THIRD QUARTER RESULTS

Management's Discussion and Analysis and

Interim Condensed Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the three and nine months ended March 31, 2022 and 2021

(unaudited)

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 10, 2022

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 three and nine months ended March 31, 2022.

Our MD&A supplements, but does not form part of, our unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended March 31, 2022 and 2021. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes for the three and nine months ended March 31, 2022 and 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. 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, our expectations related to customer demand and the impacts of the novel coronavirus pandemic ("COVID-19"). 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.sedar.com.

Table of Contents

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 Vancouver, Atlanta, Raleigh, San Jose, Qingdao, Shanghai, Tokyo, Amsterdam, and a manufacturing facility 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 business is organized into three segments:

1) **Video and Broadband Solutions** (VBS) 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.

    a. Our next-generation Entra™ family of products and platforms addresses the network migration to a Distributed Access Architecture (as described below under Industry Developments). The Entra Distributed Access Architecture platform is Vecima's realization of the next generation of hybrid fiber coaxial (HFC) and fiber to the home (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 Distributed Access Architecture (DAA) family of products is divided into five core categories:

    - EntraPHY - Multiple variants of the Entra Access Node that can operate as Remote PHY, providing a modular highly interoperable platform for deployment of access technologies, leveraging billions of dollars of investment in coaxial cable;
    - EntraMAC - Multiple variants of the Entra Access Node that can operate as Remote MACPHY, providing the full next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable;
    - EntraOptical - Consists of both chassis and node based FTTH access technologies in areas of the service provider network where FTTH is practical and advantageous;
    - EntraControl – a virtual cloud-based platform with centralized orchestration and control across all Entra products:
        - The Entra Remote PHY Monitor (RPM), which offers unified control software for management, service assurance and monitoring of access nodes;
        - The Entra Video QAM Manager (VQM), 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; and
        - The Entra Access Controller (EAC) virtualizes all of the control components allowing for the distribution of the data processing to the edge and into the Entra MAC and Entra Optical nodes; and
    - EntraVideo – a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures:
        - The Entra Legacy QAM Adapter (LQA) and DV-12, which provide a simple solution to adapt existing video QAM infrastructure for distributed access; and
        - The Entra Interactive Video Controller (IVC), which supports essential two-way network connectivity for legacy set-top boxes that are heavily deployed and in service today.

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

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

MediaScaleX™

- 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 over-the-top (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; and
- Cache: highly scalable, streaming platform, providing the ability to serve content to all IP and legacy devices, including Streaming Video 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.

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 Distributed Access Architectures (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 10 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 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 relative to legacy DOCSIS network solutions.

Starting in calendar 2020, the cable market began a broad shift towards DAA, 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 have further increased demands on network bandwidth, accelerating the push towards distributed access solutions.

In 2020, 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, released the DOCSIS 4.0 specifications, which includes 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. Vecima, in collaboration with Charter Communications, recently demonstrated multi-gig downstream (>8.5 Gbps) and upstream (>6 Gbps) speeds with the next-generation DOCSIS 4.0 standard and Vecima's Entra node technology, using coaxial cable access.

Increasingly, service providers are strategically extending their networks with an all-fiber architecture using industry-specific, fiber-to-the-home technology (10G EPON). Further, government funding is being made available to subsidize widescale fiber network buildouts with an emphasis on rural areas that are currently underserved. Operators have favoured architectures and products that allow them to cohesively orchestrate both coaxial 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 internet-delivered 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.

According to the latest industry analysis in the Cisco Visual Networking Index™, consumer Video on Demand traffic has doubled in 2022 with IP video comprising 82% of all IP traffic. Content owners and broadcasters are also leveraging IPTV technologies to deliver services directly to subscribers using over the top (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 and significantly increases quality of experience.

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 MediaScaleX 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. Third Quarter Fiscal 2022 Highlights

Financial and Corporate Highlights

- Third quarter revenue grew to another all-time high at $50.9 million, up 60% year-over-year and 17% quarter-over-quarter
- Gross profit climbed to $24.0 million, up 67% year-over-year and 10% quarter-over-quarter even as significant expedited material and logistics costs were realized in the third quarter as Vecima successfully navigated through an environment of major global supply chain constraints
- Generated adjusted EBITDA (non-GAAP measure) of $8.1 million, an increase of four times from $2.0 million in Q3 fiscal 2021 and up 9% from $7.4 million in Q2 fiscal 2022
- Adjusted earnings per share (non-GAAP measure) was $0.13 as compared to adjusted earnings per share of $0.02 in Q3 fiscal 2021 and $0.06 in Q2 fiscal 2022
- Ended the quarter in strong financial position with $10.6 million in cash and working capital of $54.9 million at March 31, 2022
- Declared a dividend of $0.055 per share payable on June 13, 2022 to shareholders of record as at May 20, 2022. This represents a cumulative $38.7 million returned to shareholders through regular dividends since we initiated regular dividends in October 2014

Video and Broadband Solutions (VBS)

- The VBS segment delivered exceptional growth and revenue performance of $37.0 million, up 70% year-over-year and 36% sequentially quarter-over-quarter as customers continued to scale their transitions to next-generation networks using Vecima's platforms

- DAA (Entra family)
  - Deployments of next-generation Entra DAA products grew to a record $30.8 million, up 142% year-over-over and 67% quarter-over-quarter
  - Total customer engagements for Entra increased to 83 MSOs worldwide, from 80 at the end of Q2 fiscal 2022. Forty-five of these customers have now ordered Entra products, up from 43 last quarter
    - Liberty Latin America, a Tier 1 MSO operating across Latin America and the Caribbean, chose to deploy Vecima's Entra Remote MACPHY DAA solution to deliver enhanced next-generation, ultra-broadband services to its customers
    - Bluepeak, a cable operator providing faster, more reliable internet to customers in the U.S. Midwest, selected Vecima to provide next-generation Entra Remote MACPHY solutions for its network
    - Additional wins for the Entra Remote MACPHY DAA solution included a top 10 MSO in North America, in addition to other operators

    - Also won a new Entra Remote PHY deployment with a Tier 1 MSO in the APAC region, in addition to continued scale deployment of our Entra Remote PHY solution with multiple customers

- Continued to accelerate Vecima's DAA technology lead
    - On May 2, 2022, Vecima demonstrated greater than 8.9 Gbps downstream and 6.2 Gbps upstream in a multi-vendor, real-world network environment at CableLabs' 10G Showcase. A first for the cable industry, this significant achievement leverages the next-generation DOCSIS 4.0 standard and Vecima's Entra Remote MACPHY node technology to provide multi-gig speeds bi-directionally on an existing Hybrid Fiber Coax (HFC) network, paving the way for cable operators to offer a true 10G service on existing networks with a natural and cost-effective upgrade
    - Together with Bluepeak, announced industry's first cloud-based DAA controller, another step in the journey to a cloud-driven, intelligent and cost-effective set of virtualized services for access networks
    - Announced flexible MAC architecture (FMA) interoperability with our state-of-the-art Entra Remote MACPHY cable access solution. Vecima continues to lead the industry in interoperability, which is crucial to the success of DAA across cable and fiber access
    - Continued innovation across the entire cable access, fiber access, and commercial video product portfolio with the introduction of several new software releases. The new releases focus on broadening Vecima's technology leadership as we rapidly expand our footprint and fast-growing roster of DAA-deploying customers and magnify the many benefits provided by Vecima DAA

- Commercial Video (Terrace family)
    - Achieved Commercial Video sales of $6.2 million, as compared to $8.6 million in Q3 fiscal 2021 and $8.7 million in Q2 fiscal 2022
        - TerraceQAM sales remained strong at $5.0 million as the lead Tier 1 customer continued its scale hospitality program with the platform while preparing for migration to TerraceIQ
        - Terrace family sales contributed Q3 fiscal 2022 revenue of $1.1 million, compared to $3.8 million in Q2 fiscal 2022 and $1.4 million in Q1 fiscal 2022, as customers continued to transition from our legacy products to next-generation platforms and in some cases, completed multi-year densification projects with the prior generation solutions

Content Delivery and Storage (CDS)

- Generated strong CDS sales of $12.5 million, up 43% from $8.8 million in Q3 fiscal 2021, but below the record-setting $15.0 million achieved in Q2 fiscal 2022 when many deferred customer projects started to accelerate
- Continued system expansion with multiple customers as operators ramp up deployments to reap the benefits of IP video while rolling out to more subscribers
    - Breezeline (formerly Atlantic Broadband), a Top Ten U.S. cable operator, chose MediaScaleX to power its IPTV video delivery solution and accelerate its next-generation TV experience to its subscribers
    - Secured four significant IPTV expansions with operators in the U.S.
    - Won an additional new MediaScaleX customer in the southeast U.S.

- Demonstrated Vecima's Streaming Video Alliance (SVA) standards-compliant Open Caching solution and significantly progressed an engagement with a globally-leading Tier 1 streaming customer. By leveraging Open Caching's immense potential for cable operators to broadly distribute internet-delivered streaming video traffic from prominent streaming providers, Vecima is laying the groundwork for a major shift to enhance the cable industry's video monetization model. Vecima can supply a combined technology, software and business solution, all while materially improving the quality of experience for viewers

- Extended support for ingest of Ultra-HD 4K high-resolution entertainment content, including live, time-shift and Video-on-Demand content

- Added support for the latest, state-of-the-art NVMe flash drives within our MediaScaleX Storage solution, supporting industry-leading speed and recording throughput efficiency per watt and per dollar

- Shipped MediaScaleX Origin on new, more efficient servers, further solidifying Vecima's total cost of ownership advantages

Telematics

- Multiple additional deployments in high-value verticals, such as municipal government and moveable asset customers
- Added nine new customers for the NERO asset tracking platform, with the number of moveable assets being monitored rising significantly to over 20,000 units

4. Subsequent Events

On May 10, 2022, the Board of Directors declared a dividend of $0.055 per common share, payable on June 13, 2022 to shareholders of record as at May 20, 2022 consistent with its previously announced dividend policy.

5. Outlook

Around the globe, high levels of utilization across our customers' cable, fiber, and IPTV networks, and increasing competition and investment amongst all broadband service providers, is requiring MSOs to expand capacity and increase speeds across their networks. Vecima is responding to this blooming demand with an industry-leading portfolio of Distributed Access Architecture (DAA), commercial video and IPTV solutions that enable our customers to expand their capacity and network offerings.

In our Video and Broadband Solutions (VBS) segment, demand for our next-generation Entra DAA products continues to escalate. With the industry's strongest and most relevant portfolio of DAA Remote PHY, Remote MACPHY, access controller and 10G EPON FTTH solutions; expanding relationships with 83 cable operators worldwide, and a growing backlog of customer purchase orders and binding forecasts providing excellent demand visibility, we expect Entra family product sales will continue to accelerate through the fourth quarter and beyond. We emphasize that we are still in the early stages of broad industry DAA adoption. We see an extraordinary and lengthy growth runway for Entra and are focused on leveraging our industry-leading product portfolio, strong customer relationships, and growing global reach to continue capturing market share in this large and rapidly growing market.

In addition to Entra growth, we expect the balance of fiscal 2022 to bring continued demand for our TerraceQAM solution and emerging opportunities for our next-generation Terrace IQ solution.

In our Content Delivery and Storage segment, demand for our IPTV and open caching solutions remains robust and we anticipate a solid quarter for CDS in Q4. On a full-year basis, we now anticipate single-digit sales growth for the CDS segment in fiscal 2022.

In the Telematics segment, we anticipate incremental growth in demand from the fleet tracking market in fiscal 2022, along with continued gradual growth in demand for our asset tracking services.

We note that global supply chain challenges have the potential to constrain our revenue growth and put continued pressure on gross margins if they persist as expected through the year. We have significantly increased our inventories of finished goods and raw materials and boosted our investments in expediting working capital to help us respond to our growing order backlog, leveraging our strong financial position and excellent supplier relationships as we address the fast-growing demand for our next-generation solutions. As a preeminent builder of the broadband and IPTV networks of tomorrow, Vecima is fueling the needs of customers today, investments that we expect to pay dividends for years to come.

6. COVID-19 Business Update

Amidst the ongoing COVID-19 pandemic, we remain sharply focused on protecting the health of our employees, partners and customers while maintaining the continuity of our business operations. Utilization across our customers' cable and IPTV networks has remained at elevated levels since the start of the pandemic, and as a manufacturer of communications solutions that expand our customers' networks, our operations are deemed essential and demand for our products and services has grown.

Employee Health and Safety: Our highest priority continues to be the well being of our employees, more than 80% of whom can perform their job functions outside of a Vecima facility and are working remotely. A small number of Vecima employees, primarily those in our Saskatoon manufacturing facility, have roles whose physical presence is required to perform their job function. These employees continue to report to work but are subject to strict protocols intended to reduce the risk of transmission, including social distancing, increased cleaning and availability of personal protective equipment as necessary.

Supply Chain Challenges: Ongoing global supply chain tightness from key component suppliers has been a key challenge emerging from the pandemic and it has the potential to constrain our ability to fully deliver and meet demand for our products, while also negatively impacting our gross margins. As discussed in “Outlook” above, we are carefully managing these challenges, leveraging our strong financial position and excellent supplier relationships to support our component inventory needs.

Uncertainties: The COVID-19 pandemic continues to evolve, and it is difficult to predict what economic, supply chain, network development or other impacts it may have on our business going forward. We will continue to closely monitor the effects of the pandemic on our business in all regions that we serve and make adjustments to our business as necessary. Please see "Risks and Uncertainties and COVID-19" and "Forward Looking Information" for more information on COVID-19 as it pertains to our business.

7. Discontinued Operations

On March 31, 2021, we completed the sale of our ContentAgent operations in an all-cash transaction for proceeds of US$2.1 million. As a result, we reclassified amounts related to the announced sale for the previous periods to discontinued operations in our consolidated statements of comprehensive income (loss) and consolidated statements of cash flows to make them consistent with the presentation for the current period.

As at March 31, 2021, we recorded a gain on the sale, net of income taxes, of $1.8 million. The capital gain related to the sale is partially offset by the recognition of previously unrecognized capital loss carry forwards.

8. Consolidated Results of Operations

Amounts are presented in thousands of Canadian dollars except percentages, employees, dividends 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 (Loss) Data	**Three months ended March 31,**				**Nine months ended March 31,**			
	2022		2021		**2022**		2021	
Sales	**$ 50,872**	**100 %**	$ 31,861	100 %	**$ 126,854**	**100 %**	$ 88,857	100 %
Cost of sales	**26,914**	**53 %**	17,535	55 %	**65,374**	**52 %**	47,187	53 %
Gross profit	**23,958**	**47 %**	14,326	45 %	**61,480**	**48 %**	41,670	47 %
Operating expenses								
Research and development[1]	**8,796**	**17 %**	7,520	24 %	**25,156**	**20 %**	20,829	24 %
Sales and marketing	**4,682**	**9 %**	3,644	11 %	**13,337**	**10 %**	10,095	11 %
General and administrative	**6,083**	**12 %**	4,357	14 %	**16,267**	**13 %**	13,610	15 %
Share-based compensation	**64**	**- %**	267	- %	**817**	**1 %**	1,716	2 %
Other expense (income)	**215**	**1 %**	(50)	- %	**234**	**- %**	(50)	- %
	19,840	**39 %**	15,738	49 %	**55,811**	**44 %**	46,200	52 %
Operating income (loss)	**4,118**	**8 %**	(1,412)	(4) %	**5,669**	**4 %**	(4,530)	(5) %
Finance (expense) income	**(82)**	**- %**	(45)	- %	**(170)**	**- %**	120	- %
Foreign exchange loss	**(541)**	**(1)%**	(830)	(3) %	**(455)**	**- %**	(2,269)	(2) %
Income (loss) before taxes	**3,495**	**7 %**	(2,287)	(7) %	**5,954**	**4 %**	(6,679)	(8) %
Income tax expense (recovery)	**505**	**1 %**	(2,692)	(8) %	**749**	**- %**	(3,059)	(3) %
Net income (loss) from:								
Continuing operations	**2,990**	**6 %**	405	1 %	**5,205**	**4 %**	(3,620)	(4) %
Discontinued operations	**-**	**- %**	1,784	6 %	**-**	**- %**	1,854	2 %
Net income (loss)	**2,990**	**6 %**	2,189	7 %	**5,205**	**4 %**	(1,766)	(2) %
Other comprehensive (loss) income	**(750)**	**(2)%**	(650)	(2)%	**57**	**- %**	(2,800)	(3) %
Comprehensive income (loss)	**$ 2,240**	**4 %**	$ 1,539	5 %	**$ 5,262**	**4 %**	$ (4,566)	(5) %
Net income (loss) per share[2]								
Basic – total	**$ 0.13**		$ 0.10		**$ 0.23**		$ (0.08)	
Basic – continuing operations	**$ 0.13**		$ 0.02		**$ 0.23**		$ (0.16)	
Diluted – total	**$ 0.13**		$ 0.10		**$ 0.23**		$ (0.08)	
Diluted – continuing operations	**$ 0.13**		$ 0.02		**$ 0.23**		$ (0.16)	
Other Data								
Total research and development expenditures[3]	**$ 11,454**		$ 9,237		**$ 30,734**		$ 26,103	
Adjusted EBITDA[4]	**$ 8,125**		$ 1,963		**$ 19,911**		$ 6,647	
Adjusted earnings per share[5]	**$ 0.13**		$ 0.02		**$ 0.23**		$ (0.16)	
Number of employees[6]	**548**		469		**548**		469	

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

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

(3) *Amounts are from continuing operations. See "Total Research and Development Expenditures".*

(4) *Adjusted EBITDA does not have any standardized meaning prescribed by IFRS 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 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.*

Consolidated Statements of Financial Position *(unaudited – in thousands of dollars except common share data)*		**March 31, 2022**		June 30, 2021
Cash and cash equivalents	**$**	**10,628**	$	28,909
Working capital	**$**	**54,874**	$	44,792
Total assets	**$**	**251,064**	$	214,732
Long-term debt[(1)]	**$**	**15,116**	$	4,107
Shareholders' equity	**$**	**176,544**	$	174,920
Number of common shares outstanding[(2)]		**23,070,328**		22,748,826

[(1)] *Long-term debt includes lease liabilities per IFRS 16.*

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

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 IFRS financial statements, excluding any amounts included in net income or net loss for gains and losses on the sale of non-core property, plant and equipment ("PP&E"), intangible assets, and assets held for sale, impairments of intangible assets, restructuring costs, 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 telematic services. Adjusted net income and adjusted earnings per share do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

Calculation of Adjusted Earnings per Share	**Three months ended March 31,**				**Nine months ended March 31,**			
(unaudited – in thousands of dollars except per share amounts)		**2022**		**2021**		**2022**		**2021**
Net income (loss)	**$**	**2,990**	$	2,189	**$**	**5,205**	$	(1,766)
Gain on sale of discontinued operations, net of tax		**-**		(1,836)		**-**		(1,836)
Adjusted net income (loss)	**$**	**2,990**	$	353	**$**	**5,205**	$	(3,602)
Net income (loss) per share	**$**	**0.13**	$	0.10	**$**	**0.23**	$	(0.08)
Gain on sale of discontinued operations, net of tax		**-**		(0.08)		**-**		(0.08)
Adjusted earnings per share[(1)(2)]	**$**	**0.13**	$	0.02	**$**	**0.23**	$	(0.16)

[(1)] *Adjusted earnings per share includes non-cash share-based compensation of $(0.1) million or $(0.00) per share for the three months ended March 31, 2022, and $(0.8) million or $(0.04) per share for the nine months ended March 31, 2022. 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 a foreign exchange loss of $(0.5) million or $(0.02) per share for the three months ended March 31, 2022 and a foreign exchange gain of $0.5 million or $0.02 per share for the nine months ended March 31, 2022.*

EBITDA and Adjusted EBITDA

The following table reconciles net income (loss) for the period to EBITDA and Adjusted EBITDA. The term "EBITDA" refers to net income or net loss as reported in the IFRS 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: 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; restructuring costs; and share-based compensation expense. 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 and, accordingly, investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives to net income, determined in accordance with IFRS, or as indicators of our financial performance or as measures of our liquidity and cash flows.

Calculation of Adjusted EBITDA	**Three months ended March 31,**		**Nine months ended March 31,**	
	2022	2021	**2022**	2021
Net income (loss) from continuing operations	**$ 2,990**	$ 405	**$ 5,205**	$ (3,620)
Income tax expense (recovery)	**505**	(2,692)	**749**	(3,059)
Interest expense	**89**	56	**185**	169
Depreciation of property, plant and equipment	**734**	561	**2,015**	1,754
Depreciation of right-of-use assets	**270**	410	**1,009**	1,115
Amortization of deferred development costs	**2,516**	2,157	**7,406**	5,741
Amortization of intangible assets	**783**	763	**2,333**	2,564
EBITDA from discontinued operations	**-**	2,128	**-**	2,351
EBITDA	**7,887**	3,788	**18,902**	7,015
Loss on sale of property, plant and equipment	**174**	(40)	**192**	(32)
(Gain) on disposal of discontinued operations	**-**	(2,052)	**-**	(2,052)
Share-based compensation	**64**	267	**817**	1,716
Adjusted EBITDA	**$ 8,125**	$ 1,963	**$ 19,911**	$ 6,647
Percentage of sales	**16%**	6%	**16%**	7%

Total Research and Development Expenditures

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

Calculation of Research and Development Expenditures from Continuing Operations	**Three months ended March 31,**		**Nine months ended March 31,**	
	2022	2021	**2022**	2021
Research and development per statement of income	**$ 8,796**	$ 7,520	**$ 25,156**	$ 20,829
Deferred development costs	**5,128**	3,845	**12,908**	10,916
Investment tax credits	**46**	29	**106**	99
Amortization of deferred development costs	**(2,516)**	(2,157)	**(7,406)**	(5,741)
Government grants	**-**	-	**(15)**	-
Total research and development expenditures	**$ 11,454**	$ 9,237	**$ 30,749**	$ 26,103
Percentage of sales	**23%**	29%	**24%**	29%

9. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the three and nine months ended March 31, 2022, fiscal 2021 and fiscal 2020 in accordance with IFRS. 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.

	Fiscal Year 2022			Fiscal Year 2021				Fiscal 2020
	Q3	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4
Sales	**$ 50,872**	**$ 43,587**	**$ 32,395**	$ 35,320	$ 31,861	$ 29,673	$ 27,323	$ 25,714
Cost of sales	**26,914**	**21,767**	**16,693**	20,349	17,535	14,964	14,688	13,204
Gross profit	**23,958**	**21,820**	**15,702**	14,972	14,326	14,709	12,635	12,510
Operating expenses								
Research and development	**8,796**	**8,352**	**8,008**	5,418	7,520	7,044	6,265	6,731
Sales and marketing	**4,682**	**4,554**	**4,101**	3,625	3,644	3,474	2,976	2,976
General and administrative	**6,083**	**5,498**	**4,686**	4,327	4,357	4,560	4,693	3,940
Share-based compensation	**64**	**65**	**(688)**	(296)	267	1,210	239	12
Other expense (income)	**215**	**13**	**6**	(1,462)	(50)	3	(3)	(349)
	19,840	**18,482**	**17,489**	11,612	15,738	16,291	14,170	13,310
Operating income (loss)	**4,118**	**3,338**	**(1,787)**	3,360	(1,412)	(1,582)	(1,535)	(800)
Finance (expense) income	**(82)**	**(46)**	**(42)**	(51)	(45)	2	163	110
Foreign exchange (loss) gain	**(541)**	**(111)**	**1,107**	(704)	(830)	(1,218)	(222)	(453)
Income (loss) before income taxes	**3,495**	**3,181**	**(722)**	2,605	(2,287)	(2,798)	(1,594)	(1,143)
Income tax expense (recovery)	**505**	**1,708**	**(1,464)**	1,170	(2,692)	432	(799)	(275)
Net income (loss) from:								
Continuing operations	**2,990**	**1,473**	**742**	1,435	405	(3,230)	(795)	(868)
Discontinued operations	**-**	**-**	**-**	-	1,784	112	(43)	(169)
Net income (loss)	**2,990**	**1,743**	**742**	1,435	2,189	(3,118)	(838)	(1,037)
Other comprehensive (loss) income	**(750)**	**(110)**	**916**	(395)	(650)	(1,538)	(612)	(1,125)
Comprehensive income (loss)	**$ 2,240**	**$ 1,363**	**$ 1,658**	$ 1,039	$ 1,539	$ (4,656)	$ (1,450)	$ (2,162)
Net income (loss) per share								
Basic - continuing	**$ 0.13**	**$ 0.06**	**$ 0.03**	$ 0.06	$ 0.02	$ (0.14)	$ (0.04)	$ (0.04)
Basic - total	**$ 0.13**	**$ 0.06**	**$ 0.03**	$ 0.06	$ 0.10	$ (0.14)	$ (0.04)	$ (0.05)
Diluted - continuing	**$ 0.13**	**$ 0.06**	**$ 0.03**	$ 0.06	$ 0.02	$ (0.14)	$ (0.04)	$ (0.04)
Diluted - total	**$ 0.13**	**$ 0.06**	**$ 0.03**	$ 0.06	$ 0.10	$ (0.14)	$ (0.04)	$ (0.05)
Adjusted EBITDA as reported	**$ 8,125**	**$ 7,447**	**$ 4,339**	$ 5,677	$ 1,963	$ 2,477	$ 2,207	$ 3,827

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. More recently, global supply chain issues have also created the potential for sales variability.

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. Demand for CDS solutions is also prone to seasonal demand fluctuations with the first and third quarters typically carrying slower customer activity.

10. Segmented Information

Sales

		Three months ended March 31,			Nine months ended March 31,	
Segment		**2022**	2021		**2022**	2021
Video and Broadband Solutions	**$**	**36,982**	$ 21,752	**$**	**88,492**	$ 51,815
Content Delivery and Storage		**12,518**	8,757		**34,248**	32,991
Telematics		**1,372**	1,352		**4,114**	4,051
Total sales	**$**	**50,872**	$ 31,861	**$**	**126,854**	$ 88,857

Three-Month Sales

Total sales strengthened to $50.9 million in the third quarter of fiscal 2022, up 60% from $31.9 million in Q3 fiscal 2021 and 17% higher than the $43.6 million generated in Q2 fiscal 2022. The strong year-over-year growth reflects significant sales increases in both the Video and Broadband Solutions and Content Delivery and Storage segments.

In the Video and Broadband Solutions segment, sales of $37.0 million were up 70% from $21.8 million in Q3 fiscal 2021 and 36% from $27.2 million in Q2 fiscal 2022.

- Next-generation Entra products led the VBS segment growth with sales climbing 142% year-over-year to $30.8 million, from $12.7 million in Q3 fiscal 2021. As compared to Q2 fiscal 2022, Entra sales were up 67% from $18.5 million.
- Commercial Video products sales were $6.2 million, a decrease of 29% from $8.6 million in Q3 fiscal 2021 and 29% from $8.7 million in Q2 fiscal 2022. The change in Commercial Video sales reflects the anticipated tapering of demand for legacy products including the TC600E. This was partially offset by continued strong demand for our TerraceQAM platform as operators continued their commercial rollout for the current generation, while preparing for the next-generation TerraceIQ platform.

In the Content Delivery and Storage segment, third quarter sales grew to $12.5 million, an increase of 43% from $8.8 million in Q3 fiscal 2021, but 16% lower than the record $15.0 million achieved in Q2 fiscal 2022. The significant year-over-year increase in CDS sales reflects a return to activity on certain projects previously delayed by pandemic-related issues, as well as early movement on IPTV expansions to some of our customers' networks. The quarter-over-quarter sales variance primarily reflects a return to a more typical sales pace for the segment, following particularly strong second quarter performance. As always, we note that quarterly sales variances are typical for the CDS segment and can result from the timing of large orders. Segment sales for the Q3 fiscal 2022 period included $8.2 million of product sales (Q3 fiscal 2021 - $4.6 million) and $4.3 million of services revenue (Q3 fiscal 2021 - $4.2 million).

Third quarter Telematics sales of $1.4 million were in line with the $1.4 million achieved in both Q3 fiscal 2021 and the Q2 fiscal 2022. Results for the quarter were in consistent with our expectations.

Nine-Month Sales

For the nine months ended March 31, 2022 total sales increased 43% to $126.9 million, from $88.9 million in the same period of fiscal 2021. The year-over-year sales growth primarily reflects a strong contribution from our Video and Broadband Solutions segment and a slightly higher result from the Content Delivery and Storage segment.

Nine-month Video and Broadband Solutions sales climbed 71% to $88.5 million, from $51.8 million in the same period in fiscal 2021.

- Entra deployments surged 159% to $67.3 million in the first nine months of fiscal 2022, up from $26.0 million in the same period of fiscal 2021.
- Commercial Video products contributed $21.0 million of sales in the first nine months of fiscal 2022, as compared to $24.7 million in the same period of fiscal 2021. This reflects the anticipated tapering of demand for our legacy TC600 and TC600E products, partially offset by continued strong demand for our TerraceQAM platform as operators further their commercial rollout for the current generation, while preparing for the next-generation TerraceIQ platform.

The Content Delivery and Storage segment generated nine-month sales of $34.2 million, an increase of 4% from $33.0 million in the first nine months of fiscal 2021. This improvement primarily reflects a return to activity on certain projects previously delayed by pandemic-related issues which in turn contributed to a rebound of sales in Q2 and Q3. The nine-month CDS sales included $21.7 million of product sales (2021 - $19.6 million) and $12.5 million of services revenue (2021 - $13.4 million). On a full-year basis we continue to expect high single to low double-digit sales growth in the CDS segment in fiscal 2022.

Telematics sales of $4.1 million in the first nine months of fiscal 2022, were on par with the $4.1 million achieved in the same period of fiscal 2021. These results were in line with our expectations.

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, inventory management costs, and sales commissions, 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, including amortization of software development costs, 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, support activities and sales commissions. Costs associated with Telematics sales consist of hardware amortization, inventory management costs, order fulfillment, wireless fees, server hosting services, mapping licenses and sales commissions.

	Three months ended March 31,		Nine months ended March 31,	
Segment	**2022**	2021	**2022**	2021
Video and Broadband Solutions	**$ 20,759**	$ 12,447	**$ 48,065**	$ 29,479
Content Delivery and Storage	**5,652**	4,625	**15,881**	16,367
Telematics	**503**	463	**1,428**	1,341
Total cost of sales	**$ 26,914**	$ 17,535	**$ 65,374**	$ 47,187

Three-Month Results

For the three months ended March 31, 2022, total cost of sales was $26.9 million, a 53% increase from $17.5 million in Q3 fiscal 2021 and 24% higher than $21.8 million in Q2 fiscal 2022. These increases reflect higher sales in both the Video and Broadband Solutions and the Content Delivery and Storage segments, increased expediting costs as we responded to supply chain constraints, a change in product mix composition, and foreign exchange impacts.

Third quarter cost of sales in the Video and Broadband Solutions segment was $20.8 million, a 67% increase from $12.4 million in Q3 fiscal 2021 and a 43% increase from $14.5 million in Q2 fiscal 2022. The higher costs year-over-year reflect the 70% increase in VBS segment sales, as well as a different product mix, foreign exchange impacts, and increased expediting costs.

In the Content Delivery and Storage segment, third quarter cost of sales was $5.7 million, a 22% increase from $4.6 million in Q3 fiscal 2021 and a 18% decrease from $6.9 million in Q2 fiscal 2022. The year-over-year increase reflects higher sales and a shift in product mix, while the quarter-over-quarter decrease reflects lower sales in Q3 fiscal 2022 period.

Third quarter cost of sales from the Telematics segment was $0.5 million, on par with Q3 fiscal 2021 and slightly higher than the $0.4 million cost of sales in Q2 fiscal 2022.

Nine-Month Results

For the nine months ended March 31, 2022, total cost of sales was $65.4 million, a 39% increase from $47.2 million in the first nine months of fiscal 2021. The year-over-year increase reflects significantly higher sales in the Video and Broadband Solutions segment, as well as slightly higher nine-month sales in the Content Delivery and Storage segment. Increased expediting costs related to supply chain constraints, product mix composition, and foreign exchange impacts were the main factors in the higher cost of sales.

Video and Broadband Solutions segment cost of sales were $48.1 million, a 63% increase from $29.5 million in the same period of fiscal 2021. The year-over-year increase reflects the 71% increase in VBS segment sales, as well as increased expediting costs, different product mix, and foreign exchange impacts.

In the Content Delivery and Storage segment, cost of sales of $15.9 million was 3% lower than the $16.4 million reported in the same period of fiscal 2021. The year-over-year change reflects increased sales offset by a different customer and product mix.

Cost of sales from the Telematics segment was $1.4 million, slightly higher than the $1.3 million in the same period in fiscal 2021.

Gross Profit and Gross Margin

	Three months ended March 31,		Nine months ended March 31,	
Segment	**2022**	2021	**2022**	2021
Video and Broadband Solutions	**$ 16,223**	$ 9,305	**$ 40,427**	$ 22,336
Content Delivery and Storage	**6,866**	4,132	**18,367**	16,624
Telematics	**869**	889	**2,686**	2,710
Total gross profit	**$ 23,958**	$ 14,326	**$ 61,480**	$ 41,670
Video and Broadband Solutions	**43.9%**	42.8%	**45.7%**	43.1%
Content Delivery and Storage	**54.8%**	47.2%	**53.6%**	50.4%
Telematics	**63.3%**	65.7%	**65.3%**	66.9%
Total gross margin	**47.1%**	45.0%	**48.5%**	46.9%

Three-Month Results

For the three months ended March 31, 2022, total gross profit grew to $24.0 million (gross profit margin of 47%). This was an increase of 67% from $14.3 million (gross profit margin of 45%) in Q3 fiscal 2021 and higher than the $21.8 million (gross profit margin of 50%) achieved in Q2 fiscal 2022. The year-over-year improvement in gross profit reflects higher sales, partially offset by a lower gross margin percentage related to product mix, foreign exchange impacts, and an increase in expediting costs.

Third quarter gross profit from the Video and Broadband Solutions segment grew to $16.2 million (gross profit margin of 44%). This was up 74% from $9.3 million (gross profit margin of 43%) in Q3 fiscal 2021 and an increase of 27% from $12.7 million (gross profit margin of 47%) in Q2 fiscal 2022. The year-over-year increase in gross profit reflects higher sales, partially offset by a lower gross margin. The decrease in gross margin reflects a lower-margin product mix for the period, the negative foreign exchange impact of the strengthening Canadian dollar and increased expediting costs year-over-year.

In the Content Delivery and Storage segment, third quarter gross profit grew to $6.9 million (gross profit margin of 55%), up 66% from $4.1 million (gross profit margin of 47%) in Q3 fiscal 2021 and a decrease of 15% from $8.1 million (gross profit margin of 54%) in Q2 fiscal 2022. The year-over-year changes in gross profit and gross margin reflect the increase in sales and variations in product mix.

Third quarter gross profit from the Telematics segment was $0.9 million (gross profit margin of 63%), similar to the $0.9 million (gross margin of 66%) generated in Q3 fiscal 2021 and lower than the $1.0 million (gross margin of 69%) in Q2 fiscal 2022.

Nine-Month Results

For the nine months ended March 31, 2022, total gross profit increased 48% to $61.5 million, from $41.7 million in the same period last year, reflecting increased sales. Gross margin for the first nine months of fiscal 2022 was 48%, up from 47% in the prior year.

Nine month gross profit from the Video and Broadband Solutions segment increased 81% to $40.4 million (gross margin of 46%), from $22.3 million (gross margin of 43%) during the same period in fiscal 2021. The higher gross profit dollars reflect increased sales, while the higher gross margin reflects a different product mix partially offset by higher expediting costs in the current year.

The Content Delivery and Storage segment generated a gross profit of $18.4 million (gross margin of 54%) in the first nine months of fiscal 2022, as compared to $16.6 million (gross margin of 50%) last year. The increase in CDS gross profit primarily reflects higher sales and a shift in customer and product mix.

The Telematics segment generated gross profit of $2.7 million (gross margin of 65%) in the nine months ended March 31, 2022, similar to the $2.7 million (gross margin of 67%) achieved during the same period in fiscal 2021. Results from the segment were in line with our expectations.

Operating Expenses

	Three months ended March 31,		Nine months ended March 31,	
Segment	**2022**	2021	**2022**	2021
Video and Broadband Solutions	**$ 12,565**	$ 9,573	**$ 34,578**	$ 26,526
Content Delivery and Storage	**6,484**	5,523	**19,072**	17,697
Telematics	**791**	642	**2,161**	1,977
Total operating expense	**$ 19,840**	$ 15,738	**$ 55,811**	$ 46,200

Three-Month Results

For the three months ended March 31, 2022, total operating expenses increased to $19.8 million, from $15.7 million in the same period last year. The increase primarily reflects higher operating expenses in both the Video and Broadband Solutions and Content Delivery and Storage segments related to increased sales activity.

Video and Broadband Solutions operating expenses increased to $12.6 million, from $9.6 million in Q3 fiscal 2021. Increased research and development, sales and marketing, and general and administrative costs related to planned sales growth were the key drivers of this increase and were partially offset by lower share-based compensation expense due to vesting of tranches in prior quarters.

Content Delivery and Storage operating expenses increased to $6.5 million in Q3 fiscal 2022, as compared to $5.5 million in Q3 fiscal 2021 and $6.5 million in Q2 fiscal 2022. Increases year-over-year reflect higher research and development expense and general and administrative costs.

Telematics operating expenses of $0.8 million were slightly higher than the $0.6 million recorded in Q3 fiscal 2021 and the $0.7 million in Q2 fiscal 2022.

Research and development expenses for Q3 fiscal 2022 increased to $8.8 million, or 17% of sales, from $7.5 million, or 24% of sales, in the same period of fiscal 2021. This primarily reflects the addition of R&D employees, amortization of deferred development costs, licensing costs and higher subcontracting costs, offset by increased 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 from continuing operations before deferrals, amortization of deferred development costs and income tax credits for Q3 fiscal 2022 increased to $11.5 million, or 23% of sales, from $9.2 million, or 29% of sales in Q3 fiscal 2021. The increase reflects higher staffing costs, increased software licensing costs, subcontracting costs and prototyping costs in the current year quarter as our next-generation product families move closer to commercial deployment.

Sales and marketing expenses were $4.7 million, or 9% of sales in Q3 fiscal 2022, as compared to $3.6 million, or 11% of sales in the same period last year. The increase in sales and marketing expense primarily reflects higher staffing costs, as well as an increase in travel, entertainment, and trade show expenses as COVID-19 travel and business restrictions were reduced.

General and administrative expenses increased to $6.1 million from $4.4 million in Q3 fiscal 2021. The year-over-year increase primarily reflects additional staffing, ERP implementation costs, software licenses, and subcontracting costs.

Stock-based compensation expense decreased to $0.1 million in Q3 fiscal 2022, from $0.27 million in Q3 fiscal 2021. This decrease is a result of the vesting of performance-based units in prior quarters.

Other (income) expense was $0.2 million in Q3 fiscal 2022, compared to other income of $(0.1) million in Q3 fiscal 2021. The increase in expense relates to loss on disposal of property, plant and equipment year-over-year.

Nine-Month Results

For the nine months ended March 31, 2022, total operating expenses increased to $55.8 million, from $46.2 million in fiscal 2021. This increase primarily reflects higher operating expenses in both the Video and Broadband Solutions and Content Delivery and Storage segments.

Video and Broadband Solutions operating expenses for the nine months ended March 31, 2022 increased to $34.6 million, from $26.5 million in the same period of fiscal 2021. Higher expenditures on research and development, sales and marketing, and general and administrative expenses were planned and relate to our successful efforts to increase sales of our next-generation products. This was offset by lower share-based compensation expense year-over-year.

Content Delivery and Storage operating expenses of $19.1 million for the nine months ended March 31, 2022 were higher than the $17.7 million recorded in the first nine months of fiscal 2021. Increased research and development expense and sales and marketing expenses were the main factors in the increase.

Telematics operating expenses increased slightly to $2.2 million in the first nine months of fiscal 2022, from $2.0 million last year. This $0.2 million increase primarily reflects higher sales and marketing expenses due to increased staffing year-over-year.

Research and development expenses for the nine months ended March 31, 2022 increased to $25.2 million, or 20% of sales, from $20.8 million, or 23% of sales, in the first nine months of fiscal 2021. This mainly reflects the increased subcontracting costs, amortization of deferred development costs, increased staffing, and software licensing, partially offset by higher deferred development costs in the current year. 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 from continuing operations before deferrals, amortization of deferred development costs and income tax credits for the nine months ended March 31, 2022 increased to $30.7 million, or 24% of sales, from $26.1 million, or 29% of sales, for the same period in the prior year. This increase reflects higher subcontracting costs, staffing costs, software licensing costs, and prototyping costs as our next-generation product families move closer to commercial deployment.

Sales and marketing expenses increased to $13.3 million, or 11% of sales, in the first nine months of fiscal 2022, from $10.1 million, or 11% of sales, last year. The increase in sales and marketing expense primarily reflects higher staffing costs, as well as an increase in trade show, travel and entertainment activity year-over-year.

General and administrative expenses increased to $16.3 million in the first nine months of fiscal 2022, from $13.6 million in the same period of fiscal 2021. The year-over-year increase primarily reflects additional staffing to support the increase in sales, together with ERP implementation costs and licensing costs.

Stock-based compensation expense was $0.8 million in the first nine months of fiscal 2022, compared to $1.7 million for the same period in fiscal 2021. This decrease is a result of higher amortization of performance-based units that vested in the prior fiscal year.

Other (income) expense was an expense of $0.2 million for the nine months ended March 31, 2022, comparable to other income of $(0.1) in the prior-year period. The increase in expense relates to loss on disposal of property, plant and equipment year-over-year.

Operating Income (Loss)

	Three months ended March 31,		Nine months ended March 31,	
Segment Operating Income (Loss)	**2022**	2021	**2022**	2021
Video and Broadband Solutions	**$ 3,658**	$ (268)	**$ 5,849**	$ (4,190)
Content Delivery and Storage	**382**	(1,391)	**(705)**	(1,073)
Telematics	**78**	247	**525**	733
Total operating income (loss)	**$ 4,118**	$ (1,412)	**$ 5,669**	$ (4,530)

Three-Month Results

We generated operating income of $4.1 million in Q3 fiscal 2022, as compared to an operating loss of $1.4 million in Q3 fiscal 2021. The $5.5 million increase in operating income was mainly driven by higher operating income from the Video and Broadband Solutions segment and the Content Delivery and Storage segment, partially offset by slightly lower operating income from the Telematics segment year-over-year.

The Video and Broadband Solutions segment achieved third quarter operating income of $3.7 million, as compared to an operating loss of $0.3 million in Q3 fiscal 2021. The $4.0 million improvement reflects the $6.9 million increase in gross profit, partially offset by the $2.9 million increase in operating expenses.

The Content Delivery and Storage segment increased operating income to $0.4 million in the third quarter of fiscal 2022, from an operating loss of $1.4 million in the same period of fiscal 2021. This gain primarily reflects the $2.8 million increase in gross profit, partially offset by the $1.0 million increase in operating expenses.

Telematics operating income was $0.1 million in Q3 fiscal 2022, as compared to $0.2 million in Q3 fiscal 2021.

Finance expense was $0.08 million in Q3 fiscal 2022, up from finance expense of $0.05 million in the same period last year representing increased interest expense year-over-year.

Foreign exchange loss for the third quarter was a loss of $0.5 million, as compared to a loss of $0.8 million in the prior-year period.

Income tax expense was a $0.5 million expense in Q3 fiscal 2022 as compared to a $(2.7) million recovery in Q3 fiscal 2021.

Net income from continuing operations for Q3 fiscal 2022 increased to $3.0 million or $0.13 per share, from a net income from continuing operations of $0.4 million or $0.02 per share in Q3 fiscal 2021.

Net income from discontinued operations for Q3 2022 was $nil or $0.00 per share, compared to a net income of $1.8 million or $0.08 per share in Q3 2021.

Other comprehensive (loss) income was a $(0.8) million loss in Q3 fiscal 2022, as compared to other comprehensive loss of $(0.7) million in the same period in fiscal 2021. The year-over-year change reflects foreign exchange differences on the translation of the foreign operations of our Content Delivery and Storage segment to Canadian dollars.

Comprehensive income for Q3 fiscal 2022 was $2.2 million, as compared to comprehensive income of $1.5 million in Q3 fiscal 2021. The improvement year-over-year is a result of the changes described above.

Nine-Month Results

For the nine months ended March 31, 2022, we increased operating income to $5.7 million, from an operating loss of $(4.5) million in the same period in fiscal 2021. The significant year-over-year improvement mainly reflects increased contributions from both the Video and Broadband Solutions and Content Delivery and Storage segments, partially offset by a slight decrease in operating income from the Telematics segment.

Video and Broadband Solutions increased operating income to $5.8 million for the first nine months, from an operating loss of $(4.2) million in the same period of fiscal 2021. The year-over-year change reflects the $18.1 million increase in gross profit, partially offset by the $8.1 million increase in operating expenses.

Content Delivery and Storage reported an operating loss of $(0.7) million for the first nine months of fiscal 2022, as compared to operating loss of $(1.1) million in the same period of fiscal 2021. The current period results reflect the $1.8 million year-over-year increase in gross profit, partially offset by the $1.4 million increase in operating expenses.

Telematics operating income was $0.5 million for the nine months ended March 31, 2022, as compared to $0.7 million in the prior-year period. The $0.2 million year-over-year decrease in operating income reflects a $0.2 million increase in operating expenses.

Finance (expense) income decreased to an expense of $(0.2) million during the first nine months of fiscal 2022, from income of $0.1 million in the previous year and reflects an increase in interest expense year-over-year.

Foreign exchange gain (loss) for the nine months ended March 31, 2022 was a gain of $0.5 million, compared to a loss of $(2.3) million in fiscal 2021.

Income tax expense (recovery) was a $0.7 million expense for the nine months ended March 31, 2022, as compared to a $(3.1) million income tax recovery in the same period of fiscal 2021.

Net income (loss) from continuing operations for the nine months ended March 31, 2022 was net income of $5.2 million or $0.23 per share, as compared to net loss of $(3.6) million or $(0.16) per share in the prior-year period.

Net income from discontinued operations for the nine months ended March 31, 2022 decreased to net income of $nil or $0.00 per share, from net income of $1.9 or $0.08 per share in the same period of fiscal 2021.

Other comprehensive income (loss) was income of $0.1 million in the nine months ended March 31, 2022, as compared to other comprehensive loss of $(2.8) million in fiscal 2021. The year-over-year improvement reflects foreign exchange differences on the translation of the foreign operations of our Content Delivery and Storage segment to Canadian dollars.

Comprehensive income (loss) for the nine months ended March 31, 2022 increased to a comprehensive income of $5.3 million, from comprehensive loss of $(4.6) million in the same period of fiscal 2021.

Operating Activities

For the three months ended March 31, 2022, cash flow used in operating activities increased to $3.9 million, from cash from operating activities of $4.2 million in the three months ended March 31, 2021. The $8.1 million decrease reflects a $13.5 million decrease in cash flow from non-cash working capital offset by operating cash flow $5.4 million.

For the nine months ended March 31, 2022, cash flow used by operating activities of $7.0 million decreased from cash provided by operating activities of $7.2 million for the nine months ended March 31, 2021. The $14.2 million decrease primarily reflects the $26.1 million decrease in cash flow from non-cash working capital and the $11.9 million increase in operating cash flow.

Investing Activities

For the three months ended March 31, 2022, cash flow used in investing activities increased to $6.7 million from cash provided by investing activities of $8.1 million in the same period last year. This decrease reflects the net sale of short-term investments of $nil (Q3 fiscal 2021 - $9.9 million), deferred development expenditures of $5.1 million (Q3 fiscal 2021 - $3.8 million), the purchase of property, plant and equipment of $1.5 million (Q3 fiscal 2021 - $0.5 million), and the purchase of intangibles of $0.1 million (Q3 fiscal 2021 - $0.5 million).

For the nine months ended March 31, 2022, cash flow used in investing activities increased to $17.4 million from cash flow provided of $0.4 million in fiscal 2021. The cash provided by investing activities represents a change in the net sale of short-term investments of $nil (fiscal 2021 – $17.2 million), deferred development expenditures of $12.9 million (fiscal 2021 - $10.9 million), the purchase of property, plant and equipment of $4.4 million (fiscal 2021 - $1.7 million), and the purchase of intangibles of $0.1 million (fiscal 2021 - $0.6 million).

Financing Activities

In the three months ended March 31, 2022, we repaid $0.06 million of our long-term debt (Q3 fiscal 2021 - $0.06 million repaid), received proceeds from exercised options of $0.1 million (Q3 fiscal 2021 - $0.04 million), repaid lease liabilities of $0.4 million (Q3 fiscal 2021 - $0.4 million), paid dividends of $1.3 million (Q3 fiscal 2021 - $1.3 million) and obtained a mortgage of $12.2 million (Q3 fiscal 2021 – $nil) on our Saskatoon production facility.

In the nine months ended March 31, 2022, we repaid $0.2 million of our long-term debt (fiscal 2021 - $0.2 million repaid), received proceeds from exercised options of $0.4 million (fiscal 2021 - $2.3 million), paid dividends of $3.8 million (fiscal 2021 - $3.8 million), repaid lease liabilities of $1.2 million (fiscal 2021 - $1.2 million) and obtained a mortgage of $12.2 million on our Saskatoon production facility.

11. 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 cash and cash equivalents of $10.6 million, together with anticipated cash flow from operations, will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future.

As at March 31, 2022, we had access to our full revolving loan facility of $25.0 million ($14.0 million at June 30, 2021), of which $nil was drawn as an operating line of credit (June 30, 2021 - $nil was drawn). We had a term mortgage of $12.2 million (June 30, 2021 - $nil) and a term credit of $1.3 million as at March 31, 2022 (June 30, 2021 - $1.5 million).

Capital expenditures for Q3 fiscal 2022 were $1.6 million, compared to $1.0 million in Q3 fiscal 2021.

Working Capital

Working capital represents current assets less current liabilities. Our working capital increased to $54.9 million at March 31, 2022, from $44.8 million at June 30, 2021. We note that working capital balances can be subject to significant swings from quarter-to-quarter. Our product shipments are "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 increased to $53.8 million at March 31, 2022, from $28.8 million at June 30, 2021. This increase reflects the higher sales in Q3 fiscal 2022 as compared to Q4 fiscal 2021, and the timing of sales in Q3 fiscal 2022 as compared to Q4 fiscal 2021.

Income tax receivable balance increased to $0.9 million at March 31, 2022 from $0.4 million as at June 30, 2021. This balance represents income tax receivable in the Content Delivery and Storage segment.

Inventories increased by $20.4 million to $36.0 million at March 31, 2022, from $15.6 million as at June 30, 2021. The increase reflects the ramp-up of new product inventory to manage future sales levels, as well as our strategic efforts to manage supply chain issues by extending the lead time on our purchases of certain items. Finished goods inventories were $16.1 million at March 31, 2022, compared to $8.5 million at June 30, 2021. Raw material inventory increased to $17.3 million at March 31, 2022, from $6.4 million at June 30, 2021. Work-in-progress inventories increased to $2.6 million as at March 31, 2022, from $0.7 million at June 30, 2021. 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.

Investment tax credits were $24.1 million at March 31, 2022, down slightly from $24.3 million at June 30, 2021. 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 increased to $39.3 million at March 31, 2022, from $22.3 million at June 30, 2021.

Long-term debt, including the current portion, increased to $16.8 million at March 31, 2022, from $5.7 million at June 30, 2021. This increase represents the $12.2 million mortgage taken on our Saskatoon production facility, partially offset by principal payments made year-to-date and the move of our Saskatoon research and development team into the Saskatoon production facility.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
May 11, 2021	$0.055	May 21, 2021	June 14, 2021
September 21, 2021	$0.055	October 8, 2021	November 1, 2021
November 9, 2021	$0.055	November 26, 2021	December 20, 2021
February 8, 2022	$0.055	February 25, 2022	March 28,2022

Contractual Obligations

Lease liabilities reported in our consolidated statements of financial position, as at March 31, 2022 were $3.3 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 March 31, 2022, our undiscounted future cash payments in respect of our lease liabilities are as follows: due within one year is $1.2 million; due between two-to-five years is $1.8 million; and thereafter is $0.4 million.

The acquisition of the Nokia portfolio includes the assumption of a financial liability with a third-party supplier contract. As at March 31, 2022, the total contractual obligation is estimated to be $30.2 million; of which, $0.2 million is deemed to be onerous.

Contingencies

In March 2017, we received a re-assessment from the CRA regarding the eligibility of certain Scientific Research and Experimental Development ("SR&ED") claims on our 2015 tax return. The CRA re-assessment would result in a reduction of SR&ED expenditures claimed of $1.3 million. We and our advisors have reviewed the applicable tax law and believe our original treatment of these SR&ED claims was appropriate. We filed a Notice of Objection in regard to this matter in June 2017. We received a Notice of Confirmation in February 2020 that our Notice of Objection was denied. We have recorded the adjustment in our Q3 and Q4 fiscal 2020 financial statements. The impact of this adjustment was a $1.3 million increase in deferred development amortization expense. We have filed a Notice of Appeal in April 2020 to defend our original tax treatment of these SR&ED claims.

Foreign Exchange

Approximately 97% 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 March 31, 2022, the exchange rate on the Canadian dollar relative to the U.S. dollar weakened to $1.250 from $1.239 as at June 30, 2021. This $0.011 exchange difference increased the value of our $58.0 million U.S. dollar net assets by approximately $0.6 million Canadian.

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.

As at March 31, 2022, we did not have any forward contracts (June 30, 2021 - $nil).

12. 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.

13. Transactions Between Related Parties

During the three months ended March 31, 2022, no performance share units (PSUs) awarded to key management personnel vested (three months ended March 31, 2021 – nil).

During the nine months ended March 31, 2022, 80,766 PSUs awarded to key management personnel vested (March 31, 2021 – 80,766); which had a fair value of $417 (March 31, 2021 - $417). Each vested PSU is settled for one common share of the Company.

On March 31, 2021, Mr. Derek Elder, a member of the Board of Directors purchased 50,000 common shares of the Company at a subscription price of $14.25 per common share (the TSX closing price as at March 16, 2021), for a total aggregate subscription price of $0.7 million.

14. Proposed Transactions

There are no proposed asset or business acquisitions or dispositions that our Board of Directors have decided to proceed with or for which our senior management believes confirmation by the Board of Directors is probable.

15. Critical Accounting Estimates

See our 2021 annual MD&A and our 2021 annual audited consolidated financial statements and notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of our business operations and results of our operations.

16. Accounting Pronouncements and Standards

Standards and Amendments to Standards Issued but not yet Effective

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

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 amendments become effective for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 12 – Income taxes (IAS 12)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, clarifying how entities account for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences.

In specific situations, entities are exempt from recognizing deferred tax when recognizing assets or liabilities for the first time. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognize deferred tax on such transactions. The amendments become effective for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 16 – Property, plant and equipment – proceeds before intended use (IAS 16)

On May 14, 2020, the IASB issued amendments to IAS 16, which prohibits deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments become effective for annual reporting periods beginning on or after January 1, 2022.

IFRS 17 – Insurance contracts (IFRS 17)

IFRS 17 is a new standard that replaces IFRS 4 – *Insurance contracts*. IFRS 17 aims to provide consistency and transparency in the application of accounting for insurance contracts. This standard becomes effective for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 37 – Provisions (IAS 37)

On May 14, 2020 the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*, amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments are effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted.

We do not expect IFRS 17 will have an effect on our consolidated financial statements. We are assessing the impacts, if any, the remaining standards or amendments will have on our consolidated financial statements.

17. 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 March 31, 2022.

18. 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. 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 March 31, 2022 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 March 31, 2022. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2021 and ended on March 31, 2022 that has materially affected, or is reasonably likely to materially affect our internal controls over financial reporting.

19. Business Combination

On August 7, 2020, we completed the purchase of the DOCSIS DAA and EPON/DPoE cable access technology portfolios from Nokia Corporation for $5.9 million (US$4.4 million), net of working capital adjustments of $0.5 million (US$0.4 million). The purchase price included inventory, property, plant and equipment, intangible assets and goodwill.

We determined and allocated the purchase price on acquisition to the tangible and intangible assets acquired and liabilities assumed as of the business combination date in accordance with IFRS 3 - Business Combinations. The purchase price allocation process requires that we use significant estimates and assumptions, including fair value estimates, as of the acquisition date.

Goodwill recorded in connection with the acquisition is primarily attributable to: the expected future earnings potential as a result of expected synergies arising from the consolidation of these assets and our existing business; expected growth in the underlying markets which the new business serves; and the strength of the assembled workforce.

20. 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.

21. Risks and Uncertainties and COVID-19

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.

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by Dr. Kumar through either direct or indirect ownership of the Company's common shares. As at March 31, 2022, Dr. Kumar collectively owned approximately 60% of our common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

Third-party Component Supply

We maintain a global sourcing strategy and depend on third-party suppliers for certain components, subcomponents and raw materials used in our products. As an example, several of our products require specific components including silicon chips, for which reliable, high-volume supply is often available only from limited sources and for which we do not have guarantees of supply. A combination of significant technology trends and COVID-19 related challenges has resulted in the supply of some of these components becoming constrained on a global basis. While we have not experienced significant supply disruptions to date, the potential for such components to be in short supply or delayed in reaching us, could potentially result in product shipping delays and increased costs, which in turn, could adversely impact our gross margin and results of operations.

COVID-19

We have been closely monitoring the impact of COVID-19. At this time, our industry is recognized as an essential service in the areas where we operate. We have taken steps to allow most of our workforce to work remotely. We have also implemented all of the social distancing and increased facility sanitization guidelines and suspended all travel. In addition, we have increased production where possible to get ahead of any staffing challenges we might encounter.

It is too soon to gauge the impacts of the current outbreak, given the many unknowns related to COVID-19. These include the duration and severity of the outbreak. COVID-19 is altering business and consumer activity in affected areas and beyond. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions, the temporary shut-down of non-essential services and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments in jurisdictions where we operate. Labour shortages due to illness, Company or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of our operations. The extent to which COVID-19 and any other pandemic or public health crisis impacts our business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could also have a material adverse effect on the economies in which we operate and could continue to negatively impact stock markets, including the trading price of our shares. Potential impacts include, but are not limited to, an impairment of long-lived assets, an impairment of short-term investments and a change in the estimated credit loss on accounts receivable.

Any of these developments, and others, could have a material adverse effect on our business, financial condition, operations and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in our financial statements will change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of long-lived assets, impairments of short-term investments and a change in the estimated credit losses on accounts receivable.

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.

22. Outstanding Share Data

As at May 12, 2022, we had 23,085,939 common shares outstanding as well as stock options outstanding that are exercisable for an additional 90,312 common shares, and performance share units outstanding that are exercisable for an additional 202,528 common shares.

On October 20, 2020, 195,178 Performance Share Units (PSUs) vested and were settled via the issuance of common shares. The estimated fair value of the vested PSUs was $1.0 million. We withheld 58,603 commons shares at a value of $0.75 million to settle withholding tax obligations on the issuance of the common share awards.

On January 15, 2021, 4,620 PSUs vested and were settled via the issuance of common shares. The estimated fair value of the vested PSUs was $0.031 million. We withheld 1,223 common shares at a value of $0.017 million to settle withholding tax obligations on the issuance of the common share awards.

On July 8, 2021, 187,487 PSUs vested and were settled via the issuance of common shares. The estimated fair value of the vested PSUs was $1.0 million. We withheld 63,478 common shares at a market value of $1.1 million to settle withholding tax obligations on the issue of the common share awards.

23. 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: the underlying demand for CDS sales reflects a return to activity on certain projects previously delayed by pandemic-related issues, as well as early movement on IPTV expansions to some of our customers' networks. On a full year basis, we anticipate single digit growth for the Content Delivery and Storage segment in fiscal 2022; the change in Commercial Video sales reflects the anticipated tapering of demand for legacy products including the TC600E and this was partially offset by continued strong demand for our TerraceQAM platform as operators continued their commercial rollout for the current generation, while preparing for the next-generation TerraceIQ platform; and we believe that our current cash and short-term investments of $10.6 million together with anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future. Forward-looking information also includes our Strategy, our Industry Developments and our COVID-19 Business Update and 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: 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 can 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: our statement of financial position, as well as the value of our core technologies, 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, shall 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 its products would be more limited than it currently believes; 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; 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, including the current outbreak of COVID-19. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties and COVID-19" 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.sedar.com. All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and we disclaim any obligation to revise or update such forward-looking information to reflect future results, events or developments, except as required by law.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of Vecima Networks Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim condensed consolidated financial statements by an entity's auditor.

VECIMA NETWORKS INC.
Interim Condensed Consolidated Statements of Financial Position
(unaudited – in thousands of Canadian dollars)

As at	Note		**March 31, 2022**		June 30, 2021
Assets					
Current assets					
Cash and cash equivalents		**$**	**10,628**	$	28,909
Accounts receivable	3		**53,785**		28,784
Income tax receivable			**919**		414
Inventories	4		**35,967**		15,578
Prepaid expenses			**7,718**		3,497
Contract assets			**975**		516
Total current assets			**109,992**		77,698
Non-current assets					
Property, plant and equipment	5		**15,968**		13,854
Right-of-use assets			**2,583**		3,660
Goodwill			**14,601**		14,542
Intangible assets	6		**75,425**		72,224
Other long-term assets			**1,415**		1,267
Investment tax credits			**24,093**		24,344
Deferred tax assets			**6,987**		7,143
Total assets		**$**	**251,064**	$	214,732
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**39,331**	$	22,259
Provisions			**658**		1,439
Income tax payable			**32**		454
Deferred revenue			**13,451**		7,137
Current portion of long-term debt	7		**1,646**		1,617
Total current liabilities			**55,118**		32,906
Non-current liabilities					
Provisions			**392**		397
Deferred revenue			**3,890**		2,398
Deferred tax liability			**4**		4
Long-term debt	7		**15,116**		4,107
Total liabilities			**74,520**		39,812
Shareholders' equity					
Share capital	8		**7,765**		7,299
Reserves			**3,111**		3,407
Retained earnings			**166,709**		165,312
Accumulated other comprehensive loss			**(1,041)**		(1,098)
Total shareholders' equity			**176,544**		174,920
Total liabilities and shareholders' equity		**$**	**251,064**	$	214,732

Contractual obligation – Note 17; Subsequent events – Note 18
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

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

Periods ended March 31,	Note	Three months 2022	Three months 2021	Nine months 2022	Nine months 2021
Sales	9, 13	**$ 50,872**	$ 31,861	**$ 126,854**	$ 88,857
Cost of Sales		**26,914**	17,535	**65,374**	47,187
Gross Profit		**23,958**	14,326	**61,480**	41,670
Operating expenses					
Research and development		**8,796**	7,520	**25,156**	20,829
Sales and marketing		**4,682**	3,644	**13,337**	10,095
General and administrative		**6,083**	4,357	**16,267**	13,610
Share-based compensation	10	**64**	267	**817**	1,716
Other expense (income)	11	**215**	(50)	**234**	(50)
Total operating expenses		**19,840**	15,738	**55,811**	46,200
Operating income (loss)		**4,118**	(1,412)	**5,669**	(4,530)
Finance (expense) income		**(82)**	(45)	**(170)**	120
Foreign exchange (loss) gain		**(541)**	(830)	**455**	(2,269)
Income (loss) before income taxes		**3,495**	(2,287)	**5,954**	(6,679)
Income tax expense (recovery)		**505**	(2,692)	**749**	(3,059)
Net income (loss) from continuing operations		**2,990**	405	**5,205**	(3,620)
Net income from discontinued operations		**-**	1,784	**-**	1,854
Net income (loss)		**$ 2,990**	$ 2,189	**$ 5,205**	$ (1,766)
Other comprehensive (loss) income					
Item that may be subsequently reclassed to net income					
Exchange differences on translating foreign operations		**(750)**	(650)	**57**	(2,800)
Comprehensive income (loss)		**$ 2,240**	$ 1,539	**$ 5,262**	$ (4,566)
Net income (loss) per share					
Continuing operations - basic		**$ 0.13**	$ 0.02	**$ 0.23**	$ (0.16)
Discontinued operations - basic		**0.00**	0.08	**0.00**	0.08
Total basic net income (loss) per share	12	**$ 0.13**	$ 0.10	**$ 0.23**	$ (0.08)
Continuing operations – diluted		**$ 0.13**	$ 0.02	**$ 0.23**	$ (0.16)
Discontinued operations – diluted		**0.00**	0.08	**0.00**	0.08
Total diluted net income (loss) per share	12	**$ 0.13**	$ 0.10	**$ 0.23**	$ (0.08)
Weighted average number of common shares					
Shares outstanding - basic	12	**23,080,725**	22,867,226	**23,070,328**	22,806,145
Shares outstanding - diluted	12	**23,116,959**	22,905,761	**23,107,218**	22,806,145

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

VECIMA NETWORKS INC.
Interim Condensed Consolidated Statements of Change in Equity
(unaudited – in thousands of Canadian dollars)

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive (loss) income	Total
Balance as at June 30, 2020		$ 3,161	$ 3,838	$ 170,665	$ 2,098	$ 179,762
Net loss		-	-	(1,766)	-	(1,766)
Other comprehensive loss		-	-	-	(2,800)	(2,800)
Dividends		-	-	(3,758)	-	(3,758)
Shares issued by exercising options		3,066	(793)	-	-	2,273
PSUs settled in common shares		713	-	-	-	713
Withholding taxes on PSUs		1,797	(2,564)			(767)
Share-based payment expense	10	-	1,716	-	-	1,716
Balance as at March 31, 2021		$ 8,737	$ 2,197	$ 165,141	$ (702)	$ 175,373
Balance as at June 30, 2021		**$ 7,299**	**$ 3,407**	**$ 165,312**	**$ (1,098)**	**$ 174,920**
Net income		-	-	5,205	-	**5,205**
Other comprehensive income		-	-	-	57	**57**
Dividends		-	-	(3,808)	-	**(3,808)**
Shares issued by exercising options		563	(137)	-	-	**426**
PSUs settled in common shares		976	(976)	-	-	**-**
Withholding taxes on PSUs		(1,073)	-	-	-	**(1,073)**
Share-based payment expense	10	-	817	-	-	**817**
Balance as at March 31, 2022		**$ 7,765**	**$ 3,111**	**$ 166,709**	**$ (1,041)**	**$ 176,544**

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

VECIMA NETWORKS INC.
Interim Condensed Consolidated Statements of Cash Flows
(unaudited – in thousands of Canadian dollars)

Periods ended March 31,	Note	Three months **2022**	Three months 2021	Nine months **2022**	Nine months 2021
OPERATING ACTIVITIES					
Net income (loss) from continuing operations		**$ 2,990**	$ 405	**$ 5,205**	$ (3,620)
Adjustments for non-cash items:					
Loss (Gain) on sale of property, plant and equipment		**174**	(40)	**192**	(32)
Depreciation and amortization	16	**4,303**	3,891	**12,763**	11,174
Share-based compensation		**64**	267	**817**	1,716
Income tax expense (recovery)		**497**	(125)	**978**	(471)
Deferred income tax (recovery) expense		**8**	(2,567)	**(229)**	(2,588)
Interest expense		**89**	56	**185**	169
Interest income		**-**	(10)	**(8)**	(157)
Net change in working capital	16	**(11,349)**	2,111	**(25,059)**	1,084
Decrease (Increase) in other long-term assets		**3**	175	**(80)**	(119)
Increase in provisions		**(124)**	(147)	**(780)**	(104)
Increase in investment tax credits		**(46)**	(42)	**(106)**	(112)
Income tax received		**-**	-	**164**	174
Income tax paid		**(248)**	(252)	**(827)**	(746)
Interest received		**-**	9	**10**	157
Interest paid		**(55)**	(3)	**(74)**	(22)
Cash provided by discontinued operations		**(190)**	482	**(190)**	651
Cash provided by (used in) operating activities		**(3,884)**	4,210	**(7,039)**	7,154
INVESTING ACTIVITIES					
Capital expenditures, net	16	**(1,584)**	(979)	**(4,540)**	(2,261)
Purchase of short-term investments		**-**	(154)	**-**	(295)
Proceeds from sale of short-term investments		**-**	10,039	**-**	17,460
Deferred development costs	6	**(5,129)**	(3,845)	**(12,894)**	(10,916)
Business acquisition		**-**	530	**-**	(5,871)
Cash (used in) discontinued operations		**-**	2,533	**-**	2,323
Cash (used in) provided by investing activities		**(6,713)**	8,124	**(17,434)**	440
FINANCING ACTIVITIES					
Principal repayments of lease liabilities	7	**(421)**	(352)	**(1,208)**	(1,177)
Repayment of long-term debt	7	**(63)**	(63)	**(188)**	(188)
Dividends paid		**(1,270)**	(1,258)	**(3,808)**	(3,758)
Proceeds from long-term debt		**12,191**	-	**12,191**	-
Proceeds from issuing shares		**-**	713	**-**	713
Issuance of shares through exercised options		**97**	40	**426**	3,023
Withholding taxes on performance share units		**-**	-	**(1,073)**	(750)
Cash used in discontinued operations		**-**	(22)	**-**	(64)
Cash used in financing activities		**10,534**	(942)	**6,340**	(2,201)
Net (decrease) increase in cash and cash equivalents		**(63)**	11,392	**(18,133)**	5,393
Effect of change in exchange rates on cash		**350**	723	**(148)**	241
Cash and cash equivalents, beginning of period		**10,341**	10,869	**28,909**	17,350
Cash and cash equivalents, end of period		**$ 10,628**	$ 22,984	**$ 10,628**	$ 22,984

The accompanying notes are an integral part of these interim condensed 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") under International Accounting Standard 34 – *Interim Financial Reporting* (IAS 34). These interim condensed consolidated financial statements do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financials statements of the Company for the year ended June 30, 2021.

(b) Basis of presentation

These interim condensed consolidated financial statements have been prepared using the same basis of presentation, accounting policies and methods of computation as outlined in Note 2, Summary of Significant Accounting Policies in our consolidated financial statements for the year ended June 30, 2021, except as noted below.

The interim condensed consolidated financial statements of the Company were approved by the Board of Directors and authorized for issue on May 10, 2022.

(c) Estimation uncertainty

Throughout the COVID-19 pandemic, the Company has been closely monitoring related developments and the impact on our business. We continue to serve customers through our available platforms. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impact on the Company's future earnings and cash flows cannot be estimated at this time. Due to the uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, and the unpredictable and continuously changing impacts and related government responses, there is more uncertainty associated with our assumptions, expectations, and estimates. The most significantly affected estimates relate to the Company's determination of impairment of non-financial assets, the assessment of the carrying values of allowances for doubtful accounts and inventory obsolescence, and provisions.

(d) Accounting standards issued but not yet applied

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

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 amendments become effective for annual reporting periods beginning on or after January 1, 2023.

(in thousands of Canadian dollars except as otherwise noted)

Amendments to IAS 12 – Income taxes (IAS 12)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, clarifying how entities account for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specific situations, entities are exempt from recognizing deferred tax when recognizing assets or liabilities for the first time. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognize deferred tax on such transactions. The amendments become effective for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 16 – Property, plant and equipment – proceeds before intended use (IAS 16)

On May 14, 2020, the IASB issued amendments to IAS 16, which prohibits deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments become effective for annual reporting periods beginning on or after January 1, 2022.

IFRS 17 – Insurance contracts (IFRS 17)

IFRS 17 is a new standard that replaces IFRS 4 – *Insurance contracts*. IFRS 17 aims to provide consistency and transparency in the application of accounting for insurance contracts. This standard becomes effective for annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 37 – Provisions (IAS 37)

On May 14, 2020 the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*, amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. These amendments are effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted. We are assessing the impacts, if any, the amendments will have on our consolidated financial statements.

We do not expect IFRS 17 will have an effect on our consolidated financial statements. We are assessing the impacts, if any, the remaining standards or amendments will have on our consolidated financial statements.

3. ACCOUNTS RECEIVABLE

As at		**March 31, 2022**		June 30, 2021
Trade receivables	**$**	**51,786**	$	26,677
Less: allowance for doubtful accounts		**(2)**		(16)
		51,784		26,661
Goods and services tax		**991**		145
Government grants receivable		**883**		1,949
Other receivables		**127**		29
	$	**53,785**	$	28,784

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.

(in thousands of Canadian dollars except as otherwise noted)

4. INVENTORIES

As at		**March 31, 2022**		June 30, 2021
Raw materials	**$**	**17,349**	$	6,366
Work-in-progress		**2,558**		730
Finished goods		**16,060**		8,482
	$	**35,967**	$	15,578

5. PROPERTY, PLANT AND EQUIPMENT

		Land		**Land improvements & building**		**Lab, operating & production equipment**		**Other equipment[1]**		**Total**
At cost										
At June 30, 2020	**$**	**336**	**$**	**9,108**	**$**	**19,340**	**$**	**12,201**	**$**	**40,985**
Additions		1		140		1,447		568		2,156
Disposals		(16)		(52)		(309)		(52)		(429)
Business acquisition		-		-		2,980		-		2,980
Effect of foreign exchange		-		(78)		(591)		(141)		(810)
At June 30, 2021	**$**	**321**	**$**	**9,118**	**$**	**22,867**	**$**	**12,576**	**$**	**44,882**
Additions		-		1,402		2,075		918		4,395
Disposals		-		-		(912)		(126)		(1,038)
Effect of foreign exchange		-		(3)		65		(33)		29
At March 31, 2022	**$**	**321**	**$**	**10,517**	**$**	**24,095**	**$**	**13,335**	**$**	**48,268**
Accumulated depreciation and amortization										
At June 30, 2020	**$**	**-**	**$**	**3,329**	**$**	**15,262**	**$**	**10,593**	**$**	**29,184**
Depreciation		-		304		1,562		490		2,356
Disposals		-		(32)		(190)		(31)		(253)
Effect of foreign exchange		-		(26)		(178)		(55)		(259)
At June 30, 2021	**$**	**-**	**$**	**3,575**	**$**	**16,456**	**$**	**10,997**	**$**	**31,028**
Depreciation		-		242		1,315		458		2,015
Disposals		-		-		(596)		(115)		(711)
Effect of foreign exchange		-		(4)		(18)		(10)		(32)
At March 31, 2022	**$**	**-**	**$**	**3,813**	**$**	**17,157**	**$**	**11,330**	**$**	**32,300**
Net book value										
At June 30, 2021	$	321	$	5,543	$	6,411	$	1,579	$	13,854
At March 31, 2022	**$**	**321**	**$**	**6,704**	**$**	**6,938**	**$**	**2,005**	**$**	**15,968**

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

(in thousands of Canadian dollars except as otherwise noted)

6. 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 June 30, 2020	**$ 107**	**$ 21,529**	**$ 736**	**$ 10,600**	**$ 61,125**	**$ 94,097**
Additions	-	-	122	493	16,537	17,152
Disposals	-	(337)	-	(281)	(583)	(1,201)
Business acquisition	-	-	-	505	-	505
Investment tax credits	-	-	-	-	(760)	(760)
Writedown, fully amortized	-	(20)	-	-	(4,689)	(4,709)
Effect of foreign exchange	(4)	(1,509)	(110)	(681)	(881)	(3,185)
At June 30, 2021	**$ 103**	**$ 19,663**	**$ 748**	**$ 10,636**	**$ 70,749**	**$ 101,899**
Additions	-	-	146	-	12,894	13,040
Investment tax credits	-	-	-	-	(248)	(248)
Effect of foreign exchange	-	90	3	58	63	214
At March 31, 2022	**$ 103**	**$ 19,753**	**$ 897**	**$ 10,694**	**$ 83,458**	**$ 114,905**
Accumulated amortization						
At June 30, 2020	**$ -**	**$ 6,939**	**$ 448**	**$ 4,479**	**$ 13,031**	**$ 24,897**
Amortization	-	2,141	75	1,189	7,679	11,084
Disposals	-	(90)	-	(106)	(130)	(326)
Writedown, fully amortized	-	(20)	-	-	(4,689)	(4,709)
Effect of foreign exchange	-	(506)	(89)	(261)	(415)	(1,271)
At June 30, 2021	**$ -**	**$ 8,464**	**$ 434**	**$ 5,301**	**$ 15,476**	**$ 29,675**
Amortization	-	1,411	74	848	7,406	9,739
Effect of foreign exchange	-	26	-	21	19	66
At March 31, 2022	**$ -**	**$ 9,901**	**$ 508**	**$ 6,170**	**$ 22,901**	**$ 39,480**
Net book value						
At June 30, 2021	$ 103	$ 11,199	$ 314	$ 5,335	$ 55,273	$ 72,224
At March 31, 2022	**$ 103**	**$ 9,852**	**$ 389**	**$ 4,524**	**$ 60,557**	**$ 75,425**

7. LONG-TERM DEBT

As at	**March 31, 2021**	June 30, 2021
Term credit facility	**$ 1,262**	$ 1,458
Term mortgage facility	**12,200**	-
Lease liabilities	**3,300**	4,266
	$ 16,762	$ 5,724
Comprised of:		
Current portion of term credit facility and lease liabilities	**$ 1,646**	$ 1,617
Long-term portion of term facilities and lease liabilities	**15,116**	4,107
	$ 16,762	$ 5,724

Term credit facility

The term credit facility is with a Canadian chartered bank. As at March 31, 2022, the facility is repayable in monthly instalments of $21 principal and interest at prime of 2.45% (June 30, 2021 - $21, and 2.45%, respectively), expires in October 2022 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.

(in thousands of Canadian dollars except as otherwise noted)

Term mortgage facility

The term mortgage facility is with a Canadian chartered bank. The term facility requires accrued interest payments only and has no set principal repayments. It carries an interest rate of prime of 2.45%, expires in October 2022 and is collateralized by a general security agreement. The Company has an authorized loan amount of $12,200 and will annually renew this facility with the bank.

Long-term debt is recorded at amortized cost. The Company's long-term debt is at an interest rate that floats based on prime and the carrying value of the principal is considered to be fair value.

Assuming that the existing payment terms are the same at the renewal date, the following are the future fiscal principal repayments for the term credit facility and mortgage facility as at March 31, 2022:

2022	$	63
2023		250
2024		250
2025		250
2026		250
Thereafter		12,399
	$	13,462

Lease liabilities

The following is a reconciliation of the Company's lease liabilities as at March 31, 2022:

At June 30, 2020	**$**	**4,603**
Net additions during the year		**1,551**
Interest on lease liabilities		**184**
Principal repayments of lease liabilities		**(1,621)**
Disposals		**(98)**
Effect of foreign exchange		**(353)**
At June 30, 2021	**$**	**4,266**
Less: current portion		**1,367**
Long-term portion	**$**	**2,899**

At June 30, 2021	**$**	**4,266**
Net additions during the period		**135**
Interest on lease liabilities		**111**
Principal repayments of lease liabilities		**(1,208)**
Effect of foreign exchange		**(4)**
At March 31, 2022	**$**	**3,300**
Less: current portion		**1,396**
Long-term portion	**$**	**1,904**

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

As at		**March 31, 2022**		June 30, 2021
Within one year	**$**	**1,249**	$	1,510
After one year but not more than five years		**1,804**		2,443
More than five years		**386**		637
Total contractual lease payments	**$**	**3,439**	$	4,590

(in thousands of Canadian dollars except as otherwise noted)

8. SHARE CAPITAL

Changes in the number of shares and carrying value of the Company's share capital, for the nine months ended March 31, 2022, are as follows:

	Note	**Number of shares**		**Carrying value**
Balance, June 30, 2020		22,462,082	$	3,161
Shares issued by exercising options		269,313		3,154
Subscription for common shares		50,000		713
Performance Share Units settled in common shares		199,798		1,038
Shares withheld for taxes to settle performance share units		(59,826)		(767)
Balance, June 30, 2021		**22,921,367**	**$**	**7,299**
Shares issued by exercising options	10	40,563		563
Performance Share Units settled in common shares	10	187,487		976
Shares withheld for taxes to settle performance share units	10	(63,478)		(1,073)
Balance, March 31, 2022		**23,085,939**	**$**	**7,765**

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue

In the following table, gross revenue from contracts with customers is disaggregated by reporting segment and type. Refer to Note 13 for additional segmented financial information.

		Three months ended March 31, 2022						
		Video and Broadband Solutions		**Content Delivery and Storage**		**Telematics**		**Total**
Product sales	$	34,039	$	8,242	$	155	$	42,436
Provision of services		2,943		4,276		1,217		8,436
	$	**36,982**	**$**	**12,518**	**$**	**1,372**	**$**	**50,872**

		Three months ended March 31, 2021						
		Video and Broadband Solutions		Content Delivery and Storage		Telematics		Total
Product sales	$	19,469	$	4,543	$	114	$	24,126
Provision of services		2,283		4,214		1,238		7,735
	$	21,752	$	8,757	$	1,352	$	31,861

		Nine months ended March 31, 2022						
		Video and Broadband Solutions		**Content Delivery and Storage**		**Telematics**		**Total**
Product sales	$	80,988	$	21,766	$	460	$	103,214
Provision of services		7,504		12,482		3,654		23,640
	$	**88,492**	**$**	**34,248**	**$**	**4,114**	**$**	**126,854**

		Nine months ended March 31, 2021						
		Video and Broadband Solutions		Content Delivery and Storage		Telematics		Total
Product sales	$	46,209	$	19,586	$	377	$	66,172
Provision of services		5,606		13,405		3,674		22,685
	$	51,815	$	32,991	$	4,051	$	88,857

(in thousands of Canadian dollars except as otherwise noted)

10. SHARE-BASED COMPENSATION

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

	Three months		Nine months	
Periods ended March 31,	**2022**	2021	**2022**	2021
Stock options	**$ 5**	$ 6	**$ 21**	$ 15
Performance share units	**59**	261	**796**	1,701
	$ 64	$ 267	**$ 817**	$ 1,716

Stock options

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 and binomial option-pricing models. The estimated fair value of the stock options is amortized to share-based compensation over the vesting period of the options.

Changes in the stock option plan for the nine months ended March 31, 2022 are as follows:

(in number of units, except prices)	**Number of options**	**Weighted average exercise price**
Outstanding, June 30, 2020	393,125	$ 9.01
Granted	9,000	13.18
Cancelled	(6,937)	9.80
Exercised	(269,313)	8.70
Outstanding, June 30, 2021	**125,875**	**$ 9.93**
Vested and exercisable, June 30, 2021	**96,628**	**$ 9.83**
Outstanding, June 30, 2021	125,875	$ 9.93
Granted	5,000	16.00
Exercised	(40,563)	10.48
Outstanding, March 31, 2022	**90,312**	**$ 10.01**
Vested and exercisable, March 31, 2022	**73,815**	**$ 9.48**

Performance share units ("PSUs")

The Company's Performance Share Unit Plan ("PSU Plan") set the maximum number of PSUs at 4% of the outstanding common shares. At the time of the PSU Plan's resolution approval by the shareholders on July 28, 2020, the maximum number of shares issuable under the PSU Plan was set at 897,275. The approval of the PSU Plan resolution does not require further approval by the shareholders for any unallocated PSUs.

During the three months ended March 31, 2022, nil PSUs vested (March 31, 2021 – nil); which had a fair value of $nil (March 31, 2021 - $nil). During the nine months ended March 31, 2022, 187,487 PSUs vested (March 31, 2021 – 199,798); which had a fair value of $976 (March 31, 2021 - $1,038). Each vested PSU is settled for one common share of the Company. The Company withheld 63,478 common shares (March 31, 2021 – 59,826 common shares) at an aggregate market value of $1,073 (March 31, 2021 - $767) to settle withholding tax obligations on the issuance of the common share awards. This was accounted for as a reduction to equity. 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.

(in thousands of Canadian dollars except as otherwise noted)

A summary of PSU activity for the nine months ended March 31, 2022 is as follows:

	Number of PSUs
PSUs outstanding as at June 30, 2020	-
Granted	616,737
Forfeited	(26,924)
Settled	(199,798)
PSUs outstanding as at June 30, 2021	**390,015**
Granted	-
Forfeited	-
Settled	(187,487)
PSUs outstanding as at March 31, 2022	**202,528**

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 at 10% on grant, and adjusts the amount recognized in expense upon vesting.

11. OTHER EXPENSE (INCOME)

	Three months		Nine months	
Periods ended March 31,	**2022**	2021	**2022**	2021
Loss on sale of property, plant and equipment	**$ 174**	$ (40)	**$ 192**	$ (32)
Lease revenue	**-**	(6)	**-**	(19)
Other	**41**	(4)	**42**	1
	$ 215	$ (50)	**$ 234**	$ (50)

12. NET INCOME (LOSS) PER SHARE

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

Periods ended March 31, 2022	Three months 2022	Three months 2021	Nine months 2022	Nine months 2021
Net income (loss): basic and diluted (in thousands of dollars)	**$ 2,990**	$ 2,189	**$ 5,205**	$ (1,766)
Weighed average number of shares outstanding:				
Basic	**23,080,725**	22,867,226	**23,070,328**	22,806,145
Dilution adjustment for stock options	**36,234**	38,535	**36,890**	-
Diluted	**23,116,959**	22,905,761	**23,107,218**	22,806,145
Net income (loss) per share: basic	**$ 0.13**	$ 0.10	**$ 0.23**	$ (0.08)
Net income (loss) per share: diluted	**$ 0.13**	$ 0.10	**$ 0.23**	$ (0.08)

Stock options could potentially dilute basic net income (loss) per share in the future. Dilutive stock options are calculated using the treasury stock method. For the three months ended March 31, 2022, there were 85,312 dilutive stock options (March 31, 2021 – 132,875), which resulted in a dilution adjustment of 36,234 (March 31, 2021 – 38,535); with the remaining 5,000 outstanding stock options being anti-dilutive (March 31,2021 – nil). For the nine months ended March 31, 2022, there were 85,312 dilutive stock options, which resulted in a dilution adjustment of 36,890; with the remaining 5,000 outstanding stock options being anti-dilutive. For the nine months ended March 31, 2021, any conversion effect of stock options was anti-dilutive and have been excluded from the calculation of diluted net loss per share.

(in thousands of Canadian dollars except as otherwise noted)

13. 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

	Three months ended March 31, 2022			
	Video and Broadband Solutions	**Content Delivery and Storage**	**Telematics**	**Total**
Sales	$ 36,982	$ 12,518	$ 1,372	**$ 50,872**
Cost of sales	20,759	5,652	503	**26,914**
Gross profit	16,223	6,866	869	**23,958**
Operating expenses	10,039	4,997	551	**15,587**
Depreciation and amortization	2,526	1,487	240	**4,253**
Operating income	3,658	382	78	**4,118**
Finance expense				**(82)**
Foreign exchange loss				**(541)**
Income tax expense				**(505)**
Net income from continuing operations				**2,990**
Net income from discontinued operations				**-**
Net income				**$ 2,990**
Total assets	**$ 185,954**	**$ 52,348**	**$ 12,762**	**$ 251,064**
Total liabilities	**$ 51,827**	**$ 21,384**	**$ 1,309**	**$ 74,520**

	Three months ended March 31, 2021			
	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	$ 21,752	$ 8,757	$ 1,352	$ 31,861
Cost of sales	12,447	4,625	463	17,535
Gross profit	9,305	4,132	889	14,326
Operating expenses	7,389	4,073	440	11,902
Depreciation and amortization	2,184	1,450	202	3,836
Operating income (loss)	(268)	(1,391)	247	(1,412)
Finance expense				(45)
Foreign exchange loss				(830)
Income tax recovery				2,692
Net loss from continuing operations				405
Net income from discontinued operations				1,784
Net income				$ 2,189
Total assets	$ 140,527	$ 61,093	$ 13,079	$ 214,699
Total liabilities	$ 20,625	$ 17,448	$ 1,253	$ 39,326

(in thousands of Canadian dollars except as otherwise noted)

	Nine months ended March 31, 2022			
	Video and Broadband Solutions	**Content Delivery and Storage**	**Telematics**	**Total**
Sales	$ 88,492	$ 34,248	$ 4,114	**$ 126,854**
Cost of sales	48,065	15,881	1,428	**65,374**
Gross profit	40,427	18,367	2,686	**61,480**
Operating expenses	27,170	14,472	1,552	**43,194**
Depreciation and amortization	7,408	4,600	609	**12,617**
Operating income (loss)	5,849	(705)	525	**5,669**
Finance expense				**(170)**
Foreign exchange gain				**455**
Income tax expense				**(749)**
Net income from continuing operations				**5,205**
Net income from discontinued operations				**-**
Net income				**$ 5,205**
Total assets	**$ 185,954**	**$ 52,348**	**$ 12,762**	**$ 251,064**
Total liabilities	**$ 51,827**	**$ 21,384**	**$ 1,309**	**$ 74,520**

	Nine months ended March 31, 2021			
	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	$ 51,815	$ 32,991	$ 4,051	$ 88,857
Cost of sales	29,479	16,367	1,341	47,187
Gross profit	22,336	16,624	2,710	41,670
Operating expenses	20,918	12,894	1,381	35,193
Depreciation and amortization	5,608	4,803	596	11,007
Operating income (loss)	(4,190)	(1,073)	733	(4,530)
Finance income				120
Foreign exchange loss				(2,269)
Income tax recovery				3,059
Net loss from continuing operations				(3,620)
Net income from discontinued operations				1,854
Net loss				$ (1,766)
Total assets	$ 140,527	$ 61,093	$ 13,079	$ 214,699
Total liabilities	$ 20,625	$ 17,448	$ 1,253	$ 39,326

Geographical region

	Three months		Nine months	
Periods ended March 31,	**2022**	2021	**2022**	2021
Sales to external customers:				
United States	**$ 38,199**	$ 23,395	**$ 96,996**	$ 67,423
Canada	**5,728**	3,486	**15,548**	10,040
Japan	**5,045**	1,126	**8,863**	5,213
Europe	**482**	1,351	**2,120**	2,747
Other	**1,418**	1,963	**3,327**	3,434
	$ 50,872	$ 31,861	**$ 126,854**	$ 88,857

(in thousands of Canadian dollars except as otherwise noted)

As at		March 31, 2022		June 30, 2021
Non-current assets:				
United States	**$**	**38,025**	$	35,487
Canada		**99,941**		97,776
Japan		**1,112**		1,506
Europe		**67**		259
Mexico		**1,160**		1,468
China		**767**		538
	$	**141,072**	$	137,034

Sales to major customers

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

	Three months				NIne months			
Periods ended March 31,		**2022**		2021		**2022**		2021
Customer A	**$**	**8,647**	$	3,045	**$**	**22,405**	$	11,693
Customer B		**7,492**		5,199		**19,600**		15,257
Customer C		**9,218**		6,348		**19,423**		14,224
	$	**25,357**	$	14,592	**$**	**61,428**	$	41,174

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

14. FAIR VALUE HIERARCHY

Assets and liabilities measured at fair value in the condensed 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 three and nine months ended March 31, 2022, there were no assets or liabilities measured at fair value according to the three-level hierarchy.

During the three and nine months ended March 31, 2022, there were no transfers between the hierarchy levels.

15. FINANCIAL INSTRUMENTS

Accounts receivable

As at March 31, 2022, the weighted average age of customer accounts receivable was 33 days (June 30, 2021 - 35 days); and the weighted average age of past-due accounts receivable approximated 61 days (June 30, 2021 - 66 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:

(in thousands of Canadian dollars except as otherwise noted)

As at		**March 31, 2022**		June 30,2021
Current	**$**	**47,702**	$	23,051
31 to 60 days		**2,471**		1,922
61 to 90 days		**1,021**		736
Over 90 days		**590**		952
	$	**51,784**	$	26,661

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. The Company has an allowance for doubtful accounts at March 31, 2022 of $9 (June 30, 2021 - $16).

Currency exposures

Approximately 97% (June 30, 2020 - 97%) of the Company's sales are denominated in U.S. dollars ("USD"). 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. Forward contracts are entered into based on projected requirements for converting U.S. to Canadian dollars. The Company does not recognize these contracts in the consolidated financial statements when they are entered into, nor accounts for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes in fair value are recorded in the consolidated statements of comprehensive income (loss) in foreign exchange gain (loss). The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position.

As at March 31, 2022, the Company had no forward contracts (June 30, 2021 - $nil).

16. SUPPLEMENTAL INFORMATION

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

Depreciation and amortization – operating activities

		Three months				**NIne months**		
Periods ended March 31,		**2022**		2021		**2022**		2021
Depreciation of property, plant and equipment	**$**	**734**	$	561	**$**	**2,015**	$	1,754
Depreciation of right-of-use assets		**270**		410		**1,009**		1,115
Amortization of deferred development costs		**2,516**		2,157		**7,406**		5,741
Amortization of finite-life intangible assets		**783**		763		**2,333**		2,564
Total depreciation and amortization – operating activities	**$**	**4,303**	$	3,891	**$**	**12,763**	$	11,174

Net change in working capital – operating activities

		Three months				**Nine months**		
Periods ended March 31,		**2022**		2021		**2022**		2021
Accounts receivable	**$**	**(14,462)**	$	(7,567)	**$**	**(26,165)**	$	(10,324)
Inventories		**(11,101)**		2,787		**(20,301)**		3,165
Prepaid expenses		**1,124**		(1,882)		**(3,427)**		(1,814)
Contract assets		**(223)**		303		**(274)**		176
Current tax assets		**(21)**		(10)		**(22)**		(13)
Accounts payable and accrued liabilities		**6,758**		3,214		**17,245**		3,128
Deferred revenue		**6,576**		5,266		**7,885**		6,766
Total change in net working capital	**$**	**(11,349)**	$	2,111	**$**	**(25,059)**	$	1,084

(in thousands of Canadian dollars except as otherwise noted)

Capital expenditures, net – investing activities

	Three months		Nine months	
Periods ended March 31,	**2021**	2020	**2021**	2020
Capital expenditures before proceeds of disposition:				
Property, plant and equipment	**$ (1,466)**	$ (549)	**$ (4,395)**	$ (1,724)
Intangible assets	**(118)**	(494)	**(146)**	(601)
Proceeds of disposition:				
Property, plant and equipment	**-**	64	**1**	64
Total capital expenditures, net	**$ (1,584)**	$ (979)	**$ (4,540)**	$ (2,261)

17. CONTRACTUAL OBLIGATION

The Nokia portfolio acquisition includes the assumption of a contract with a third-party supplier. As at March 31, 2022, the contractual obligation, based on forecasted commitments, is estimated to be $30,160 (June 30, 2021 - $5,518); of which, $176 is deemed to be onerous (June 30, 2021 - $952).

18. SUBSEQUENT EVENTS

(a) Dividend declared

On May 10, 2022, the Board of Directors declared a dividend of $0.055 per common share, payable on June 13, 2022 to shareholders of record as at May 20, 2022 consistent with its previously announced dividend policy.

19. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2022, no PSUs were awarded to key management personnel vested (three months ended March 31, 2021 – nil); which had a fair value of $nil (March 31, 2021 - $417). Each vested PSU is settled for one common share of the Company.

During the nine months ended March 31, 2022, 80,766 PSUs awarded to key management personnel vested (March 31, 2021 – 80,766); which had a fair value of $417 (March 31, 2021 - $417). Each vested PSU is settled for one common share of the Company.

20. RECLASSIFICATION OF PRIOR YEAR AMOUNTS

The Company reclassified amounts related to the sale of the Content Agent business for the previous year to discontinued operations in our interim condensed consolidated statements of comprehensive income (loss) and interim condensed consolidated statements of cash flows to make them consistent with the presentation for the current year.