant target. These threats may arise through intentional or accidental actions by individuals or groups – including employees, contractors, vendors, customers, and unauthorized third parties – seeking access to our systems, data, or those of our clients and counterparties. The systems we and our service providers rely upon may be exposed to a broad range of threats, including ransomware, malware, phishing, denial-of-service attacks, unauthorized access, human error, software vulnerabilities, infrastructure failures, and state-sponsored cyber operations.

While we maintain multi-layered security controls and engage with third-party providers that implement similar controls, no system is immune. We continue to invest in enhancing our cyber defense posture, with recent initiatives focused on improving resilience, detection, and response capabilities. Additionally, our employees are required to participate in ongoing security awareness training, which consists of routine written communications, video-based training, quizzes, and simulated phishing attempts. As threat vectors evolve rapidly, we may need to commit additional resources to update or strengthen these capabilities.

A successful cyberattack could materially adversely affect our business, financial conditions, and results of operations. Threat actors are using increasingly advanced techniques, including those augmented by artificial intelligence, which can evade traditional detection methods and remain dormant until triggered. Such methods may make it more difficult to anticipate, detect, and respond to cybersecurity incidents.

In addition to traditional cybersecurity concerns, we recognize the emerging risks and benefits associated with the use of artificial intelligence across our operations. While artificial intelligence may offer enhanced productivity, threat detection, and automation capabilities, it may also introduce new vulnerabilities to cybersecurity threats, such as model exploitation, data poisoning, or unauthorized decision-making. We are actively assessing and adapting our risk-management framework and disclosure practices to ensure that such risks are evaluated, disclosed, and mitigated in line with industry standards.

Third-party risks remain a significant concern, particularly where we rely on integrated systems or data sharing arrangements with vendors and service providers. Although we require third parties to comply with ISO 27001 information security requirements and have contractual provisions in place addressing cybersecurity and data privacy, these efforts do not guarantee protection against breaches from third-party sources. Vulnerabilities in third-party software, inadequate vendor security controls, or operational failures could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. Given the complexity of our supply chain, our ability to monitor and enforce cybersecurity practices across all external relationships carries risks and uncertainties.

In the event of a security breach, we could be subject to public scrutiny, regulatory action, loss of customer trust, loss of trust from third parties with whom we conduct business, or adverse impacts on the market perception of our effectiveness. Such outcomes could have a material adverse effect on our business, financial condition, and results of operations.

The security of the information and technology systems used by us and our service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in our business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or a service provider may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders (and the beneficial owners of stockholders). Such outcomes could have a material adverse effect on our business, financial condition, and results of operations.

Although we maintain insurance coverage for certain cybersecurity incidents, there can be no assurance that such coverage would be adequate to cover all potential losses or liabilities arising from a significant cybersecurity event.

Changes in international trade policy may materially and adversely affect us.

The United States government has adopted a new approach to trade policy and, in some cases, an intent to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. The imposition of new tariffs by the U.S. and other countries could materially and adversely affect our business, financial condition and results of operations.

On March 4, 2025, a 25% tariff on all goods originating in Canada and imported into the U.S. and a 10% tariff on "energy and energy resources" from Canada became effective. In response, the Government of Canada planned to impose 25% tariffs on an aggregate $155 billion in goods imported from the U.S., coming into effect in two phases beginning March 4, 2025. The Government of Canada indicated that these measures would remain in place until the U.S. trade action is withdrawn and, if U.S. tariffs remain in place, further consideration would be given to non-tariff measures against the U.S. Several provincial governments have also indicated they are actively exploring their own countermeasures to the U.S. tariffs.

On March 6, 2025, the U.S. government announced it agreed to suspend tariffs on products that are qualified for preferential entry under the rules of the Canada-United States-Mexico Agreement (“CUSMA”), a reprieve that has been extended indefinitely. As a result of the U.S. decision, Canada said it would not proceed with a second wave of tariffs on of U.S. products and ultimately lifted most of its initial retaliatory tariffs, effective September 1, 2025.

Although discussions regarding a potential end to the U.S. tariffs and retaliatory trade measures are ongoing, the full impact and duration of such measures remain uncertain. Furthermore, there is a possibility that the trade dispute could escalate further. Additional measures imposed could include, among others, increased tariffs on imports to the U.S., restrictions on cross-border supply chains, or additional regulatory barriers that could impact our ability to access international markets and conduct business efficiently. The future status of certain international trade agreements to which Canada, or other countries involved in our supply chain are party, remains uncertain.

The implementation of additional tariffs, or any future escalation in trade barriers, could make it more difficult or costly to export products to the U.S. and increase the cost of components and raw materials that we source for our U.S.-based manufacturing and procurement framework. These increased costs could reduce profit margins, necessitate price adjustments, dampen customer demand, or disrupt supply chain continuity, all of which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, supply chain disruptions, increased procurement costs, and the potential need to identify alternative suppliers or manufacturing locations could result in delays, increased capital expenditures, and additional logistical complexities. Trade restrictions may also influence the competitive landscape in unexpected ways given the disparate impact and exposure to U.S. tariffs. Finally, uncertainty surrounding future trade policies may result in volatility in foreign exchange rates and input costs, further complicating our ability to strategically plan and allocate resources efficiently.

We cannot predict the extent to which the U.S. or other countries will impose quotas, duties, tariffs, taxes or other trade restrictions or retaliatory measures on the import or export of goods in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers and the economy, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

Artificial intelligence technologies and related developments may materially and adversely affect us.

The exploration and adoption of artificial intelligence (“AI”), including machine learning and generative AI, may expose us to new and evolving risks that could materially adversely affect our business, financial condition, and results of operations. Although we have not yet fully implemented AI technologies across our operations, we are evaluating their applicability in areas such as predictive maintenance, network optimization, manufacturing automation, and support functions.

The integration of AI into our business carries operational risks and uncertainties. There can be no assurance that future AI initiatives will perform as intended, be cost effective, or deliver competitive advantages. However, any failure by us to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or commercial opportunity. The pace of innovation in AI is accelerating, and the cable and telecommunications industry is likely to experience heightened competitive pressure based on advancing AI capabilities.

The regulatory landscape surrounding AI is evolving in Canada and internationally. Proposed Canadian measures (including the Artificial Intelligence and Data Act (AIDA) under Bill C-27) and existing privacy laws (such as PIPEDA and provincial reforms, including Québec’s Law 25), together with the EU AI Act and U.S. executive and agency actions, signal heightened scrutiny and potential compliance obligations. These frameworks may require new or enhanced controls, documentation, impact assessments, transparency and vendor oversight. Ensuring compliance could require significant legal, operational and technology investments. Failure to meet applicable standards could result in investigations, fines, litigation or reputational harm.

AI adoption also presents data privacy, cybersecurity and intellectual property risks, as well as new risks specific to AI, which are not yet fully understood or appreciated. Training or fine-tuning models on third-party or public content may raise licensing, database or derivative-works issues, and generative outputs may inadvertently infringe third-party rights or incorporate personal information. Employee use of public AI tools may lead to unauthorized disclosure of confidential or proprietary information. Reliance on third-party AI vendors or cloud models may create additional security, data transfer and contractual risks.

The legal, technical, and reputational risks associated with AI remain difficult to predict given the early-stage nature of these technologies and speed of development. Even preliminary use could draw public scrutiny, regulatory action, loss of customer trust, or loss of trust from third parties with whom we conduct business especially where perceived ethical or legal risks are present. Any of the foregoing could materially adversely affect our business prospects, financial performance and reputation as we evaluate broader integration of AI into our operations.

Failure to comply with anti-corruption, economic sanctions, and anti-money laundering laws could subject us to penalties and other adverse consequences.

We may conduct business in regions which have experienced high levels of business corruption and other criminal activity. We are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which we do business.

However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering terrorism financing and sanctions circumvention and corruption. The failure of some of the governments where we do business to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in those countries could adversely affect the ability of those countries to attract foreign investment and thus have a material adverse effect on its economy which in turn could have a material adverse effect on our business, results of operations and financial condition.

Moreover, findings against us, our directors, our officers or our employees, or their involvement in corruption or other illegal activity could result in significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions and debarment from government contracts, as well as other remedial measures, against us, our directors, our officers or our employees. Any government investigations or other allegations against us, our directors, our officers or our employees, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage our reputation and our ability to do business and could have a material adverse effect on our business, results of operations and financial condition.

Our financial priorities remain unchanged. Importantly we continue to have a very strong balance sheet. We are continuing with the payment of our quarterly dividend.

18. Outstanding Share Data

As at September 24, 2025, we had 24,314,594 common shares outstanding as well as stock options outstanding that are exercisable for an additional 32,000 common shares, and performance share units outstanding that are exercisable for an additional 543,657 common shares.

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by 684739 B.C. Ltd. (the “Principal Shareholder”) which is beneficially owned by Dr. Surinder Kumar, Sumit Kumar and Saket Kumar. As at June 30, 2025, the Principal Shareholder collectively owned approximately 57% of Vecima's common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

19. Additional Information

Financial Governance

Our management is responsible for the preparation and presentation of the consolidated financial statements and notes thereto and the MD&A. Additionally, it is management’s responsibility to ensure that we comply with the laws and regulations applicable to our activities.

Our management is accountable to the Board, each member of which is elected annually by the shareholders of the Company. The Board is responsible for reviewing and approving the consolidated financial statements and the MD&A, after receiving the recommendation of the Audit Committee, which is composed of three directors, all of whom are independent.

External auditors are appointed annually by the shareholders to conduct an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit, as well as to assist the members of the Audit Committee in discharging their responsibilities.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes", "may", "plans", "will", "anticipates", "intends", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions.

Forward-looking information in this MD&A includes, but is not limited to, statements that: We believe that our current working capital position, access to loan facilities and anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future; with respect to the Company's EN3400 product, initial orders with a Tier 1 operator have been secured with deliveries expected to commence in Q2 fiscal 2026 and the deployment of our new Entra Power Holdover Modules (PHM) will provide reliable protection from power fluctuations to Vecima's cable and fiber access platforms in the field and are expected to provide a significant contribution to revenues in fiscal 2026, and that we are continuing with the payment of our quarterly dividend. Forward-looking information also includes our Strategy, our Industry Developments and our Outlook in this MD&A.

In connection with the forward-looking information contained in this MD&A, we have made numerous assumptions, regarding, among other things: stability in global supply chains and trade agreements; the scope and impact of recently announced tariffs between the United States, Canada, China, and Mexico including any potential retaliatory measures, remains within projected cost assumptions; our ability to mitigate tariff-related cost increases through pricing strategies, supplier negotiations, or operational efficiencies; the adoption of and risks related to AI; our ability to leverage advancements in technology, including AI; the strength of our balance sheet; the present or potential value of our core technologies, business operations and asset holdings; our ability to continue our relationships with a few key customers; our ability to deliver products associated with key contracts; our ability to manage our business and growth successfully; our ability to meet customers' requirements for manufacturing capacity; our ability to develop new products and enhance our existing products; our ability to expand current distribution channels and develop new distribution channels; our ability to recruit and retain management and other qualified personnel crucial to our business; we are not required to change our pricing models to compete successfully; our third party suppliers and contract manufacturers upon which we rely continue to meet our needs; our intellectual property is not infringed upon; we are not subject to warranty or product liability claims that harm our business; our ability to successfully implement acquisitions; our ability to manage risks associated with our international operations; currency fluctuations do not adversely affect us; growth in our key markets continues; our ability to adapt to technological change, new products and standards; we are not subject to increased competition that has an adverse effect on our business; we are not subject to competition from new or existing technologies that adversely affect our business; we are not subject to any material new government regulation of our products; and, no third parties allege that we infringe on their intellectual property. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: higher import duties on key raw materials and finished goods may raise production and procurement costs; disruptions in supply chains may lead to significant operational challenges; our statement of financial position, as well as the value of our core technologies, changes in trade policies could lead to delays, higher costs, and potential shortages of critical components; potential countermeasures between United States, Canada, China, and Mexico could impact our ability to export goods or maintain competitive pricing in those markets; business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from the exercise of stock options or settlement of performance share units; liquidity of common shares; our share price shall fluctuate; we may be unable to deliver products associated with key contracts; failure to manage our business or growth successfully may adversely affect our operating results; if we cannot meet our customers' requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; we continue to adapt content delivery products to add features allowing deployments to cable, IPTV, and Internet CDN providers to enable multi-screen video delivery; the failure to execute on this transition or execute quickly enough, may adversely affect our business; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for our products would be more limited than we currently believe; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders generally large in volume, while availability of parts and production capacity can influence the timing of product deliveries; our operations depend on information technology systems, which may be disrupted or may not operate as desired; our ability to recruit and retain management and other qualified personnel is crucial to our business; if we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected; our reliance on third party suppliers and contract manufacturers reduces our control over our performance; if our intellectual property is not adequately protected, we may lose our competitive advantage; failure to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or commercial opportunity; adoption of AI may not yield benefits to the extent anticipated, if at all; we utilize open source software, which could enable our competitors to gain access to our source code and distribute it without paying us any license fees; we have software license agreements covering the use of our software as combined with software provided by specific key integrated circuit vendor(s) and the associated integrated circuits provided by those vendor(s), failure to maintain these agreements or maintain them with commercially reasonable terms could limit our ability to market certain products and affect our business; successful warranty or product liability claims could harm our business; acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders; there are risks associated with our international operations; impacts to trade relationships between the United States and China may adversely affect Vecima’s profitability; currency fluctuations may adversely affect us; changes in interest rates on debt securities may adversely affect us; growth in our key markets may not continue; our inability to adapt to technological change, new products and standards could harm our business; increased competition could have an adverse effect on our business; competition from new or existing technologies may adversely affect our business; the cable and telecommunications industries are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Vecima’s business; government regulation of our products and new government regulation could harm our business; third parties may allege that we infringe on their intellectual property; we may be subject to liability if private information supplied to our customers is misused; and epidemics, pandemics or other public health crises. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties" above and under the heading "Risk Factors" in our Annual Information Form for our most recently completed fiscal year, as well as in our continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. The Company’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and, other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Vecima Networks Inc. (“Vecima”, or the “Company”) and its subsidiaries and all the information in Management’s Discussion and Analysis (MD&A) are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The consolidated financial statements include certain amounts that are based on management’s best estimates and judgments and, in their opinion, present fairly, in all material respects, Vecima’s financial position, results of operations, and cash flows. Management has prepared the financial information presented elsewhere in the MD&A and has ensured that it is consistent with the consolidated financial statements.

Management has a system of internal controls designed to further enhance the integrity of the consolidated financial statements and to provide reasonable assurance that the financial statements are accurate and complete in all material respects. The internal control system is supported by management communication to employees about its policies on ethical business conduct. Management believes these internal controls provide reasonable assurance that the transactions are properly authorized and recorded; financial records are reliable and form a proper basis for the preparation of the consolidated financial statements; and the Company’s assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility through its Audit Committee, which is entirely comprised of independent directors.

The Audit Committee meets periodically with management, and annually with the external auditors, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and, to review the MD&A, the consolidated financial statements, and the external auditors’ report. The Audit Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements, for the year ended June 30, 2025, have been audited by Doane Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Doane Grant Thornton has full and free access to the Audit Committee.

/s/ “Sumit Kumar”
Sumit Kumar
Chief Executive Officer
DATE: September 23, 2025

/s/ “Judson Schmid”
Judson Schmid
Chief Financial Officer
DATE: September 23, 2025

Doane Grant Thornton

Independent Auditor's Report

Doane Grant Thornton LLP

11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 36 4949

To the Shareholders of Vecima Networks Inc.

Opinion

We have audited the consolidated financial statements of Vecima Networks Inc. (the "Company") which comprise the consolidated statements of financial position as at June 30, 2025, 2024 and July 1, 2023, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vecima Networks Inc. as at June 30, 2025, 2024 and July 1, 2023 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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

Recoverability of the carrying value of finite-life deferred development costs not yet available for use

As discussed in Note 2(m), 2(p) and Note 12 to the consolidated financial statements, development costs incurred by the Company are capitalized and deferred as finite-life intangible assets. Intangible assets with a finite-life, which are not yet available for use are required to be tested for impairment at least annually. As at June 30, 2025 the balance of such costs is $52 million, which is included in the total balance of intangible assets. During the year ended June 30, 2025, the Company recognized an impairment loss in the amount of $6.9 million on capitalized deferred development costs.

Auditing management's impairment test is complex and judgmental due to the estimation required in determining the recoverable amount of the finite-life intangible assets not yet available for use. The recoverable amount was estimated using a discounted cash flow model. Judgements with the highest degree of subjectivity and impact include forecasts of future operating performance and discount rates. Changes in these assumptions could have a significant impact on the recoverable amount of finite-life intangible assets not yet available for use, resulting in an impairment charge.

The recoverability of the carrying value of finite-life deferred development costs not yet available for use was determined to be a key audit matter given the significance of the balance to the consolidated financial statements, and that the accounting is highly judgmental and includes estimation uncertainty with respect to the recoverable amount.

Our audit procedures related to the key assumptions included the following, among others:

- Evaluated the design effectiveness of internal controls over the estimation process used by management
- Evaluated the reasonableness of management's forecasts of future operating performance by comparing the forecasts to:
    - Historical operating performance
    - Approved business plans
    - Internal communications to management and Board of Directors
- Performed a sensitivity analysis on management's forecasts of future operating performance
- With the assistance of valuation specialists, evaluated the reasonableness of discount rates by:
    - Tested the source information underlying the determination of discount rates
    - Reviewed relevant internal and external information, including publicly available market data to assess the reasonability of the discount rate
    - Developed an independent estimate for the discount rate and compared it to that selected by management

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 33 to the consolidated financial statements, which explains that certain comparative information for the year ended June 30, 2024 and as at July 1, 2023 has been restated. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report and Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin.

Doane Grant Thornton LLP

Toronto, Canada
September 24, 2025

Chartered Professional Accountants
Licensed Public Accountant

VECIMA NETWORKS INC.
Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

As at June 30,	Note		2025		2024 (Restated - Note 33)		July 1, 2023 (Restated - Note 33)
Assets							
Current assets							
Cash and cash equivalents	5	$	3,441	$	2,136	$	2,278
Accounts receivable	6		23,916		70,139		57,662
Income tax receivable			1,690		359		530
Inventories	7		110,631		136,040		101,601
Prepaid expenses and other current assets	8		6,685		6,632		13,695
Contract assets	20,27		1,159		2,276		2,707
Total current assets			**147,522**		**217,582**		**178,473**
Non-current assets							
Property, plant and equipment	9		10,935		11,908		15,683
Right-of-use assets	10		4,824		4,670		2,364
Goodwill	11		16,934		15,308		15,049
Intangible assets	12		101,610		93,893		82,991
Investment tax credits	13		22,157		21,760		24,252
Deferred tax assets	14		27,656		21,420		11,576
Other long-term assets			431		1,282		1,298
Total assets		**$**	**332,069**	**$**	**387,823**	**$**	**331,686**
Liabilities and shareholders' equity							
Current liabilities							
Revolving line of credit	15	$	33,938	$	51,732	$	20,513
Accounts payable and accrued liabilities	16		37,694		57,583		47,162
Provisions	17		874		591		1,978
Income tax payable			–		2,757		7,808
Deferred revenue	20		15,226		15,856		15,086
Current portion of financial liability	27		290		1,773		–
Current portion of long-term debt	18,33		8,336		14,207		15,114
Total current liabilities			**96,358**		**144,499**		**107,661**
Non-current liabilities							
Provisions	17		460		375		387
Deferred revenue	20		1,755		3,511		4,716
Long-term portion of financial liability	27		–		853		–
Long-term debt	18,33		19,927		3,625		1,269
Total liabilities			**118,500**		**152,863**		**114,033**
Shareholders' equity							
Share capital	19		24,152		24,117		23,997
Reserves			5,966		4,120		3,111
Retained earnings			181,857		204,968		190,926
Accumulated other comprehensive income			1,594		1,755		(381)
Total shareholders' equity			**213,569**		**234,960**		**217,653**
Total liabilities and shareholders' equity		**$**	**332,069**	**$**	**387,823**	**$**	**331,686**

Contractual Obligation - Note 30; Subsequent Event - Note 34
The accompanying notes are an integral part of these consolidated financial statements.

VECIMA NETWORKS INC.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands of Canadian dollars, except per share amounts)

Years ended June 30,	Note		2025		2024
Sales	20	$	285,863	$	291,047
Cost of sales:					
Cost of product and services			168,015		150,020
Write-down (recovery) of inventory to net realizable value	7		8,428		(591)
Total cost of sales			**176,443**		**149,429**
Gross profit			**109,420**		**141,618**
Operating expenses					
Research and development			46,402		44,169
Sales and marketing			34,751		33,358
General and administrative			28,642		31,660
Impairment of intangible assets	12		6,949		–
Restructuring costs	17,32		2,798		–
Share-based compensation	19		1,855		1,033
Other expense	21		540		1,805
Total operating expenses			**121,937**		**112,025**
Operating income (loss)			**(12,517)**		**29,593**
Finance expense	22		(10,000)		(7,124)
Foreign exchange loss			(2,033)		(1,935)
Income (loss) before income taxes			**(24,550)**		**20,534**
Income tax expense (recovery)	14		(6,788)		1,143
Net income (loss)		**$**	**(17,762)**	**$**	**19,391**
Other comprehensive income (loss)					
Item that may be subsequently reclassified to net income					
Exchange differences on translation of foreign operations		$	(161)	$	2,136
Comprehensive income (loss)		**$**	**(17,923)**	**$**	**21,527**
Net income (loss) per share					
Basic	23	$	(0.73)	$	0.80
Diluted	23	$	(0.73)	$	0.80
Weighted average number of common shares					
Shares outstanding – basic	23		24,313,618		24,307,418
Shares outstanding – diluted	23		24,313,618		24,333,407

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

VECIMA NETWORKS INC.
Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars)

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at June 30, 2023		**$ 23,997**	**$ 3,111**	**$ 190,926**	**$ (381)**	**$ 217,653**
Net income		–	–	19,391	–	**19,391**
Other comprehensive income		–	–	–	2,136	**2,136**
Dividends		–	–	(5,349)	–	**(5,349)**
Shares issued by exercising options	19	120	(24)	–	–	**96**
Share-based payment expense	19	–	1,033	–	–	**1,033**
Balance as at June 30, 2024		**24,117**	**4,120**	**204,968**	**1,755**	**234,960**
Net loss		–	–	(17,762)	–	**(17,762)**
Other comprehensive loss		–	–	–	(161)	**(161)**
Dividends		–	–	(5,349)	–	**(5,349)**
Shares issued by exercising options	19	35	(9)	–	–	**26**
Share-based payment expense	19	–	1,855	–	–	**1,855**
Balance as at June 30, 2025		**$ 24,152**	**$ 5,966**	**$ 181,857**	**$ 1,594**	**$ 213,569**

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

VECIMA NETWORKS INC.
Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)

Years ended June 30	Note	**2025**	2024
OPERATING ACTIVITIES			
Net income (loss)		$ (17,762)	$ 19,391
Adjustments for non-cash items:			
Loss (gain) on sale of property, plant and equipment		128	(2,357)
Depreciation and amortization	29	24,740	22,275
Impairment of intangible assets	12	6,949	–
Share-based compensation	19	1,855	1,033
Warrant (recovery) expense	27	(1,752)	2,024
Write-down (recovery) of inventory to net realizable value	7	8,274	(553)
Income tax (recovery) expense	14	(865)	10,763
Deferred income tax recovery	14	(5,923)	(9,620)
Interest expense	22	10,024	7,136
Interest income	22	(24)	(7)
Net change in working capital	29	41,946	(27,668)
Increase in other long-term assets		388	142
Increase (decrease) in provisions	17	377	(1,377)
Decrease in investment tax credits	13	(173)	(135)
Income tax paid		(3,223)	(12,154)
Interest received		49	6
Interest paid		(10,379)	(6,186)
Cash provided by operating activities		**54,629**	**2,713**
INVESTING ACTIVITIES			
Capital expenditures	29	(2,862)	(2,659)
Proceeds from sale of property, plant and equipment	29	161	3,861
Business acquisitions, net of cash acquired	4	(3,881)	–
Deferred development costs	12	(31,290)	(27,395)
Cash used in investing activities		**(37,872)**	**(26,193)**
FINANCING ACTIVITIES			
Net (repayments) draws from revolving line of credit	18	(17,794)	31,219
Principal repayments of lease liabilities	18	(1,597)	(1,646)
Repayment of short and long-term debt	18	(1,911)	(1,620)
Proceeds from short and long-term debt	18	6,935	919
Proceeds from shareholder loan	18	5,000	–
Dividends paid	19	(5,349)	(5,349)
Issuance of shares through exercised options	19	35	96
Cash (used in) provided by financing activities		**(14,681)**	**23,619**
Net increase in cash and cash equivalents		**2,076**	**139**
Effect of change in exchange rates on cash		(771)	(281)
Cash and cash equivalents, beginning of year		2,136	2,278
Cash and cash equivalents, end of year		**$ 3,441**	**$ 2,136**

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

Table of Contents

1. NATURE OF THE BUSINESS

Vecima Networks Inc. ("Vecima" or the "Company") is a company continued under the Canadian Business Corporations Act ("CBCA") and commenced operations in 1988. The Company's registered office is located at 771 Vanalman Avenue, Victoria, B.C., V8Z 3B8. The Company's common shares are traded on the Toronto Stock Exchange under the trading symbol "VCM".

The Company's Video and Broadband Solutions business designs, manufactures and sells products for the cable industry that allow service providers a cost-effective "last mile" solution for both video and broadband access, especially in the business services market segment. The Company's Content Delivery and Storage business includes solutions and software for industries and customers that focus on storing, protecting, transforming, and delivering high-value media assets. The Company's Telematics business provides fleet managers key information and analytics they require to optimally manage their business.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The consolidated financial statements of the Company for each of the years ended June 30, 2025 and 2024, were approved by the Board of Directors and authorized for issue on September 23, 2025.

(b) Basis of presentation

These consolidated financial statements have been prepared primarily under the historical cost convention and are expressed in thousands of Canadian dollars ("CAD"), unless otherwise indicated. Other measurement bases used are outlined below and in the applicable notes. The accounting polices set out below have been applied consistently in all material respects. Standards and guidelines not effective for the current accounting period are described in Note 2(z). Certain items have been reclassified to meet current year presentation.

(c) Basis of consolidation (subsidiaries)

The consolidated financial statements include the accounts of the Company and of its subsidiaries. Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an investee, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company. All intercompany transactions and balances are eliminated upon consolidation. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income (loss) from the effective date of acquisition and up to the effective date of disposal.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits that have an original maturity of less than three months.

(e) Revenue recognition

General policy

The Company earns revenue from the sale of products and the rendering of services. Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts we collect on behalf of third parties. We recognize revenue when control over a product or service is transferred to a customer. When our right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, we recognize revenue in the amount to which we have a right to invoice.

For bundled arrangements, we account for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. We generally determine stand-alone selling prices based on the observable prices at which we sell products separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, we use the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

A contract asset is recognized in the consolidated statements of financial position when our right to consideration from the transfer of products or services to a customer is conditional on our obligation to transfer other products or services. Contract assets are transferred to trade receivables when our right to consideration becomes conditional only as to the passage of time. A contract liability, such as deferred revenue, is recognized in the consolidated statements of financial position when we receive consideration in advance of the transfer of the products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are included in contract costs in the consolidated statements of financial position, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

Recognition of revenue from products and services

Revenue for each performance obligation is recognized either over time or at a point-in-time. For performance obligations satisfied over time, revenue is recognized as the service is provided. These services are typically provided, and thus recognized, on a monthly basis. Revenue for performance obligations satisfied at a point-in-time is recognized when control of the product or service transfers to the customer under the terms and conditions of the contract.

Outlined below are the various performance obligations from contracts with customers and when completed performance obligations are recognized:

Revenue type	**Timing of satisfaction of the performance obligation**
Product sales:	
Hardware products with right-to-use software license	When transfer of control has occurred
Right-to-use software license	When transfer of control has occurred
Provision of services:	
After-sales support and maintenance; extended warranty	Over the course of the applicable service term
Monthly subscription services	As the service is provided over time
Deployment, engineering and installation services	When the service is performed

As a practical expedient, the Company does not adjust the contracted amount of consideration for the effects of the financing component when, at the inception of the contract, the expected effect of the financing component is not significant at the individual contract level or the period between the transfer of products or services and the customer's payment is expected to be within 12 months.

(f) Business combinations

Business combinations are accounted for using the acquisition method. Only those acquisitions that result in acquiring control of the business are accounted for as business combinations. Refer to Note 2(c) for the Company's determination of the existence of control. The consideration transferred in a business combination is measured at fair value at the date of acquisition. As part of the Company's process for determining the fair value of the acquisition, third-party valuation specialists are engaged. Acquisition related transaction costs are expensed as incurred, and, depending on the nature of the expense, are recorded in either general and administration expense or sales and marketing expense in the consolidated statements of comprehensive income (loss).

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. The excess of the purchase consideration over the fair value of identifiable assets acquired is recorded as goodwill in the consolidated statements of financial position. If the fair value of identifiable net assets acquired exceeds the purchase consideration, the difference is recognized in other expense in the consolidated statements of comprehensive income (loss) as a bargain purchase gain.

(g) Inventories

Inventories consist of raw materials, work-in-progress and finished goods. Inventories of raw materials, which consist of parts, components and subscriber equipment, are recorded at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis. Work-in-progress inventory is recorded at the lower of cost or replacement cost. Finished goods inventory, which consists of finished products, is recorded at the lower of cost or net realizable value.

Manufactured products include direct materials, direct labour and a reasonable allocation of overhead costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

(h) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, accumulated impairment losses and related government assistance received. Costs include expenditures that are directly attributable to the acquisition of the asset, including any financing expense for capital investment projects under construction. When significant components of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, assuming that no residual value exists. Residual value is the estimated amount that the Company would currently obtain from the disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Both the residual values and the useful lives of property, plant and equipment are reviewed annually. Repairs and maintenance expenditures are charged to operating expenses as incurred.

(i) Leases

Lessee accounting

The Company has entered into leases for equipment, land and buildings in the normal course of business. Lease contracts are usually made for fixed periods of time but may include options to purchase, renew or terminate. Leases are usually negotiated on an individual basis and have a wide range of terms and conditions.

At the inception of a contract, it is assessed as to whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, it is assessed as to whether, throughout the period of use, the Company has the right:

- to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and
- to direct the use of the identified asset.

At the commencement date, the Company recognizes a right-of-use asset and a corresponding lease liability. At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the right-of-use asset is measured by applying a cost model. The cost model measures the right-of-use asset at cost:

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease, unless the Company expects to obtain ownership of the leased asset at the end of the lease, in which case, the right-of-use asset is depreciated over its estimated useful life. The lease term typically consists of the non-cancellable period of the lease, together with both:

- the periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and
- the periods covered by options to terminate the lease, where the Company is reasonably certain that the option will not be exercised.

At the commencement date, the lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method.

The lease liability is re-measured when there is a change in the future lease payments arising from a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or when the Company changes its assessment of whether purchase, extension or termination options will be exercised. When the lease liability is re-measured under these circumstances, there will be a corresponding adjustment made to the carrying amount of the right-of-use asset.

When the lease liability is re-measured as a result of an amendment to the lease contract due to a decrease in contract scope, the lease liability and right-of-use asset will decrease relative to this change, with the difference recorded in net income prior to the re-measurement of the lease liability.

As permitted under IFRS 16, lease payments for short-term and leases of low-value assets are expensed over the lease term to the consolidated statements of comprehensive income (loss).

(j) Goodwill

Goodwill is an indefinite-life asset that is acquired as part of business acquisitions and recorded as the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is carried at this value less any accumulated impairment losses.

(k) Intangible assets

Intangible assets acquired separately are measured upon initial recognition at cost. Intangible assets acquired through a business acquisition are measured at fair value. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are categorized as either indefinite-life or finite-life assets.

- **Indefinite-life intangible assets**

  Indefinite-life intangible assets consist of other licenses.

  Other licenses are recorded at cost, which represents the fair value at the date of acquisition.

  Other licenses are granted for a period of ten years. There is the option of renewal at a nominal cost to the Company. It is expected that the demand and use for these licenses will continue to grow in the foreseeable future. As a result, these assets are assessed as having indefinite lives and as such, are not subject to amortization.

- **Finite-life intangible assets**

  Customer contracts and relationships acquired in business acquisitions are amortized on a straight-line basis over their estimated useful lives of ten years. Patents and intellectual property are amortized on a straight-line basis over their estimated useful lives ranging from three to seven years.

(l) Government assistance and grants

Government assistance and grants are recognized where there is reasonable assurance that all conditions attached to the assistance or grant will be met and the assistance or grant claimed will be received. The claims are subject to review by the respective agencies before the funding can be released. When the assistance or grant relates to an expense item, it is recognized as income over the period necessary to match the assistance or grant on a systematic basis to the costs that it is intended to compensate. Where the assistance or grant relates to an asset, the assistance or grant reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of the depreciable asset through a reduced depreciation charge.

(m) Research and development

Research costs are expensed in the year in which they are incurred. Development costs are capitalized and deferred as finite-life intangible assets when the Company can demonstrate:

- technical feasibility of completing the development so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to reliably measure the expenditure during development; and
- its ability to use or sell the intangible asset.

Deferred development costs are amortized on a straight-line basis over their useful lives, representing the Company's assessment of the estimated average life cycle of the associated products.

The Company develops new electronic communications products for the cable and telecommunication markets. Development costs include direct salaries, materials and an allocation of general and administrative overhead, which relate to products being developed, less applicable government assistance and investment tax credits claimed.

Costs relating to projects which are not commercialized, or which cease to be marketable are charged against income as impairment charges in the year in which this determination is made.

In Canada, the Company earns investment tax credits on eligible Scientific Research and Experimental Development ("SR&ED") expenses incurred. These investment tax credits are recorded in the accounts as a reduction of the costs to which they relate and are amortized over the same period as the deferred development costs.

(n) Investment tax credits

The Company incurs research and development expenditures that are eligible for investment tax credits. The recorded investment tax credits are based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities. The investment tax credits for research and development are reflected as a reduction in the cost of the assets or expenses to which it relates.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

To the extent the funds are borrowed specifically for the purpose of obtaining qualifying assets, the Company capitalizes the actual borrowing costs incurred on those funds during the period. To the extent the funds are from general borrowings, the Company determines borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure on that asset.

All other borrowing costs are recognized in net income in the period in which they are incurred.

(p) Impairment

The Company reviews, at each reporting date, whether there are any indications that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount, which is the higher of the fair value less cost of disposal and its value-in-use. Value-in-use is the estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment is recognized when the carrying amount of an asset or cash-generating unit ("CGU") is greater than the recoverable amount. Impairment losses are recognized in the period in which it occurs in the expense categories consistent with the function of the impaired asset.

Indefinite-life intangible assets are tested for impairment in the fourth quarter of every year and when events or changes in circumstances indicate that an asset might be impaired.

Finite-life intangible assets are assessed for impairment indicators at each reporting date. In addition, intangible assets with a finite-life, which are not yet available for use, such as deferred development costs for products still under development, are tested for impairment at least annually.

Goodwill, representing the excess of the purchase price over fair value of the net identifiable assets of acquired businesses, is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversals are recognized in the period in which it occurs in the expense categories consistent with the function of the asset.

When the Company determines that an asset meets the assets held for sale criteria, the assets are reported at the lower of the carrying amount or fair value less the cost of disposal.

(q) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses and investment tax credits available to be carried forward to future years, for tax purposes, that are more likely than not to be realized. The amounts recognized in respect of deferred income tax assets and liabilities are based upon the expected timing of the reversal of temporary differences or usage of tax losses and the application of substantively enacted tax rates at the time of reversal or usage.

The Company accounts for changes in substantively enacted tax rates affecting deferred income tax assets and liabilities, in full, in the period in which the changes were substantively enacted. The Company accounts for the changes in the estimates of prior year(s) tax balances as estimate revisions in the period in which the change in estimate arose. The Company has selected these methods as the presentation on the statements of financial position since it is more consistent with the liability method of accounting for income taxes.

The Company incurs research and development expenditures that are eligible for investment tax credits. The recorded investment tax credits are based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities. The investment tax credits for research and development are reflected as a reduction in the cost of the assets or expenses to which it relates.

(r) Foreign currency translation

Functional and presentation currency

The Company’s consolidated financial statements are presented in CAD, which is also the parent entity’s functional currency. Each subsidiary of the Company determines its own functional currency and items included in the financial statements of each subsidiary are measured using the functional currency of the parent entity.

Transactions that are denominated in foreign currencies are initially recorded at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing exchange rate at the reporting date. Non-monetary assets and liabilities measured at cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. Revenues and expenses are translated using average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains and losses are reflected in net income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to CAD at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to CAD at exchange rates at the date of the transaction.

Foreign currency differences are recognized in other comprehensive income (loss). When a foreign operation is disposed of, in whole, the relevant amount in the foreign currency translation account is transferred to earnings as part of the gain or loss on disposal.

(s) Financial instruments

Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit and loss (“FVTPL”).

Cash and cash equivalents, and trade and other receivables are measured at amortized cost. The carrying amount reported in the consolidated statements of financial position is at historical cost, which approximates their fair value due to the short-term maturity of these instruments.

Financial liabilities, which consist of customer based warrants, are classified and measured based on two categories: amortized cost and FVTPL.

The Company records and measures its revolving line of credit, trade payable and accrued liabilities, and long-term debt financial liabilities at amortized cost.

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates. The most frequently used derivative products are foreign currency forward purchase contracts. We do not use derivative financial instruments for speculative or trading purposes. Derivative financial instruments are recognized in the consolidated statements of financial position at their fair value, with changes in fair value recorded in the consolidated statements of comprehensive income (loss) in foreign exchange gain.

We measure the allowance for doubtful accounts and impairment of contract assets based on an expected credit loss ("ECL") model, which takes into account current economic conditions, historical information, and forward-looking information. We use the simplified approach for measuring losses based on the lifetime ECL for trade and other receivables and contract assets. Amounts considered uncollectible are written off and recognized in operating expenses in the consolidated statements of comprehensive income (loss).

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. The cost of issuing equity is reflected in the consolidated statements of changes in equity as a charge to the retained earnings.

(t) Fair value of financial instruments

The fair value of financial instruments is generally determined as follows:

- The fair value of long-term debt with fixed rates of interest is estimated using discounted cash flows based on current rates of interest for similar lending arrangements.
- The fair value of long-term debt with variable rates of interest approximate carrying value due to interest rates being at market.
- The fair values of derivatives are based on values quoted by the counterparties to the agreements.
- The fair value of short-term financial assets and liabilities approximate their respective carrying values due to the short-term nature of these financial instruments.
- The fair value of customer-based warrant financial assets and liabilities are based on the binomial options pricing model.

(u) Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain.

The warranty provision consists of estimated parts and labour costs expected to be incurred for future product repairs provided under the Company's warranty obligations. The provisions are recorded when the product is sold and are based on contract terms, current sales levels and current information about prior claims and returns for all products sold. As a consequence of continuously incorporating complex technologies to new products, changes in these estimates could result in additional allowances or changes to recorded allowances in future periods.

The Company recognizes a provision for severance payments when an employee is terminated before normal retirement or when an employee accepts voluntary redundancy in exchange for these benefits. The provision is based on estimates including the number of employees expected to accept a severance offer, the amount of severance to be paid and the expected timing of the payments.

(v) Net income (loss) per share

Basic net income (loss) per share is calculated by dividing net income (loss) for the period attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by using the treasury stock method for equity-based compensation. The diluted weighted average number of common shares outstanding is calculated by taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date unless it is anti-dilutive. The treasury stock method is used to determine the dilutive effect of stock options. The treasury stock method recognizes the use of proceeds that could be obtained upon the exercise of options in computing diluted net income per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. Only the Company's stock options have a dilutive potential on common shares.

(w) Share-based compensation

Stock options

The Company has a stock option plan for directors, officers, and employees of the Company. The options to purchase shares must be issued at not less than the fair value at the date of grant. Any consideration paid on the exercise of stock options, together with any share capital reserves recorded at the date the options vested, is credited to share capital. The Company calculates the fair value of share-based compensation awarded to an optionee using the Black-Scholes option-pricing model. The cost of the options granted is recognized and expensed over the vesting period in which service conditions are fulfilled. When an optionee leaves the Company, their vested options expire in 90 days. Forfeitures are estimated throughout the vesting period based on past experience and future expectations and adjusted upon actual option vesting. No expense is recognized for options that do not ultimately vest.

Performance Share Units (PSUs)

The Company has a performance share unit ("PSU") plan which provides that PSUs may be granted to officers, employees and directors of the Company. Each PSU contains three tranches, each of which vest upon the achievement of certain closing market trading prices of the Company's common shares for a period of twenty consecutive business days. Each PSU entitles the holder to acquire one common share of the Company when vested.

The Company calculates the fair value of the PSUs by performing a Monte Carlo simulation approach over the term of the PSUs. On the grant date, the Company estimates the estimated achievement date of each market condition. The cost of the PSUs granted is then recognized and expensed straight-line over a time frame calculated as the period from the grant date until the expected market condition achievement date. Forfeitures are estimated on grant based on past experience and future expectations, and the amount recognized in expense is adjusted upon vesting.

The PSU plan contains a net settlement feature by which the Company may withhold a number of common shares that, based on the publicly traded market price on the date of vest, have an aggregate value equal to the withholding taxes that would have been required to be withheld had the full amount of vested PSUs been issued in common shares. On issuance, the transaction is accounted for as though the entire amount of vested PSUs had been granted in common shares, and the Company subsequently re-purchased the withheld common shares at a market price.

(x) Treasury shares

Equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration paid is recognized within shareholders' equity. Treasury shares are immediately cancelled upon acquisition.

(y) Adoption of new accounting standards and amendments to accounting standards

The following amended standards and interpretations issued by the IASB were adopted in fiscal 2025:

Amendments to IAS 1 – Presentation of financial statements (IAS1)

On January 23, 2020, the IASB issued amendments to IAS 1 in respect of the classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The adoption of this amendment did not have a material impact on the Company's financial statements.

(z) Accounting standards issued but not yet applied

The following new or amended standards and interpretations issued by the IASB are effective after the Company's June 30, 2025 year-end date and have not yet been adopted by the Company:

IFRS 18 – Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), which will replace International Accounting Standard 1, "Presentation of Financial Statements". IFRS 18 will establish a revised structure for the Consolidated Statements of Comprehensive Income (Loss) and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard is to be applied retrospectively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the Consolidated Financial Statements.

Amendment to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

On May 30, 2024, the IASB issued amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively. The Company is currently evaluating the impact of the amendments on the Consolidated Financial Statements.

(aa) Accounts receivable factoring

The Company utilizes accounts receivable factoring arrangements to manage cash flow. These arrangements are accounted for as a derecognition of accounts receivable when cash is received and the risks and rewards have transferred to the factor. If the risks and rewards do not transfer to the factor, the Company will reflect a liability until settlement occurs.

(ab) Customer-based warrants

The Company issued warrants to a customer which vest based on multi-year spending targets being achieved. The warrants are accounted for as financial liabilities due to their conversion features and are remeasured to their fair market value at each reporting date until the earliest of settlement, cancellation or expiry. A binomial options pricing model was used to derive the fair value of customer-based warrants.

(ac) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Such reclassifications include commission expense from cost of good sold to operating expenses.

3. USE OF JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements, in conformity with IFRS Accounting Standards, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments in future periods to the carrying amount of the affected asset or liability.

(a) Use of judgments

Functional currency

The Company assesses the primary economic environment in which we operate by considering factors such as the currency for which sales of goods and services are denominated and settled, the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and the currency that mainly influences labour, material and other costs of providing goods and services.

Sales by Vecima Networks Inc. are primarily transacted in U.S. dollars ("USD"). The cost of materials is denominated in both CAD and USD. The labour cost is denominated fully in CAD. Management pays close attention to gross margin, and the setting of prices in USD is influenced by costs which are primarily influenced by the CAD. Due to the mix of indicators for its primary economic environment, the Company assesses the secondary indicators of finance activities and receipts from operations. Equity and debt financing activities are both denominated in CAD and receipts from operations are retained primarily in CAD. Based on all these factors, the Company determined that the functional currency for the entities listed above is the CAD.

Sales by Vecima Technology Inc. (a subsidiary of the Company) are primarily transacted in USD. The cost of materials is denominated in USD. The labour cost is denominated fully in USD. Equity and debt financing activities are both denominated in USD and receipts from operations are retained primarily in USD. Based on all these factors, the Company determined that the functional currency for Vecima Technology Inc. is USD.

Sales by Vecima Solutions Corporation (a subsidiary of the Company) are primarily transacted in Japanese Yen ("JPY"). The cost of materials is denominated in JPY; however, certain purchases of inventory are made in USD. The labour cost is denominated fully in JPY. Equity and intercompany financing activities are denominated in both JPY and USD and receipts from operations are retained in Japanese Yen. Based on all these factors, the Company determined that the functional currency for Vecima Solutions Corporation is JPY.

Sales by Vecima Technology (UK) Ltd. (a subsidiary of the Company) are primarily transacted in Great British Pounds ("GBP"). The cost of materials is denominated in GBP. The labour cost is denominated fully in GBP. Equity and intercompany financing activities are denominated in either GBP or USD and receipts from operations are retained primarily in GBP. Based on all these factors, the Company determined that the functional currency for Vecima Technology (UK) Ltd. is GBP.

Sales by Vecima Technology B.V. (a subsidiary of the Company) are primarily transacted in Euro. The cost of materials is denominated in Euro. The labour costs is denominated fully in Euro. While equity transactions are denominated in CAD, intercompany financing activities and receipts from operations are denominated in Euro. Based on all these factors, the Company determined that the functional currency for Vecima Technology B.V. is Euro.

Sales by Vecima Technology (Qingdao) Co., Ltd. and Vecima Technology (Shanghai) Co., Ltd., (subsidiaries of the Company) are transacted in Renminbi (“RMB”). The cost of materials and labour costs are denominated in RMB. Equity and debt financing activities are both denominated in RMB and receipts from operations are retained in RMB. Based on all of these factors, the Company determined that the functional currency for Vecima Technology (Qingdao) Co., Ltd. and Vecima Technology (Shanghai) Co., Ltd. is RMB.

Sales by Falcon V Systems S.A. (a subsidiary of the Company) are primarily transacted in Polish Zloty ("PLN"). The labour cost is denominated fully in PLN. Equity and intercompany financing activities are denominated in either PLN or USD and receipts from operations are retained primarily in PLN. Based on all these factors, the Company determined that the functional currency for Falcon V Systems S.A. is PLN.

Revenue from contracts with customers and deferred revenue

Significant judgment may be required in determining the distinct performance obligations within a contract and the allocation of transaction price to multiple element performance obligations. When multiple performance obligations are identified in a contract, the transaction price is allocated based on the stand-alone selling price for each. If the stand-alone selling price is not observable, the Company estimates the stand-alone selling price for each distinct performance obligation based on a related cost plus margin, taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

Deferred revenue consists of service contracts and upfront customer activation and connection fees where billings are recorded and received prior to the rendering of the associated service. Deferred revenue may be impacted by the allocation of the transaction price where a component of the contract includes such services. Billings for services are recognized as revenue in the period in which the services are provided. Upfront customer activation and connection fees are recognized over the expected term of the customer relationship.

Deferred development costs

Development costs are capitalized in accordance with the accounting policy in Note 2(m). Capitalization of costs is initiated based on management's judgment that technological and economic feasibility is confirmed, usually when the research project is approved to begin development. In assessing whether these costs are impaired, management makes assumptions regarding the expected future cash flows from the project, discount rates to be applied and the expected periods of benefit.

Income taxes

We make certain judgments in interpreting tax rules and regulations when we compute income tax expense; and when we evaluate whether a deferred tax asset can be recovered based on an assessment of existing tax laws, estimates of future profitability and tax planning strategies.

Leases

Judgments used in determining the right-of-use assets and lease liabilities include:

- identifying or determining if a contract is or contains an identified asset – the identified asset should be physically distinct or represent all or substantially all of the capacity of the asset, and should provide the right to all or substantially all of the economic benefits from the use of the identified asset;
- determining which interest rate to use in measuring the present value of the lease liability for each lease – the incremental borrowing rate should reflect the interest that would have to be paid to borrow at a similar term and with similar security; and
- determining, with reasonable certainty, whether the Company will exercise an option to extend or an option not to terminate a lease contract – this will be based on an assessment of the expected economic return from the lease.

(b) Use of estimates

Impairment of non-financial assets

Impairment exists when the carrying value of a tangible asset, intangible asset or cash-generating unit, including goodwill, exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value-in-use. The value-in-use calculation is based on a discounted cash flow model, where the cash flow is derived from the budget extrapolated over the next three to five years, exclusive of restructuring activities or significant future investments to enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used as well as the expected future cash inflows and growth rate used to extrapolate beyond the three to five years.

Share-based compensation

The Company measures the cost of share-based compensation transactions with reference to the fair value of the options issued at the date they were granted. Estimated fair value for share-based compensation transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, forfeiture rate and risk-free rate. The assumptions and models used for estimating fair value for share-based compensation are disclosed in Note 19(c).

Income taxes

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, source and amounts of future taxable income together with tax planning strategies.

Leases

The Company estimates the lease term by considering the facts and circumstances that creates an economic incentive to exercise an extension option, or not exercise a termination option. Certain qualitative and quantitative assumptions are made when determining the value of the economic incentives.

Other areas

Other key areas of estimation where management is required to make subjective estimates, often as a result of matters that are inherently uncertain, include:

- the assessment of the carrying values of allowances for doubtful accounts and inventory obsolescence;
- the capitalization of overhead;
- the useful lives of property, plant and equipment; and the useful lives of intangible assets;
- provisions, contingent liabilities and the fair value of financial assets; and
- valuation of customer-based warrants.

(in thousands of dollars except otherwise noted)

4. BUSINESS COMBINATIONS

In accordance with IFRS 3, Business Combinations, the below transaction meets the definition of a business combination and, accordingly, the assets acquired, and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date.

On October 11, 2024, the Company acquired all outstanding shares of Falcon V Systems S.A. ("Falcon") for total cash consideration of $5,229, plus an additional $622 paid for excess cash as defined in the share purchase agreement. Falcon is a Poland-based provider of vendor-agnostic, virtualized software solutions and services for Broadband Services Providers worldwide, and their key products have been integrated into the Company's Entra Cloud portfolio of open, interoperable, cloud-native applications. In accordance with the acquisition, the Company incurred $391 of acquisition-related costs included in other expense (refer to Note 21 - Other Expense).

Acquisition completed on October 11, 2024:		**Falcon**
Total consideration		
Cash paid	$	5,229
Working capital adjustment		622
	$	**5,851**
Net identifiable assets acquired (liabilities assumed)		
Cash	$	1,970
Accounts receivable		524
Prepaid expenses		18
Property, plant and equipment		52
Intangible assets		3,171
Deferred tax asset		389
Accounts payable		(1,651)
	$	**4,473**
Purchase price allocation		
Net identifiable assets acquired	$	4,473
Goodwill		1,378
	$	**5,851**
Net cash inflows (outflows)		
Cash consideration paid	$	(5,851)
Cash acquired		1,970
	$	**(3,881)**

In accordance with IFRS 3, Business Combinations (“IFRS 3”), the substance of this transaction constituted a business combination. Management gathered the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was allocated based on the Company’s estimated fair value of the identifiable assets acquired on the acquisition date. For the year ended June 30, 2025, Falcon accounted for $5,700 in revenues and $3,068 in net income before income taxes from the acquisition date. Results from July 1, 2024 to the acquisition date are not reflective of current operations and impractical to report on and therefore have been excluded as permitted under IFRS.

(in thousands of dollars except otherwise noted)

Intangible assets consist of a backlog asset of $2,089 attributed to a contract in place at the acquisition date and internally developed software of $1,082. Backlog assets were valued based on the multi-period excess earnings model. The multi-period excess earnings method measures economic benefit indirectly by calculating the income attributable to an asset after appropriate returns are paid to complementary assets used in conjunction with the subject asset to produce the earnings associated with the subject asset. The internally generated software assets were valued under the relief from royalty approach. The relief-from-royalty method is a form of the income approach and measures, in lieu of ownership of the asset, what a market participant would be willing to pay a royalty to a third-party for the use of that asset. The value of the asset is estimated by the cost savings, or the relief-from-royalty.

5. CASH AND CASH EQUIVALENTS

The Company had cash on hand of $3,441 as at June 30, 2025 (June 30, 2024 - $2,136) and $nil in cash equivalents (June 30, 2024 - $nil).

6. ACCOUNTS RECEIVABLE

As at June 30,		**2025**		2024
Trade receivables	$	22,867	$	69,192
Less: allowance for doubtful accounts		(60)		(3)
Total trade receivables		**22,807**		**69,189**
Goods and services tax		1,058		834
Other receivables		51		116
Total accounts receivable	**$**	**23,916**	**$**	**70,139**

All trade receivables are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the receivables.

During the year ended June 30, 2025, the Company had a factoring arrangement in place with a major customer and a US chartered bank, through which the Company could elect to expedite its accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on the Company's consolidated statements of comprehensive income (loss). During the year ended June 30, 2025, the Company recognized an accounts receivable factoring cost of $5,192 (June 30, 2024 - $289) in accordance with the factoring arrangement. As at June 30, 2025, $108 of outstanding accounts receivable were selected for factoring and were received in July 2025 (June 30, 2024 - $473 received in July 2024). These amounts were included in accounts receivable as at June 30, 2025 and 2024.

Included in trade receivables is the allowance for doubtful accounts used to record the impairment of the receivable prior to being written off. The details of the allowance for doubtful accounts is in the table below:

Balance, July 1, 2023	$	10
Write-offs		(7)
Balance, June 30, 2024		**3**
Additions to allowance		57
Balance, June 30, 2025	**$**	**60**

(in thousands of dollars except otherwise noted)

7. INVENTORIES

As at June 30,		**2025**		2024
Raw materials	$	73,090	$	86,401
Work-in-progress		8,247		14,594
Finished goods		29,294		35,045
Total inventory	**$**	**110,631**	**$**	**136,040**

During the year ended June 30, 2025, inventories of $142,492 (June 30, 2024 - $123,463) were expensed through cost of sales. Additionally, upon assessment of forecasted demand due to inventories that are associated with ultimately less industry-favored variants of cable and fiber access solutions as the industry's technology solutions continue to evolve, we determined certain items to be obsolete or slow-moving resulting in write-downs of primarily raw materials. Net write-downs of inventory that were included in the cost of sales for the year ended June 30, 2025 were $8,428 (June 30, 2024 - reversal of $591). Net reversal of write-downs of inventory that were included in sales and marketing for the year ended June 30, 2025 were $153 (June 30, 2024 - write-downs of $38). Disposals of inventory for the year ended June 30, 2025 were $308 (June 30, 2024 - $1,991). For the year ended June 30, 2025, the carrying amount of inventory recorded at net realizable value was $8,633 (June 30, 2024 - $1,177) with the remaining inventory recorded at cost.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at June 30,		**2025**		2024
Payments for contract manufacturer inventory purchases and expedite fees	$	2,637	$	2,250
Software licenses		1,818		2,069
Insurance		572		482
Other		1,658		1,831
Total prepaid expenses and other current assets	**$**	**6,685**	**$**	**6,632**

(in thousands of dollars except otherwise noted)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements & building	Lab, operating & production equipment	Other Equipment [1]	Total
At cost					
At July 1, 2023	$ 321	$ 10,174	$ 26,811	$ 14,473	$ 51,779
Additions	–	146	2,006	358	2,510
Disposals	–	(2,169)	(456)	(14)	(2,639)
Effect of foreign exchange	–	22	193	72	287
At June 30, 2024	**321**	**8,173**	**28,554**	**14,889**	**51,937**
Additions	–	89	2,490	103	2,682
Acquired through business combinations	–	–	19	33	52
Disposals	–	–	(555)	(198)	(753)
Effect of foreign exchange	–	9	72	20	101
At June 30, 2025	**$ 321**	**$ 8,271**	**$ 30,580**	**$ 14,847**	**$ 54,019**
Accumulated depreciation					
At July 1, 2023	$ –	$ 3,874	$ 19,575	$ 12,647	$ 36,096
Depreciation	–	434	3,267	1,045	4,746
Disposals	–	(757)	(250)	(11)	(1,018)
Effect of foreign exchange	–	19	160	26	205
At June 30, 2024	**–**	**3,570**	**22,752**	**13,707**	**40,029**
Depreciation	–	240	2,370	835	3,445
Disposals	–	–	(292)	(166)	(458)
Effect of foreign exchange	–	15	45	8	68
At June 30, 2025	**$ –**	**$ 3,825**	**$ 24,875**	**$ 14,384**	**$ 43,084**
Net book value					
At June 30, 2024	$ 321	$ 4,603	$ 5,802	$ 1,182	$ 11,908
At June 30, 2025	**$ 321**	**$ 4,446**	**$ 5,705**	**$ 463**	**$ 10,935**

[1] *Other equipment includes furniture, computer hardware, and automotive equipment.*

In the fourth quarter of fiscal 2024, the Company disposed of property, plant and equipment with a carrying value of $1,405 attributed to its office building located at 771 Vanalman Avenue, Victoria, BC. The Company received gross proceeds of $3,950, less $89 in transaction costs, resulting in a gain on disposal of assets of $2,456 which has been recorded in Other expenses on the Company's consolidated statements of comprehensive income (loss).

During the year ended June 30, 2024, the Company reviewed its depreciation of property, plant and equipment and has determined that the straight-line method is more representative of matching the future benefit and expense over the useful life of the assets. As a result of this change in estimate, the Company booked an additional $1,326 in depreciation expense in fiscal 2024.

Additions for the year ended June 30, 2025 were $2,682 (June 30, 2024 - $2,510), all of which were acquired for cash consideration.

(in thousands of dollars except otherwise noted)

The following estimated useful lives have been applied to property, plant and equipment assets at June 30, 2025 and 2024:

	Estimated useful life
Land improvements and building	5 to 40 years
Lab, operating and production equipment	3 to 7 years
Other equipment (1)	1 to 5 years

(1) *Other equipment includes furniture, computer hardware, and automotive equipment.*

Depreciation of property, plant and equipment included in cost of sales, research and development, sales and marketing, and general and administrative expenses is as follows:

Years ended June 30,	**2025**	2024
Cost of sales	$ 748	$ 409
Research and development	877	415
Sales and marketing	307	201
General and administrative	1,513	3,721
Depreciation for the year	**$ 3,445**	**$ 4,746**

(in thousands of dollars except otherwise noted)

10. RIGHT-OF-USE ASSETS

For the years ended June 30, 2025 and 2024, the Company's right-of-use assets solely comprised of real estate leases. The table below provides details of the Company's right-of-use assets:

At cost		
At July 1, 2023	$	7,549
Additions		3,584
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		25
At June 30, 2024		**7,157**
Additions		1,692
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		142
At June 30, 2025	**$**	**7,480**
Accumulated depreciation		
At July 1, 2023	$	5,185
Additions		1,286
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		17
At June 30, 2024		**2,487**
Additions		1,552
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		128
At June 30, 2025	**$**	**2,656**
Net book value		
At June 30, 2024	$	4,670
At June 30, 2025	**$**	**4,824**

(in thousands of dollars except otherwise noted)

11. GOODWILL

At July 1, 2023		$	15,049
Effect of foreign exchange			259
At June 30, 2024			**15,308**
Acquisition	Note 4		1,378
Effect of foreign exchange			248
At June 30, 2025		**$**	**16,934**

For the year ended June 30, 2025, goodwill includes $3,475 attributable to brand (June 30, 2024 - $3,476).

As part of the Falcon V acquisition completed in the second quarter of fiscal 2025, the Company recorded goodwill of $1,378. Goodwill recorded on acquisition reflects management's view that the acquired assets are complimentary to existing operations and will provide value in excess of consideration paid for the fair market value of net assets on acquisition.

Impairment testing of goodwill

For the purposes of impairment testing at the end of the reporting period, the indefinite-life intangible assets and goodwill are allocated to cash generating units (CGUs), which represent the lowest level at which indefinite-life intangible assets are monitored for internal management purposes. The Company's recorded goodwill has a carrying value which consists of $6,111 relating to the Telematics segment, $9,075 relating to the Content Delivery and Storage segment, and $1,748 relating to the Video and Broadband Solutions segment (June 30, 2024 - $6,111, $9,070, and $127, respectively). The recoverable amount of the segment and the associated CGUs are based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering the next fiscal year, extrapolated based on projected growth and achieving key operating objectives for a period of less than five years. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the cash generating units' assets given the necessity of making key economic assumptions about the future.

The value-in-use calculation uses discounted cash flow projections which employ the following key assumptions: future cash flows and growth projections, including economic risk assumptions and estimates of achieving key operating metrics and drivers; and the weighted average cost of capital. The projected cash flows have been prepared based on management's past experience and expected demand and cost for the products. The pre-tax discount rate applied to cash flow projections reflect the current market assessment of risk and was based on an estimate of weighted average cost of capital taking into account assessments by third party experts. The pre-tax discount rates used in our testing of the CGU's ranged between 15.3% and 17.5%. As a result of this analysis, management has not identified any impairment for the Company's CGU's.

(in thousands of dollars except otherwise noted)

12. INTANGIBLE ASSETS

	Indefinite-life intangible assets	Finite-life intangible assets				
	Spectrum and other licenses	Customer contracts	Patents	Intellectual property	Deferred development costs	Total
At cost						
At July 1, 2023 [(1)]	$ 106	$ 20,625	$ 1,224	$ 11,105	$ 97,704	$ 130,764
Additions	–	–	149	–	27,395	27,544
Investment tax credits	–	–	–	–	(1,284)	(1,284)
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)
Transfer to deferred development costs	–	–	–	(445)	445	–
Effect of foreign exchange	1	437	13	207	1,029	1,687
At June 30, 2024	**107**	**21,062**	**1,386**	**10,867**	**118,472**	**151,894**
Additions	–	–	180	–	31,290	31,470
Acquired on business combination	–	2,089	–	1,082	–	3,171
Investment tax credits	–	–	–	–	(217)	(217)
Disposals	(49)	–	–	–	–	(49)
Writedown, fully amortized	–	–	–	–	(14,437)	(14,437)
Effect of foreign exchange	1	223	–	97	(335)	(14)
At June 30, 2025	**$ 59**	**$ 23,374**	**$ 1,566**	**$ 12,046**	**$ 134,773**	**$ 171,818**
Accumulated amortization						
At July 1, 2023 [(1)]	$ –	$ 12,760	$ 814	$ 7,877	$ 26,322	$ 47,773
Amortization	–	1,973	119	1,178	12,970	16,240
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)
Effect of foreign exchange	–	283	7	180	335	805
At June 30, 2024	**–**	**15,016**	**940**	**9,235**	**32,810**	**58,001**
Amortization	–	2,512	118	824	16,289	19,743
Writedown, fully amortized	–	–	–	–	(14,437)	(14,437)
Impairment expense	–	–	–	–	6,949	6,949
Effect of foreign exchange	–	5	–	(9)	(44)	(48)
At June 30, 2025	**$ –**	**$ 17,533**	**$ 1,058**	**$ 10,050**	**$ 41,567**	**$ 70,208**
Net book value						
At June 30, 2024	$ 107	$ 6,046	$ 446	$ 1,632	$ 85,662	$ 93,893
At June 30, 2025	**$ 59**	**$ 5,841**	**$ 508**	**$ 1,996**	**$ 93,206**	**$ 101,610**

[(1)] *The comparative figures have been reclassified to conform with current year presentation.*

Amortization of customer contracts and patents is recognized in general and administrative expenses. Amortization of deferred development costs and intellectual property is recognized in research and development expenses.

(in thousands of dollars except otherwise noted)

Impairment of Intangible Assets

During the fourth quarter of 2025, management conducted a value-in-use calculation with a pre-tax discount rate of 15.7% and determined a $6,949 impairment charge on certain deferred development costs within our VBS segment. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company. Certain deferred development assets were deemed to have no future economic value and were fully written off, while others were partially impaired with the remaining value reallocated across other projects. Key assumptions of the value-in-use calculation are outlined in Note 11 - Goodwill.

The aggregate amount of cash research and development expenditures during the year ended June 30, 2025 was $61,576 (June 30, 2024 - $58,729).

13. INVESTMENT TAX CREDITS

During the year ended June 30, 2025, the Company recorded investment tax credits of $390 (June 30, 2024 - $1,419), with a $217 (June 30, 2024 - $1,284) reduction to deferred development costs and a $173 (June 30, 2024 - $135) reduction to research and development expenses.

14. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary and non-current carry-forward differences between the carrying amounts of assets and liabilities for financial reporting purposes and the associated amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

Years ended June 30,	**2025**	2024
Provision for warranties	$ 293	$ 61
Lease liabilities	933	469
Non-capital losses	2,464	946
Restricted interest and finance expense	640	–
Property, plant and equipment	1,912	2,216
Right-of-use assets	(834)	(480)
Research and development expenditures	32,599	27,435
Accrued expenses	374	596
Unrealized foreign exchange losses (gains)	(1,388)	541
Intangible assets	(11,713)	(12,968)
Deferred Revenue	941	1,287
Other	1,435	1,317
Net total deferred tax asset	**$ 27,656**	**$ 21,420**

The Company has recognized deferred tax assets in the amount of $27,656 (June 30, 2024 - $21,420), the utilization of which is dependent on the future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of these deferred tax assets is based on taxable income forecasts that incorporate existing circumstances that will result in positive taxable income against which non-capital losses and deductible temporary differences can be utilized.

In addition to net operating losses for which a deferred tax asset has been recognized, the Company has net operating loss carryforwards of $6,574 in its Poland subsidiary in which a deferred tax asset has not been recognized. These losses will expire following the 2030 fiscal period.

(in thousands of dollars except otherwise noted)

Significant components of the provision for income taxes attributable to operations are as follows:

Years ended June 30,		**2025**	2024
Income tax expense (recovery)	$	(865) $	10,763
Deferred income tax recovery		(5,923)	(9,620)
Total income tax expense (recovery)	**$**	**(6,788) $**	**1,143**

The provision for income taxes differs from the amount that would be computed by applying the Canadian federal and provincial substantively enacted income tax rates. The reasons for the differences are as follows:

Year ended		**2025**		2024
(Loss) income before income taxes	$	(24,550)	$	20,534
Substantively enacted tax rates		25.7 %		25.7 %
Tax computed at Canadian statutory income tax rates	**$**	**(6,309)**	**$**	**5,277**
Differences in substantively enacted future tax rates		200		64
Foreign tax rate differential		933		(774)
Expenses not deductible for tax purposes [1]		420		281
Federal and state tax credits		(1,744)		(2,947)
Other [2]		(288)		(758)
Total income tax (recovery) expense	**$**	**(6,788)**	**$**	**1,143**
Effective income tax rate		27.6 %		5.6 %

[1] *Expenses not deductible for tax purposes consists primarily of interest and penalties, stock-based compensation expense, foreign expenses, expired ITC carryforwards, and meals and entertainment.*

[2] *Other items primarily include prior year deferred income tax true-up amounts and effects of foreign exchange.*

In the United States, for tax years beginning on or after January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures, including software development, as defined under IRC Section 174, in the year incurred. Instead, taxpayers are required to amortize such expenditures over five years if incurred in the U.S. and over fifteen years if incurred in a foreign jurisdiction. This new requirement is expected to result in significantly higher taxable income in the current year. The capitalization of these costs is reflected in the research and development expenditures line item in our deferred tax inventory summary above.

15. REVOLVING LINE OF CREDIT

As at June 30, 2025, the Company had an authorized line of credit of $75,000 (June 30, 2024 - $85,000), subject to a general security agreement limit as described below, of which $49,997 was available (June 30, 2024 - $56,587) and $33,938 was drawn (June 30, 2024 - $51,732). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable and 40% of certain inventory (to a maximum of $42,500). Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding US and Canadian denominated balances. The Canadian prime rate as at June 30, 2025 was 4.95% (June 30, 2024 - 6.95%) while the US prime rate was 7.50% (June 30, 2024 - 8.50%).

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2025, the Company was in compliance with all covenants related to the line of credit.

(in thousands of dollars except otherwise noted)

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30,		**2025**		2024
Accounts payable	$	25,391	$	36,344
Accrued liabilities		12,303		21,239
Total accounts payable and accrued liabilities	**$**	**37,694**	**$**	**57,583**

The carrying value of accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value due to their short-term nature.

During the year ended June 30, 2025, the Company entered into a supply-chain financing (or "reverse-factoring") arrangement with a third party for certain of the Company's accounts payable. The new payable provides an extension of 120 days on the original invoice due date. During the year ended June 30, 2025, the Company reverse-factored accounts payable of $6,745, with the resulting payable to the third party due between June 9, 2025 and July 10, 2025, and incurred reverse-factoring expenses of $224. As at June 30, 2025, $2,961 remained in accounts payable and accrued liabilities.

17. PROVISIONS

		Warranty		**Restructuring costs**		**Other**		**Total**
At July 1, 2023	$	625	$	1,175	$	565	$	2,365
Additions		431		–		261		692
Amounts utilized		(625)		(1,175)		(265)		(2,065)
Effect of foreign exchange		–		–		(26)		(26)
At June 30, 2024		**431**		**–**		**535**		**966**
Additions		412		855		251		1,518
Amounts utilized		(431)		(545)		(215)		(1,191)
Effect of foreign exchange		–		–		41		41
At June 30, 2025	**$**	**412**	**$**	**310**	**$**	**612**	**$**	**1,334**
Current portion	$	412	$	310	$	152	$	874
Long-term portion	$	–	$	–	$	460	$	460

The warranty provision is based on the Company's prior years' experience.

In December 2024, the Company incurred incremental, non-recurring restructuring costs in the amount of $2,798 as a result of a reduction in force of approximately 12% of existing employees. This amount represents severance costs related to the reorganization of primarily the research and development and operational departments to better align operations with the Company’s fiscal 2025 and fiscal 2026 expectations.

(in thousands of dollars except otherwise noted)

18. LONG-TERM DEBT

As at June 30,	Note		**2025**		2024 (Restated - Note 33
Term credit facility		$	519	$	831
Term loan facility			11,234		11,845
Shareholder loan	31		5,000		–
EDC loan			6,000		–
Insurance financing			360		367
Lease liabilities			5,150		4,789
Total term facilities and lease liabilities		**$**	**28,263**	**$**	**17,832**
Current portion of term facilities and lease liabilities		$	8,336	$	14,207
Long-term portion of term facilities and lease liabilities		$	19,927	$	3,625

Term credit facility

The term credit facility is with a Canadian chartered bank. The facility is repayable in monthly installments of $21 principal plus interest at Canadian prime rate of 4.95% (June 30, 2024 - 6.95%), expires in October 2025 and is collateralized by a general security agreement. The Company has an authorized loan amount of $3,792 and annually renews this facility with the bank. The term credit facility is recorded at amortized cost.

Term loan facility

The term loan facility is with a Canadian chartered bank, and was amended from interest only payments to a Canadian Overnight Repo Rate Average ("CORRA") loan in fiscal 2024. The facility is repayable in monthly installments of $51 principal plus interest at the CORRA rate of 2.75% plus 0.30% (June 30, 2024 - 4.80% plus 0.30%), expires in October 2025 and is collateralized by a general security agreement. The Company has an authorized loan amount of $12,200 and annually renews this facility with the bank. The term loan facility is recorded at amortized cost.

EDC loan

In June 2025, the Company entered into a $16,000 credit facility in the form of a term loan with Export Development Canada ("EDC"). The loan is made available to the Company in two tranches: (1) $6,000 to assist in the refinancing of the Company's acquisition of Falcon V Systems and (2) $10,000 to assist the financing of capital expenditures and working capital needs to support operational expenses and inventory expansion. Each tranche is subject to interest at the Canadian prime rate (4.95% at June 30, 2025) plus 3.00%; is collateralized by a general security agreement; and is subject to covenants similar to the Company's revolving line of credit. The Company received the first tranche in June 2025 which is repayable in monthly principal installments of $200 plus interest over three years, with the first repayment deferred until December 2025.

Subsequent to June 30, 2025, in August 2025, the second tranche was received for $10,000, which is repayable over a period of 5 years in monthly principal installments of $185 principal plus interest. The first repayment of the second tranche is deferred until February 2026.

(in thousands of dollars except otherwise noted)

Insurance financing loan

The Company finances certain of its insurance polices with short-term loans. The short-term loans carry interest rates ranging between 7.00% to 11.00% (June 30, 2024 - 8.30% to 8.35%) and are repayable in aggregate in 12 monthly installments of $73 (June 30, 2024 - $58).

Assuming that the existing payment terms are the same at the renewal date, the following are the future principal repayments, by fiscal year, for the Company's total long-term debt, excluding lease liabilities, as at June 30, 2025:

2026	$	7,059
2027		2,150
2028		1,942
2029		1,942
2030		1,836
Thereafter		8,184
Total future principal repayments	**$**	**23,113**

Lease liabilities:

The following is a reconciliation of the Company's lease liabilities as at June 30, 2025:

Years ended June 30,		**2025**		2024
Lease liabilities, beginning of year	$	4,789	$	2,748
Net additions during the year		1,658		3,566
Interest on lease liabilities		260		117
Principal repayments of lease liabilities		(1,597)		(1,646)
Effect of foreign exchange		40		4
Lease liabilities, end of year	**$**	**5,150**	**$**	**4,789**
Current portion	$	1,277	$	1,164
Long-term portion	$	3,873	$	3,625

The contractual lease payments related to the lease liabilities are as follows:

As at June 30,		**2025**
Within one year	$	1,477
After one year but not more than five years		4,055
More than five years		168
Total contractual lease payments	**$**	**5,700**

(in thousands of dollars except otherwise noted)

19. SHARE CAPITAL

(a) Share capital

The Company has authorized share capital of an unlimited number of common shares with no par value and an unlimited number of preferred shares with no par value. The table below provides details of common shares outstanding and their carrying value.

	Number of Shares		Carrying Value
Balance July 1, 2023	24,301,594	$	23,997
Shares issued by exercising options	10,000		120
Balance, June 30, 2024	**24,311,594**		**24,117**
Shares issued by exercising options	3,000		35
Balance, June 30, 2025	**24,314,594**	**$**	**24,152**

The Company issued 3,000 common shares through the exercise of options during the year ended June 30, 2025 (June 30, 2024 - 10,000) for cash consideration of $30 (June 30, 2024 - $95).

(b) Reserves

Reserves within shareholders’ equity represent equity-settled employee benefits reserve.

(c) Share-based compensation

The following table summarizes the share-based compensation expense included in the consolidated statements of comprehensive income (loss):

Years ended June 30,		**2025**		2024
Stock options	$	18	$	45
Performance share units		1,837		988
Total share-based compensation	**$**	**1,855**	**$**	**1,033**

Stock option plan

The Company has established a stock option plan pursuant to which options to acquire common shares may be issued to officers, directors and employees of the Company. The term, vesting period, exercise price, and number of common shares, relating to each option will be determined by the Company's Board of Directors at the time options are granted, but will not be more favourable than those permitted under applicable securities legislation and/or regulation. Typically, options are granted for six years with vesting based on either time-based service or performance and are equity settled. The Company's stock option plan is subject to the rules and policies of any stock exchange on which the common shares are listed. The total number of common shares of the Company that will be issued pursuant to the Company's stock option plan will not exceed 10% of the issued and outstanding shares of the Company at any given time. Options granted under the Company's stock option plan are not assignable.

(in thousands of dollars except otherwise noted)

Changes in the stock option plan for the years ended June 30, 2025 and 2024 are as follows:

(in number of units, except prices)	Number of Options	Weighted average exercise price per option
Outstanding, July 1, 2023	37,312	$ 13.39
Granted	9,000	17.14
Exercised	(312)	(9.50)
Cancelled	(10,000)	(9.50)
Outstanding, June 30, 2024	**36,000**	**15.44**
Granted	8,000	15.70
Exercised	(3,000)	9.88
Cancelled	(9,000)	19.93
Outstanding, June 30, 2025	**32,000**	**$ 14.76**
Vested and exercisable, June 30, 2025	**17,503**	**$ 13.55**

For the year ended June 30, 2025, the weighted average trading price for exercised options was $17.23 per share (June 30, 2024 - $16.48 per share).

At June 30, 2025, the exercise prices ranged from $8.25 to $17.93 per share (June 30, 2024 - $8.25 to $22.11), with the weighted average exercise price being $14.76 per share (June 30, 2024 - $15.44 per share). The options outstanding at June 30, 2025 have a weighted average contractual life of 3.31 years (June 30, 2024 - 3.63 years).

	Options outstanding			**Options exercisable**	
	Number	**Weighted average remaining life**	**Weighted average exercise price per option**	**Number**	**Weighted average exercise price per option**
$8.25 to $13.89	10,000	0.85	$ 11.07	10,000	$ 11.07
$13.90 to $15.70	8,000	5.51	15.70	–	–
$15.71 to $17.93	14,000	3.81	16.87	7,503	16.86
	32,000	**3.31**	**$ 14.76**	**17,503**	**$ 13.55**

<u>Stock option assumptions</u>

For all stock options granted, the Company determined compensation expense based on the estimated fair values at the grant date of the stock options using the Black-Scholes option-pricing model. The estimated fair value of the stock options is amortized to share-based compensation over the vesting period of the options.

(in thousands of dollars except otherwise noted)

The weighted average estimated fair value for the stock options granted during the year ended June 30, 2025 was $4.42 per option granted (June 30, 2024 - $4.83 per option granted). Management used the following assumptions within the Black-Scholes option-pricing model:

Years ended June 30,		**2025**		2024
Weighted average share price	$	15.70	$	17.14
Expected option life		6 years		6 years
Risk-free rate of return		2.95 %		3.89%
Volatility factor		30.66 %		27.71%
Expected dividends		1.40 %		1.29%
Forfeiture rate		5.55 %		4.75%

Performance share unit ("PSU") plan

The Company's PSU plan sets the maximum number of PSUs that can be issued at 6% of the outstanding common shares of the Company. No further approval by the shareholders of the Company is required for any unallocated PSUs.

During the year ended June 30, 2025, the Company issued 205,566 PSUs (June 30, 2024 - 138,559 PSUs) to eligible persons under the PSU plan. These PSUs have five-year terms, and vest in three tranches upon the achievement of certain closing market trading prices of the Company's common shares for a period of twenty consecutive business days. During the year ended June 30, 2025, nil PSUs vested (June 30, 2024 - nil).

A summary of PSU activity during the years ended June 30, 2025 and 2024 is as follows:

	Number of PSUs
PSUs outstanding as at July 1, 2023	242,235
Granted	138,559
Forfeited	(12,000)
PSUs outstanding as at June 30, 2024	**368,794**
Granted	205,566
Forfeited	(30,703)
PSUs outstanding as at June 30, 2025	**543,657**

<u>PSU valuation methodology and assumptions</u>

The fair value of the PSUs were determined using a Monte Carlo simulation. On grant, the Company estimated the achievement dates of each performance condition, and the cost of the PSUs is expensed on a straight-line basis over the period from the grant date to the expected market condition achievement date. The Company estimated forfeitures of PSUs between 0% and 10% on grant, and adjusts the amount recognized in expense upon vesting.

(in thousands of dollars except otherwise noted)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue

In the following table, gross revenue from contracts with customers is disaggregated by reporting segment and type. Refer to Note 24 - Segmented Financial Information for additional segmented financial information.

		Video and Broadband Solutions		Content Delivery and Storage		Telematics		Total
For the year ended June 30, 2025								
Product sales	$	220,665	$	15,939	$	1,567	$	238,171
Provision of services		17,244		24,202		6,246		47,692
Total sales	**$**	**237,909**	**$**	**40,141**	**$**	**7,813**	**$**	**285,863**
For the year ended June 30, 2024								
Product sales	$	221,106	$	23,745	$	1,011	$	245,862
Provision of services		14,981		24,474		5,730		45,185
Total sales	**$**	**236,087**	**$**	**48,219**	**$**	**6,741**	**$**	**291,047**

(b) Contract assets

Contract assets arise primarily as a result of the difference between revenue recognized on the fulfillment of a non-recurring performance obligation at the onset of a term contract and the cash collected or receivable at the point of sale. Recognition of revenue requires the estimation of total consideration over the contract term and the allocation of that consideration to all performance obligations in the contract based on the stand-alone selling prices. The Company reclassifies contract assets to trade receivables once the customer is invoiced and the right to consideration is unconditional.

Contract assets also arise due to the treatment of costs incurred in acquiring customer contracts. IFRS 15 requires contract acquisition costs, such as sales commissions, to be recognized as an asset and amortized into cost of sales expense over the term of the contract. Commission costs paid to internal and external representatives as a result of obtaining contracts with customers are deferred and amortized to cost of sales expense consistent with the transfer of goods and services to the customer. Telematics deferred commission costs attributable to subscription service is amortized over 24 or 36 consecutive months. The Company has elected to utilize the practical expedient that allows the Company to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that would have been recognized is 12 months or less.

(in thousands of dollars except otherwise noted)

Years ended June 30,		**2025**		2024
Balance, beginning of year	$	2,545	$	3,329
Net additions arising from operations		2,073		2,153
Amounts billed during the year and reclassified as accounts receivable		(2,730)		(2,439)
Deferred costs recognized as expense in the year		(455)		(562)
Effect of change in foreign currency exchange rates		(13)		64
Balance, end of year	**$**	**1,420**	**$**	**2,545**
To be billed and reclassified to accounts receivable during next 12 months	$	941	$	1,682
Deferred costs to be recognized as expense during next 12 months		197		455
Current portion, contract assets		**1,138**		**2,137**
Thereafter (included in other long-term assets)	$	282	$	408

(c) Deferred revenue

Contract liabilities, which includes deferred revenues, represent the future performance obligations to customers in respect of services or customer activation fees for which consideration has been received upfront and is recognized over the expected term of the customer relationship. The Company has elected to apply the practical expedient that allows the Company not to disclose the unsatisfied portions of performance obligations under contracts where the revenue we recognize is equal to the amount invoiced to the customer.

Contract liability balances, the changes in those balances, the future periods the performance obligations are expected to be satisfied, and revenue recognized are set out in the following table:

Years ended June 30,		**2025**		2024
Balance, beginning of year	$	19,367	$	19,802
Revenue deferred in previous period and recognized in current period		(15,873)		(15,342)
Net additions arising from operations		13,468		14,278
Effect of change in foreign currency exchange rates		19		629
Balance, end of year	**$**	**16,981**	**$**	**19,367**
Revenue to be recognized in the future				
Within one year	$	15,226	$	15,856
Between two to five years	$	1,755	$	3,511

21. OTHER EXPENSE

Years ended June 30,		**2025**		2024
Advisory fees	$	390	$	2,532
Contract cancellation fees		–		633
Settlement on software support costs		–		606
Gain (loss) on sale of property, plant and equipment		128		(2,357)
Other expense		22		391
Total other expense	**$**	**540**	**$**	**1,805**

(in thousands of dollars except otherwise noted)

Advisory fees incurred during the year ended June 30, 2025 are primarily related to costs associated with the successful acquisition of Falcon V Systems (see Note 4 - Business Combinations). Advisory fees incurred during the year ended June 30, 2024 are primarily related to costs associated with the failed acquisition of certain Cable Business assets of Casa Systems Inc. and other strategic M&A activity pursued by management in the second half of fiscal 2024.

22. FINANCE EXPENSE

Years ended June 30,	Note		**2025**		2024
Interest income		$	(24)	$	(12)
Operating line interest expense			3,036		5,614
Term credit facility interest expense			734		862
Shareholder loan interest expense	31		273		–
Accounts receivable factoring costs	6		5,192		289
Accounts payable reverse-factoring costs	16		224		–
Other expense			305		254
Finance expense before interest on lease liabilities			**9,740**		**7,007**
Interest expense on lease liabilities	18		260		117
Total finance expense		**$**	**10,000**	**$**	**7,124**

23. NET INCOME (LOSS) PER SHARE

The following table sets forth the calculation of basic and diluted net income (loss) per share:

Years ended June 30,		**2025**		2024
Net income (loss)	$	(17,762)	$	19,391
Weighed average number of shares outstanding:				
Basic		24,313,618		24,307,418
Dilution adjustment for stock options		–		25,989
Diluted	**$**	**24,313,618**	**$**	**24,333,407**
Net income (loss) per share: basic	$	(0.73)	$	0.80
Net income (loss) per share: diluted	$	(0.73)	$	0.80

Stock options and warrants could potentially dilute basic net income per share in the future. Dilutive stock options and warrants are calculated using the treasury stock method. For the year ended June 30, 2025, there were 10,000 dilutive stock options (June 30, 2024 - 25,312) which resulted in a dilution adjustment of nil shares (June 30, 2024 - 7,469), with the remaining 22,000 outstanding options (June 30, 2024 - 10,688) being anti-dilutive. For the year ended June 30, 2025, there were 361,050 warrants outstanding (June 30, 2024 - 361,050) which resulted in a dilution adjustment of nil shares (June 30, 2024 - 18,520).

(in thousands of dollars except otherwise noted)

24. SEGMENTED FINANCIAL INFORMATION

The Company's operations are organized into business units based on how the business is managed and has three reportable segments. The Video and Broadband Solutions segment designs, develops and distributes electronic communications products to cable and telecommunications markets. The Content Delivery and Storage segment develops advanced applications focused on storing, protecting, and transforming and delivering visual media. The Telematics segment designs, develops and distributes fleet management products. The majority of the Company's operations, employees and assets reside in Canada and the United States. The following tables highlight key financial information by segment and geographical region:

Segments

For the year ended June 30, 2025	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	$ 237,909	$ 40,141	$ 7,813	$ 285,863
Cost of sales				
Cost of materials and labour	149,965	15,361	2,689	168,015
Write-downs of inventory to net realizable value	8,068	360	–	8,428
Total cost of sales	**158,033**	**15,721**	**2,689**	**176,443**
Gross profit	**79,876**	**24,420**	**5,124**	**109,420**
Operating expenses	72,228	22,206	2,763	97,197
Depreciation and amortization	18,297	5,020	1,423	24,740
Operating income (loss)	**(10,649)**	**(2,806)**	**938**	**(12,517)**
Finance expense				(10,000)
Foreign exchange loss				(2,033)
Income tax recovery				6,788
Net loss				**$ (17,762)**
Total assets	$ 286,507	$ 33,581	$ 11,981	**$ 332,069**
Total liabilities	$ 101,723	$ 15,654	$ 1,123	**$ 118,500**

(in thousands of dollars except otherwise noted)

For the year ended June 30, 2024	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	$ 236,085	$ 48,220	$ 6,742	$ 291,047
Cost of sales:				
Cost of materials and labour	128,581	19,313	2,126	150,020
Recovery of inventory to net realizable value	(888)	297	–	(591)
Total cost of sales	**127,693**	**19,610**	**2,126**	**149,429**
Gross profit	**108,392**	**28,610**	**4,616**	**141,618**
Operating expenses	61,583	25,697	2,470	89,750
Depreciation and amortization	15,052	5,871	1,352	22,275
Operating income (loss)	**31,757**	**(2,958)**	**794**	**29,593**
Finance expense				(7,124)
Foreign exchange loss				(1,935)
Income tax expense				(1,143)
Net income				**$ 19,391**
Total assets	$ 336,670	$ 38,364	$ 12,789	**$ 387,823**
Total liabilities	$ 130,434	$ 20,968	$ 1,461	**$ 152,863**

Sales by geographical region

Years ended June 30,	**2025**	2024
Sales to external customers:		
United States	$ 253,895	$ 261,177
Canada	13,416	15,854
Japan	11,084	8,902
Europe	5,233	3,525
Other	2,235	1,589
Total sales	**$ 285,863**	**$ 291,047**

Non-current assets by geographical region

As at June 30,	**2025**	2024
Non-current assets:		
United States	$ 79,536	$ 65,344
Canada	97,643	103,301
Japan	1,221	534
Europe	5,521	296
China	626	766
Total non-current assets	**$ 184,547**	**$ 170,241**

(in thousands of dollars except otherwise noted)

Sales to major customers

Sales to major customers accounting for more than 10% of total sales are as follows:

Years ended June 30,		**2025**		2024
Customer A	$	188,066	$	162,556
Customer B		15,685		35,038
Total sales to major customers	**$**	**203,751**	**$**	**197,594**

Sales to these customers are with the Video and Broadband Solutions and Content Delivery and Storage segments.

25. FAIR VALUE HIERARCHY

Assets and liabilities measured at fair value in the consolidated statements of financial position, or where fair value disclosures are required, are classified based on a three-level hierarchy as follows:

Level 1: determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2: determined by using inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and

Level 3: determined using inputs that are not based on observable market data.

During the year ended June 30, 2025, there were no transfers between Level 1 and Level 2 fair value classifications. As at June 30, 2025, the Company had customer-based warrants which are classified as Level 2. Refer to Note 27 - Customer-based Warrants for further information.

26. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial risks

In the normal course of business, the Company is exposed to a number of financial risks that can materially affect its operating performance. These financial risks include: credit risk, liquidity risk, currency risk and interest rate risk. The source of risk exposure and how each is managed is outlined below.

(a) Credit risk

Cash and cash equivalents are placed with major Canadian financial institutions rated in the two highest grades by nationally recognized ratings agencies. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, since all amounts are held at major Canadian financial institutions.

Credit risk also arises from the financial loss we could experience if a counterparty to a financial instrument, from whom we have an amount owing, failed to meet its obligations under the terms and conditions of its contracts with us. Our credit risk exposure is primarily attributable to our accounts receivable. Our accounts receivable on the consolidated statements of financial position are net of allowances for doubtful accounts, which management estimates based on lifetime expected credit losses. Our accounts receivable do not contain significant financing components and therefore, we measure our allowance for doubtful accounts using lifetime expected credit losses related to our accounts receivable.

(in thousands of dollars except otherwise noted)

As at June 30, 2025, the weighted average age of customer accounts receivable was 32 days (June 30, 2024 - 34 days), and the weighted average age of past-due accounts receivable approximated 47 days (June 30, 2024 - 57 days). Accounts are considered to be past due when customers have failed to make the required payments by their contractually agreed upon due date. The aging of trade receivables that are not considered to be impaired are as follows:

As at June 30,	**2025**	2024
Current	$ 20,704	$ 67,423
1 to 30 days	654	622
31 to 60 days	1,389	63
Over 60 days	60	1,081
Total accounts receivable	**$ 22,807**	**$ 69,189**

The Company maintains allowances for lifetime expected credit losses related to the allowance for doubtful accounts. Current economic conditions, forward-looking information, historical information, and reasons for the accounts being past due are all considered when determining whether to make allowances for past due accounts. The same factors are considered when determining whether to write-off amounts charged to the allowance for doubtful accounts against the customer accounts receivable. As at June 30, 2025, the Company has an allowance for doubtful accounts of $60 (June 30, 2024 - $3). As at June 30, 2025, the Company had two major customers who accounted for approximately 50% (June 30, 2024 - 72%) of the year-end accounts receivable balance. Customer contract assets that are not considered to be impaired within the next 12 months are $1,138 (June 30, 2024 - $2,276), and long-term are $282 (June 30, 2024 - $871).

(b) Liquidity risk

Liquidity risk arises from the Company's general funding needs and in the management of its assets, liabilities and capital. The Company manages its liquidity risk to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations in a cost-effective manner. As of June 30, 2025, the Company has access to a credit facility in the amount of $75,000 (June 30, 2024 - $85,000) with a Canadian chartered bank, of which the remaining amount available to be drawn under this credit facility is $41,062 (June 30, 2024 - $33,268).

The tables below presents a maturity analysis of the Company's financial liabilities as at June 30, 2025:

As at June 30, 2025	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 to 5 years**	**Thereafter**
Accounts payable and accrued liabilities	$ 37,694	$ 37,694	$ 37,694	$ –	$ –
Long-term debt	23,113	23,113	7,059	7,870	8,184
Lease liabilities	5,150	5,700	1,477	4,055	168
Warrant liability	290	290	290	–	–
Total financial liabilities	**$ 66,247**	**$ 66,797**	**$ 46,520**	**$ 11,925**	**$ 8,352**

(in thousands of dollars except otherwise noted)

(c) Currency risk

During the year ended June 30, 2025, approximately 96% (June 30, 2024 - 97%) of the Company's sales were denominated in U.S. dollars. The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. These contracts are recognized in the consolidated statements of financial position at their fair value, with changes in fair value recorded in the consolidated statements of comprehensive income (loss) in foreign exchange gain (loss). As at June 30, 2025 and June 30, 2024, there were no forward purchase contracts in place.

For the year ended June 30, 2025, if the Canadian dollar had weakened or strengthened by 1% against the U.S. dollar with all other variables held constant, net income before income taxes would have been $813 (June 30, 2024 - $960) higher or lower; and net income after income taxes would have been $642 (June 30, 2024 - $944) higher or lower.

(d) Interest rate risk

The Company is exposed to floating interest rate risk, as the required cash flows to service its debt will fluctuate as a result of changes in market rates. This risk is limited to the line of credit and long-term debt. A 1% movement in the interest rate would have resulted in a $697 change to net income before income taxes and a $558 change to net income after income taxes for the year ended June 30, 2025 (June 30, 2024 - $984 and $787, respectively).

27. CUSTOMER-BASED WARRANTS

The Company executed a warrant agreement with one of its key customers in the first quarter of fiscal 2024 to purchase up to 361,050 common shares at an exercise price of $17.09 with vesting conditions based on the achievement of certain multi-year spending targets. The first tranche and second tranches have vested as the spending targets were met. The warrants are accounted for as financial liabilities due to their conversion features and will be remeasured to their fair market value at each reporting date until the earliest of settlement, cancellation or expiry. A binomial options pricing model was used to derive the fair value of customer based warrants. The fair value of warrants as at June 30, 2025 was $290 (June 30, 2024 - $2,626). Warrant vesting recovery during the year ended June 30, 2025 of $1,755 (June 30, 2024 - expense of $2,024), was reflected as a sales recovery and increase of revenue in the Company’s consolidated statements of comprehensive income (loss).

The following is the continuity of the contract asset related to the warrants during the year ended June 30, 2025:

At July 1, 2023	$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
Amortization		(2,024)
At June 30, 2024		**602**
Fair market value adjustment		(2,336)
Amortization		1,755
At June 30, 2025	**$**	**21**
Current portion	$	21
Long-term portion	$	–

(in thousands of dollars except otherwise noted)

The following is the continuity of the financial liability related to the warrants during the year ended June 30, 2025:

At July 1, 2023	$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
At June 30, 2024		**2,626**
Fair market value adjustment		(2,336)
At June 30, 2025	**$**	**290**
Current portion	$	290
Long-term portion	$	–

Management used the following assumptions within the binomial options pricing model:

Years ended June 30,		**2025**		2024
Weighted average share price	$	9.22	$	20.89
Expected option life		5.5 years		6.5 years
Exercise price	$	17.09	$	17.09
Risk-free rate of return		2.85 %		3.49 %
Dividend yield		2.00 %		1.05 %
Volatility factor		30.18 %		28.00 %

28. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility while managing its cost of optimizing access to capital. The Company defines its capital as current and long-term debt (excluding lease liabilities) and shareholders' equity. The Company's capital as at June 30, 2025 was $236,682 (June 30, 2024 - $248,003). The Company monitors its capital structure and based on changes in economic conditions, may adjust the structure through the repurchase of shares, the issuance of shares or the use of debt facilities. The Company manages its capital structure in order to ensure sufficient resources are available to fund the development and growth of next generation products and, to fund the expansion of its manufacturing facilities, providing an opportunity to reinforce its market position.

Under its borrowing agreements, the Company must satisfy certain restrictive covenants including a minimum financial ratio for the working capital and maximum financial ratio for the debt/equity ratio and the purchase of property, plant and equipment. During the year ended June 30, 2025, the Company complied with all these capital requirements. The Company did not pledge cash or cash equivalents under these borrowing agreements.

(in thousands of dollars except otherwise noted)

29. SUPPLEMENTAL INFORMATION

The following tables provide details of the Company's supplemental cash flow information:

Depreciation and amortization – operating activities

Years ended June 30,		**2025**		2024
Depreciation of property, plant and equipment	$	3,445	$	4,746
Depreciation of right-of-use assets		1,552		1,289
Amortization of deferred development costs		16,289		12,970
Amortization of finite-life intangible assets		3,454		3,270
Total depreciation and amortization	**$**	**24,740**	**$**	**22,275**

Net change in working capital – operating activities

Years ended June 30,		**2025**		2024
Accounts receivable	$	46,702	$	(11,136)
Inventories		16,369		(33,187)
Prepaid expenses		(93)		7,304
Contract assets		875		490
Accounts payable and accrued liabilities		(19,797)		9,796
Deferred revenue		(2,110)		(935)
Total change in net working capital	**$**	**41,946**	**$**	**(27,668)**

Capital expenditures, net – investing activities

Years ended June 30,		**2025**		2024
Capital expenditures:				
Property, plant and equipment	$	(2,682)	$	(2,510)
Intangible assets		(180)		(149)
Proceeds of disposition:				
Property, plant and equipment		161		3,861
Total capital proceeds (expenditures), net	**$**	**(2,701)**	**$**	**1,202**

The table below provides details of the employee benefit expense included in cost of sales and operating expenses:

Years ended June 30,		**2025**		2024
Wages and salaries	$	95,803	$	93,157
Health care benefits		6,995		6,252
Post-employment benefits		2,508		2,359
Total employee benefits expense	**$**	**105,306**	**$**	**101,768**

(in thousands of dollars except otherwise noted)

30. CONTRACTUAL OBLIGATION

At June 30, 2025, contractual purchase obligations due within a year that are not recognized as liabilities were $26,878 (June 30, 2024 - $30,994). Related inventory deposits paid to contract manufacturers and classified as prepaid expenses were $1,968 (June 30, 2024 - $2,219).

31. RELATED PARTY TRANSACTIONS

Vecima is a publicly traded company on the Toronto Stock Exchange. Voting control of Vecima is held by Dr. Surinder Kumar, Sumit Kumar and Saket Kumar through either direct or indirect ownership of the Company's common shares. Additionally, Sumit Kumar is a Director, Senior Executive and Corporate Officer of the Company.

The consolidated financial statements include the accounts of the Company and its subsidiaries listed in the following table:

		% equity interest
Company Name	**Jurisdiction**	**Participating voting interest**
Vecima Networks (USA) Inc.	United States	100
6105971 Canada Inc.	Canada	100
Vecima Technology Inc.	United States	100
Vecima Technology (Canada) Inc.	Canada	100
Vecima Solutions Corporation	Japan	100
Vecima Technology (UK) Ltd.	United Kingdom	100
Vecima Technology B.V.	Netherlands	100
Vecima Technology (Qingdao) Co., Ltd.	China	100
Vecima Technology (Shanghai) Co., Ltd.	China	100
Falcon V Systems Inc.	United States	100
Falcon V Systems S.A	Poland	100

The company had the following related party transactions during the year ended June 30, 2025:

<u>Compensation of key management personnel</u>

Years ended June 30,	**2025**	2024
Salaries and short-term employee benefits	$ 2,901	$ 2,855
Post-employment pension	136	80
Share-based compensation - stock options and PSUs	1,645	758
Total compensation of key management personnel	**$ 4,682**	**$ 3,693**

The amounts disclosed in the table are recognized as an expense during the reporting period. Key management personnel consist of the Board of Directors and certain executives who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

During the year ended June 30, 2025, there were 8,000 stock options awarded to key management personnel (June 30, 2024 - 9,000). As stock options awarded are granted for six years, with vesting based on performance and are equity settled, the expense is recognized rateably over a period of years and thus only a portion of the awards are included in the table above.

(in thousands of dollars except otherwise noted)

There were 205,566 PSUs awarded to key management personnel during the year ended June 30, 2025 (June 30, 2024 - 20,000). During the year ended June 30, 2025, nil PSUs vested (June 30, 2024 - nil); which had a fair value of $nil (June 30, 2024 - $nil). Each vested PSU is settled for one common share of the Company.

Building lease

The Company entered into a building lease on August 1, 2022 with one of the principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2025, total lease payments, including interest, were $125 (June 30, 2024 - $188). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholders and therefore, no longer subject to a related party relationship.

Shareholder loan

The Company received a shareholder loan in the second quarter of fiscal 2025 of $5,000 from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.95% plus 4.30% and is collateralized by a general security agreement. During the year ended June 30, 2025, the Company incurred $273 of interest expense pursuant to the shareholder loan. The loan agreement was executed at arms length, approximates fair value and will be used by the Company to fund short-term working capital requirements.

32. RESTRUCTURING COSTS

During the year ended June 30, 2025, the Company incurred $2,798 of restructuring costs pursuant to its workforce reorganization announced on December 9, 2024. As at June 30, 2025, the Company reflected a $310 severance provision for employees who had not signed an agreement at the reporting date with the remaining $111 included in accrued liabilities.

33. PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2025, the Company noted that its term loan facility, described in note 18, should have been presented as a current liability as at June 30, 2024 and July 1, 2023, as the maturity date was within 365 days of the year-end and an extension was not granted by the lender until subsequent to June 30, 2024 and June 30, 2023. The following adjustment was made retrospectively to the consolidated financial statements as at June 30, 2024 and July 1, 2023 as a result.

	June 30, 2024			July 1, 2023		
	Previously Stated	Adjustment	Restated	Previously Stated	Adjustment	Restated
Current portion of long-term debt	$ 2,433	$ 11,774	$ 14,207	$ 2,260	$ 12,854	$ 15,114
Long-term debt	$ 15,399	$ (11,774)	$ 3,625	$ 14,123	$ (12,854)	$ 1,269

34. SUBSEQUENT EVENT

On September 23, 2025, the Board of Directors declared a dividend of $0.055 per common share, payable on October 10, 2025 to shareholders of record as at November 3, 2025 consistent with its previously announced dividend policy.