



Management's Discussion and Analysis

and

Audited Annual Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the years ended June 30, 2026 and 2025



Dear Fellow Shareholders,

Fiscal 2026 marked a defining period in Vecima's evolution and growth. For the past several years, broadband service providers have been preparing for the transformation to Distributed Access Architecture (DAA) and DOCSIS 4.0, while also expanding fiber to the home deployments. Vecima emerged as a leading industry force through this period, building a comprehensive product portfolio designed to help operators profoundly modernize their networks while creating long-term competitive advantages for our own business.

During fiscal 2026, years of preparation translated into action. Customer deployments gained momentum, infrastructure investments accelerated, and network operators moved from evaluating our technologies to implementing them. What began as a year of transition culminated in a breakthrough finale to the year, including our all-time best quarterly revenue of \$91.0 million and record Adjusted EBITDA of \$18.9 million, which we achieved in the fourth quarter. This, in turn, boosted our full-year sales to \$295.0 million and Adjusted EBITDA to \$50.4 million, increases of 6.1% and 90.8%, respectively compared to the prior year.

These results are deeply satisfying, but more importantly, they mark a significantly meaningful inflection point for Vecima. The work we have done to position the business for a transforming industry is now translating to highly profitable growth and an enduring multi-year pathway of opportunity. Meanwhile, the near-term rewards are reflected in our increased outlook for growth in calendar 2026 and fiscal 2027 (27% to 32% and 30% to 35%, respectively).

Through the meticulous work we have done with our customer partners, several of the largest broadband service providers in the world, today, Entra platforms are providing multi-gigabit broadband connections to tens of millions of homes. We expect this increasingly deep footprint of Vecima broadband platforms to continuously evolve through multiple generations of further broadband advancement, allowing Vecima to monetize our widely-deployed base of Entra platforms for years to come.

Entra in the Lead

Our Video and Broadband Solutions segment was at the forefront of this momentum, reflecting the ramp up in demand for our Entra broadband access products. Throughout the year, we continued to



deepen our relationship with Charter Communications, supporting the expansion of this customer's DAA initiatives across both cable broadband and fiber broadband architectures. A new multi-year DOCSIS 4.0 agreement further strengthened our relationship, focusing on deployment of advanced Remote PHY technology as well as fiber access solutions. Our programs with Charter represent significant long-term opportunities and reinforce Vecima's role as a strategic technology partner to one of North America's leading multi-system operators.

At the same time, adoption of our Entra EN9000 platform continued to expand across multiple customers. As the industry's only Generic Access Platform node, the EN9000 provides operators with a flexible foundation that supports evolving DOCSIS and fiber-to-the-home (FTTH) technologies while reducing the need for future hardware replacement. As we grew the installed base of EN9000 to large scale deployment, so too did our incumbency within our customers' networks, creating opportunities for both future upgrades and expanded product adoption.

Innovation continued across the Entra portfolio. During the year, we introduced the EN3400 compact access node, expanded our Remote PHY family, and saw increasing adoption of our power continuity solutions, all of which broaden our addressable market and enhance the value we bring to customers.

Our fiber access business also gained meaningful momentum. Demand for our Entra Optical solutions increased as operators expanded fiber-to-the-home deployments and invested in next-generation architectures. As a recognized leader in FTTH Remote OLT technology, and with support for emerging standards including XGS-PON, 50G PON and All-PON architectures, Vecima is ideally positioned to participate in the continued global expansion of fiber networks.

Importantly, development of our cloud-based networking portfolio also advanced in fiscal 2026. Customer trials, early deployments, and growing engagement around our virtualized CMTS solution further validated our strategy and reinforced the long-term opportunity represented by software-defined network architectures. As of today's date, we are engaged with seven customers for vCMTS, including two North American Tier 1 operators. We continue to expect vCMTS will become a major growth driver for Vecima, and the progress made in fiscal 2026 definitively establishes us on that path.

Creating Multiple Engines of Growth

While broadband access continues to be the central driver of our growth, we are also focused on expanding software and services capabilities that complement our infrastructure portfolio.



During fiscal 2026, we achieved a significant milestone as a major North American operator selected our next-generation commercial video platform, TerracelQ, for a broad network modernization initiative spanning thousands of locations. This deployment reflects the growing demand for software-driven video solutions and further expands Vecima's presence beyond traditional access infrastructure.

Within our Content Delivery and Storage business, customer adoption of managed IPTV and video monetization solutions continued to grow as operators transition away from legacy broadcast architectures and toward IP-based delivery models. Our new Dynamic Ad Insertion solutions also gained momentum during the year, helping customers generate additional revenue while enhancing subscriber experiences.

The long-term direction across our business remains clear: software is becoming an increasingly important component of modern network and video infrastructures. Vecima's ability to combine infrastructure, applications, and monetization capabilities positions us to participate across multiple layers of customer investment.

Sharpening Our Focus, Preparing for Growth

The achievements of the past year have set Vecima on a significant growth path, and our projections for the balance of calendar 2026 and full-year fiscal 2027 now call for year-over-year revenue growth in the range of 27% to 32% and 30% to 35%, respectively, paired with an adjusted EBITDA margin of approximately 20%, translating to 52% to 58% adjusted EBITDA growth in fiscal 2027.

To ensure we are positioned to take advantage of the opportunities ahead, we have made some important strategic shifts to our business.

In July, we announced the sale of our Telematics business. Part of Vecima since 2016, we are proud of what the Telematics team built over the past decade and grateful for its contribution to our success. The divestiture now enables us to sharpen our focus on the major opportunities in our core broadband access and video businesses, while also strengthening our balance sheet.

In August, we also announced two executive leadership appointments to support us on our path forward. While I will continue to lead Vecima as Chief Executive Officer, Clay McCreery, previously our Chief Operating Officer, has been elevated to President and Chief Operating Officer, focused on Vecima's strategic performance and long-term growth. Additionally, Ryan Nicometo, previously Senior Vice President and General Manager of our VBS segment, has been promoted to Chief Product Officer,



a newly created role designed to unify product strategy and execution across our platforms. These appointments strengthen our leadership structure as we set off on the next phase of our growth, while recognizing the significant strengths and contributions of these individuals.

Pursuing our Priorities

As we move forward, we are tightly focused on executing decisively on the significant demand growth being driven by large-scale DAA deployments, DOCSIS 4.0 adoption, and expanding fiber-to-the-home investments.

As well, we will continue to expand the software and cloud capabilities that enhance our offerings and deepen our role within customer networks. Our commitment to innovation and ensuring that our products remain at the forefront of the technologies shaping future network architectures is a driving mission.

For Vecima, strong execution also means maintaining tight cost control, leveraging our unique flexibility to respond to a challenging trade environment, and continuing to capture lucrative new opportunities for the future.

We believe our combination of increasing market share, growing installed base, broad customer relationships, comprehensive portfolio and strong execution positions Vecima to participate meaningfully in a multi-year infrastructure investment pipeline as it grows to greater scale.

Closing Thoughts

Fiscal 2026 will be remembered as the year the broadband industry's next major upgrade cycle began translating into appreciable customer deployments and accelerating demand.

The investments we have made over many years across cable, fiber, video, and software technologies are increasingly aligning with the needs of our customers. As a result, Vecima is entering its next chapter with strong momentum, differentiated technology, expanding market opportunities, and a sharp strategic focus.

I want to close by thanking our employees for their dedication, innovation, and commitment to excellence. They have always been instrumental to our success. To our customers and partners, thank



you for your trust and collaboration. And to our shareholders, thank you for your continued confidence and support.

The opportunities ahead of us continue to unfold exponentially, and we have never been more assured in what the future holds for Vecima.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sumit Kumar", is positioned above the printed name.

Sumit Kumar
President and CEO

Vecima Networks Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 22, 2026

This Management's Discussion and Analysis ("MD&A") provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the year ended June 30, 2026.

Our MD&A supplements, but does not form part of, our consolidated financial statements and related notes for the years ended June 30, 2026 and 2025. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes for the years ended June 30, 2026 and 2025, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Our MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes.

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

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

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1. Company Overview

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

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

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

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

Vecima's business is organized into two segments:

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

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

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

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

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

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

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

MediaScale™

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

Discontinued Operations

On July 31, 2026, we closed the sale of our Telematics business to Lantronix Inc. for total cash consideration of \$16.5 million, subject to customary working capital adjustments. The purchase price includes \$14.5 million that was paid at closing and an additional \$2.0 million payable by the end of calendar 2026.

We have met the criteria for presenting Telematics as a discontinued operation as at June 30, 2026 and as such, the results of the Telematics business segment have been classified as assets held for sale and discontinued operations. In this MD&A, Telematics results have been removed from the Company's consolidated results and presented separately as discontinued operations in the Company's current and comparative results, except for the comparative periods in the balance sheet. Unless otherwise indicated, all financial information in this MD&A represents the results from continuing operations.

2. Industry Developments

Video and Broadband Solutions

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

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

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

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

Content Delivery and Storage

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

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

Our Strategy

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

3. Fiscal 2026 Q4 and Full-Year Highlights

Financial and Corporate

- Achieved record quarterly consolidated sales results with revenue climbing 36% to \$91.0 million in Q4 fiscal 2026 from \$66.7 million in Q4 fiscal 2025, and 45% from \$62.9 million in Q3 fiscal 2026. Full-year sales grew to \$295.0 million, from \$278.1 million in fiscal 2025, an increase of 6%.
- Fourth quarter gross margin and adjusted gross margin (non-IFRS) climbed sharply to 45.4% and 45.0%, from 26.3% and 36.7%, respectively, in Q4 fiscal 2025. Full-year gross margin and adjusted gross margin increased to 44.4% and 45.8%, respectively, from 37.5% and 39.9%, respectively, in fiscal 2025.
- Fourth quarter adjusted EBITDA (non-IFRS) more than tripled to a record \$18.9 million, from \$6.2 million in Q4 fiscal 2025 and increased 78% from \$10.6 million in Q3 fiscal 2026. Full-year adjusted EBITDA grew 91% to \$50.4 million, from \$26.4 million in fiscal 2025.
- Increased fourth quarter earnings per share to \$0.22, from a loss per share of \$0.55 in Q4 fiscal 2025. Full-year earnings per share increased to \$0.20, from a loss per share of \$0.76 in fiscal 2025.
- Ended the year in a strong financial position with working capital of \$62.6 million at June 30, 2026, compared to \$51.2 million at June 30, 2025. Our continued focus on debt reduction lowered total net debt (non-IFRS) to \$40.7 million in Q4 fiscal 2026, from \$54.4 million in Q3 fiscal 2026. Longer term, our total net debt has decreased significantly from a high of \$92.0 million in Q3 fiscal 2024.

Video and Broadband Solutions (VBS)

- The Video and Broadband Solutions segment achieved all-time record quarterly sales of \$80.1 million in the fourth quarter, an increase of 38% from \$58.1 million in Q4 fiscal 2025, and up 53% from \$52.2 million in Q3 fiscal 2026. Full-year VBS sales grew to a record \$249.9 million, an increase of 5% from \$237.9 million in fiscal 2025.

DAA (Entra Family)

- Increased deployments of Entra DAA products generated record quarterly Entra revenue of \$77.3 million in Q4 fiscal 2026, up 42% from \$54.6 million in Q4 fiscal 2025 and an increase of 57% from \$49.3 million in Q3 fiscal 2026. Full-year Entra sales increased 7% year-over-year to a record \$237.9 million, from \$222.7 million in fiscal 2025.
 - Record quarterly sales of EntraOptical, driven by growing SF-4X R-OLT demand
 - ERM3xx RPD module shipments continued to gain momentum
- Ramped up product deliveries under the multi-year agreement signed with Charter Communications in Q3 fiscal 2026. The agreement has expanded demand for our DOCSIS 4.0 Remote PHY Devices (RPD), while also broadening Vecima's longstanding partnership with Charter across fiber access.
- Secured first purchase order from a top-ten cable operator in the U.S., for our EN9000/ERM324 platform. This expands our broadband access relationship with this North American operator and continues to drive the broad penetration of the EN9000 GAP Node in the North American market.
- Achieved significant commercial momentum with vCMTS, Vecima's next-generation, cloud-based DOCSIS core solution. Ended fiscal 2026 with six committed, purchasing, and/or deployed vCMTS customers, including Cox (recently acquired by Charter), Videotron, and four operators in Europe. Subsequent to the year-end, won an additional European customer, bringing total number of customers for our vCMTS solution to seven.
 - Continued to progress trial activity deployment with Cox, our initial Tier 1 North American vCMTS customer, in preparation for upcoming field trials.
 - Signed a vCMTS agreement with Canadian telecommunications leader, Videotron, to advance the evolution of its next-generation DOCSIS network in Canada.
 - In May 2026, announced an open, interoperable DAA partnership with Teleste for European operators, extending Vecima's vCMTS addressable market across Teleste's operator base.
- Total DAA customer engagements grew to 150 worldwide by year-end, an increase of 14 customers year-over-year. Seventy-seven of these customers have ordered Entra products, underscoring increased deployment of Vecima's DAA solutions.
- Subsequent to the year-end, announced a partnership with Furukawa Electric to deliver next-generation fiber-to-the-home (FTTH) products for Japan's broadband market (July 23, 2026).

Commercial Video (Terrace Family)

- Commercial Video results were in line with expectations and included fourth quarter sales of \$2.8 million and full-year sales of \$11.8 million (Q4 fiscal 2025: \$3.4 million; Q3 fiscal 2026: \$2.9 million; fiscal 2025: \$15.0 million). These results reflect the continued transition to next-generation platforms, together with some of Vecima's newer DAA-driven Commercial Video solutions now being accounted for as part of Entra family sales.
- Vecima's next-generation TerracelQ Commercial Video solution continued to gain broad traction with customers in the Americas.
 - Subsequent to year-end, signed a TerracelQ agreement with a major Tier 1 North American operator. The customer expects to deploy TerracelQ across its networks.
 - Secured multiple TerracelQ design wins with customers, including three Tier 1 and one Tier 2 operators.

Content Delivery and Storage (CDS)

- The Content Delivery and Storage segment achieved fourth quarter sales of \$10.8 million, an increase of 26% from \$8.6 million in Q4 fiscal 2025 and slightly higher than the \$10.7 million generated in Q3 fiscal 2026. Full-year sales grew to \$45.1 million, up 12% from \$40.1 million in fiscal 2025.
- Achieved strong full-year CDS gross margin performance of 64.3% (fiscal 2025 - 60.8%).
 - Successfully deployed Phase 2 of Vecima's targeted Dynamic Ad Insertion (DAI) solution with Hotwire Communications during the quarter. Vecima's DAI solution enables operators to deliver targeted and personalized advertising experiences, increasing video average revenue per user (ARPU), without necessitating customer rate increases. The Phase 2 deployment included the first production launch of Vecima's advertising asset workflow manager, replacing third-party systems with a more dynamic, feature-rich solution, driving higher product margins.
 - Completed the rollout of next-generation MediaScale storage solutions with four operators.
 - Selected by a Tier 2 customer for MediaScale Origin to replace a competitor's solution during the second half.
 - Continued to modernize a key Tier 1 customer's video infrastructure by implementing modern on-demand video control plane software
 - Expanded Vecima's ad insertion platform with an in-house advertising workflow manager, improving DAI product margin and establishing a platform for future development.

4. Outlook

With DAA deployment ramping up sharply, our expectation of calendar year 2026 revenue growth has increased to a range of 27% to 32% (previous range of 22.5% to 30.0%), as compared to calendar 2025. We expect adjusted EBITDA margins to be approximately 20% in calendar 2026, driving projected adjusted EBITDA growth of 77.5% to 85.0% as compared to calendar 2025.

On a fiscal year basis, we expect our momentum to continue building with revenue growth for fiscal 2027 in the range of 30% to 35% as compared to fiscal 2026. Based on our anticipated demand profile, we anticipate an adjusted EBITDA margin of approximately 20% or higher in fiscal 2027.

Our outlook for both the calendar and fiscal year is supported by Vecima's portfolio strength, major customer design wins, and essential DAA-based gigabit upgrades globally. Our confidence in our outlook is further strengthened by customer purchase orders and forecasts, which are providing significant demand visibility.

In the VBS segment, our lead North American BSP (Broadband Service Provider) customer is now underway with its large-scale network upgrade using our next-generation DAA technologies. We are anticipating continued strong near-term contribution from our industry-leading Remote PHY device (RPD) solutions, EN9000 and EN8400 platforms, and highly successful Entra Optical fiber access portfolio. Our outlook also reflects continued rollout of newer Entra products, including the EN3400, a compact version of the EN9000 specifically designed for MDU (Multiple Dwelling Units) and enterprise applications, the EEM210, a stand-alone 10G EPON module that fits both new and existing nodes and supports global deployments, and our new PHMs (Power Holdover Modules), which support Entra's cable and fiber access products with innovative super-capacitor-based resiliency to power grid interruptions in the field.

Longer term, our outlook is enhanced by our fiber-access/DOCSIS 4.0 agreement with Charter Communications' Spectrum. This agreement includes deployment of our new ERM422, the world's first DOCSIS 4.0 Dual Downstream Service group RPD, and continued fiber-to-the-home deployment of our global market-leading Entra SF-4X Remote OLT (Optical Line Terminal). Rollouts of our new vCMTS solution with an expanding range of customers globally are expected to further support Vecima's growth trajectory, building on our multi-year growth runway.

Commercial Video sales are poised to expand during both the 2026 calendar year and the 2027 fiscal year as our lead Tier 1 U.S. customer begins a major, multi-year network upgrade using Vecima's TerracelQ solution. Sales of our legacy TerraceQAM and Terrace Family products are expected to continue to trend lower in the coming quarters as customers begin their transition to TerracelQ and as a portion of our Commercial Video solutions become DAA-driven and are accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, we anticipate steady overall operating performance, while continuing to note that CDS results can fluctuate significantly from quarter-to-quarter based on order and project timing. Our outlook for the CDS segment anticipates the addition of new IPTV customers, as well as subscriber growth and network expansions among existing customers. Vecima's promising Dynamic Ad Insertion technology is also expected to provide increasing contribution as customer adoption increases.

To date, U.S. tariffs on Canadian products have not had a significant impact on our business. We continue to closely monitor developments in an unpredictable trade environment and remain prepared to adjust operations as necessary. Vecima is one of the few competitors in our industry that fully "owns" our manufacturing process. This provides the advantageous flexibility to adapt quickly to changing macroeconomic conditions, an agility we have demonstrated in the past, inclusive of rapidly transitioning manufacturing to different countries.

Moving forward, we are performing strongly and remain sharply focused on responding to rapidly growing demand for our products. We have built the industry's deepest and broadest portfolio of innovative, interoperable cable and fiber access products and IPTV solutions that now give customers unprecedented choice and support as they move forward with their network-wide upgrades. And we are simultaneously leading the way forward with new investments in a comprehensive, highly innovative, cloud-native portfolio that will prepare them for the 50G future.

Operating Segment Reorganization

Beginning in fiscal 2027, we are reorganizing our operating segments to better reflect the evolution of our business, including the rapid growth and scale of our Entra DAA (Cable & Fiber Access) products. As of Q1 fiscal 2027, Entra DAA products (currently within our Video and Broadband Solutions segment) will form a distinct, standalone reporting segment called Broadband Access Solutions, or "BAS". In parallel, the financial results of our Terrace products contained in the Commercial Video products (also currently within our Video and Broadband Solutions segment) will be combined with the MediaScale products contained in the Content Delivery and Storage results under a new segment called Content Delivery Solutions, better aligning our reporting with our internal operating and engineering structure. Historical results will be recast to reflect this new organization.

5. Consolidated Results of Operations

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

During the year ended June 30, 2026, the Company classified its Telematics business as a discontinued operation. Accordingly, the comparative period amounts presented in the consolidated financial statements have been re-presented to reflect Telematics' results as discontinued operations. The following MD&A discussion and non-GAAP measures are presented on a continuing operations basis unless otherwise indicated. The calculation of non-GAAP measures has not changed from the MD&A issued for the year ended June 30, 2025.

Consolidated Statements of Comprehensive Income Data (in thousands of dollars except common share data)	Years ended June 30,					
	2026		2025		2024	
Sales	\$ 294,958	100%	\$ 278,050	100%	\$ 284,305	100%
Cost of sales:						
Cost of product and services	160,016	54%	165,326	59%	147,894	52%
Write-down (recovery) of inventory to net realizable value	4,006	2%	8,428	3%	(591)	—%
Total cost of sales	164,022	56%	173,754	62%	147,303	52%
Gross profit	130,936	44%	104,296	38%	137,002	48%
Operating expenses						
Research and development ⁽¹⁾	50,426	17%	45,316	16%	43,080	15%
Sales and marketing	35,100	12%	33,422	12%	32,256	11%
General and administrative	25,636	9%	26,960	10%	30,169	11%
Impairment expense	—	—%	6,949	2%	—	—%
Restructuring costs	—	—%	2,798	1%	—	—%
Share-based compensation	1,648	—%	1,855	1%	1,033	—%
Other expense	147	—%	451	—%	1,666	1%
	112,957	38%	117,751	42%	108,204	38%
Operating income (loss)	17,979	6%	(13,455)	(4)%	28,798	10%
Finance expense	(9,063)	(3)%	(9,986)	(4)%	(7,121)	(2)%
Foreign exchange loss	(680)	—%	(2,037)	(1)%	(1,932)	(1)%
Income (loss) before taxes	8,236	3%	(25,478)	(9)%	19,745	7%
Income tax expense (recovery)	3,371	1%	(6,983)	(2)%	978	—%
Net income (loss) from continuing operations	4,865	2%	(18,495)	(7)%	18,767	7%
Net income (loss) from discontinued operations	(1,691)		733		624	
Net income (loss)	3,174		(17,762)		19,391	
Other comprehensive income (loss)	3,069		(161)		2,136	
Comprehensive income (loss)	\$ 6,243		\$ (17,923)		\$ 21,527	
Net income (loss) per share – basic and diluted⁽²⁾						
Continuing operations	\$ 0.20		\$ (0.76)		\$ 0.77	
Discontinued operations	(0.07)		0.03		0.03	
Total	\$ 0.13		\$ (0.73)		\$ 0.80	
Other Data:						
Adjusted earnings (loss) per share ⁽³⁾	\$ 0.34		\$ (0.22)		\$ 0.84	
Adjusted EBITDA ⁽⁴⁾	\$ 50,413		\$ 26,428		\$ 51,016	
Research and development expenditures ⁽⁵⁾	\$ 63,172		\$ 60,132		\$ 57,360	
Number of employees ⁽⁶⁾	601		562		581	

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

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

⁽³⁾ Adjusted Earnings per Share does not have any standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers. See "Adjusted Earnings per Share".

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

⁽⁵⁾ See "Total Research and Development Expenditures".

⁽⁶⁾ The number of employees is determined as of the end of the period and excludes Telematics employees.

Consolidated Statements of Financial Position <i>(in thousands of dollars except common share data)</i>	June 30, 2026	June 30, 2025	June 30, 2024
Cash and cash equivalents	\$ 2,876	\$ 3,441	\$ 2,136
Working capital ⁽¹⁾	\$ 62,588	\$ 51,164	\$ 73,083
Total assets	\$ 335,553	\$ 332,069	\$ 387,823
Total debt	\$ 34,963	\$ 28,263	\$ 17,832
Net debt ⁽²⁾	\$ 40,668	\$ 53,610	\$ 62,639
Shareholders' equity	\$ 216,111	\$ 213,569	\$ 234,960
Number of common shares outstanding ⁽³⁾	24,314,594	24,313,618	24,307,418

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

⁽²⁾ Total debt and revolving line of credit, less cash and cash equivalents and lease liabilities.

⁽³⁾ Based on the weighted average number of common shares outstanding.

Adjusted Gross Margin

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

Calculation of Adjusted Gross Margin <i>(in thousands of dollars)</i>	Years ended June 30,		
	2026	2025	2024
Sales	\$ 294,958	\$ 278,050	\$ 284,305
Cost of sales	164,022	173,754	147,303
Gross profit	130,936	104,296	137,002
Warrant expense (recovery) ⁽¹⁾	241	(1,752)	2,024
Write-down (recovery) of inventory to net realizable value	4,006	8,428	(591)
Adjusted gross profit	\$ 135,183	\$ 110,972	\$ 138,435
Adjusted gross margin	45.8%	39.9%	48.7%

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

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 from continuing operations as reported in the consolidated financial statements, excluding any amounts included in net income or net loss from continuing operations for impairment of intangible assets and deferred development costs, write-downs and recoveries of inventory to net realizable value, gains and losses on sale of property, plant and equipment ("PP&E"), intangible assets, and assets held for sale, warrant expense and recovery, advisory fees, restructuring costs, settlement on software support 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, and content delivery and storage products and services. Adjusted net income and adjusted earnings per share do not have a standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers.

Calculation of Adjusted Earnings per Share (in thousands of dollars)	Years ended June 30,		
	2026	2025	2024
Net income (loss) from continuing operations	\$ 4,865	\$ (18,495)	\$ 18,767
Intangible asset impairment expense, net of tax	—	5,490	—
Write-down (recovery) of inventory to net realizable value, net of tax	3,043	6,536	(442)
Loss (gain) on sale of assets, net of tax	9	51	(1,937)
Warrant expense (recovery), net of tax	186	(1,384)	1,619
Advisory fees, net of tax	99	308	2,026
Restructuring costs, net of tax	—	2,210	—
Settlement on software support costs, net of tax	—	—	485
Adjusted net income (loss)	\$ 8,202	\$ (5,284)	\$ 20,518
Net income (loss) per share from continuing operations	\$ 0.20	\$ (0.76)	\$ 0.77
Intangible asset impairment expense, net of tax	0.00	0.23	0.00
Write-down (recovery) of inventory to net realizable value, net of tax	0.13	0.27	(0.02)
Loss (gain) on sale of non-core PP&E, net of tax	0.00	0.00	(0.08)
Warrant expense (recovery), net of tax	0.01	(0.06)	0.07
Advisory fees, net of tax	0.00	0.01	0.08
Restructuring costs, net of tax	0.00	0.09	0.00
Settlement on software support costs, net of tax	0.00	0.00	0.02
Adjusted earnings (loss) per share⁽¹⁾⁽²⁾	\$ 0.34	\$ (0.22)	\$ 0.84

⁽¹⁾ Adjusted earnings per share includes non-cash share-based compensation of \$1.6 million or \$0.07 per share for the year ended June 30, 2026, and \$1.9 million or \$0.08 per share for the year ended June 30, 2025. The non-cash share-based compensation primarily reflects certain performance-based vesting thresholds achieved under the Company's Performance Share Unit Plan.

⁽²⁾ Adjusted earnings per share includes foreign exchange loss of \$0.7 million or \$0.03 per share for the year ended June 30, 2026, and a loss of \$2.0 million or \$0.08 per share for the year ended June 30, 2025.

EBITDA and Adjusted EBITDA

The following table reconciles net income or net loss for the period to EBITDA and adjusted EBITDA. The term “EBITDA” refers to net income or net loss from continuing operations as reported in the IFRS Accounting Standards financial statements, excluding any amounts included in net income or net loss for income taxes, interest expense, and depreciation and amortization for PP&E, right-of-use assets, deferred development and intangible assets. The term “adjusted EBITDA” refers to EBITDA adjusted for: impairment of intangible assets and deferred development cost; write-downs and recoveries of inventory to net realizable value; gains and losses on sale of PP&E; warrant expense and recovery; share-based compensation expense; advisory fees; restructuring costs; and settlement on software support costs. 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 and content delivery and storage products and services. EBITDA and adjusted EBITDA are not recognized measures under IFRS Accounting Standards and, accordingly, investors are cautioned that EBITDA and adjusted EBITDA should not be construed as alternatives to net income, determined in accordance with IFRS Accounting Standards, or as indicators of our financial performance or as measures of our liquidity and cash flows.

Calculation of Adjusted EBITDA (in thousands of dollars)	Years ended June 30,		
	2026	2025	2024
Net income (loss) from continuing operations	\$ 4,865	\$ (18,495)	\$ 18,767
Income tax expense (recovery)	3,371	(6,983)	978
Interest expense	9,080	10,010	7,126
Depreciation of property, plant and equipment	2,694	3,092	4,442
Depreciation of right-of-use assets	1,496	1,483	1,247
Amortization of deferred development costs	20,094	15,900	12,582
Amortization of intangible assets	2,744	2,842	2,653
EBITDA	44,344	7,849	47,795
Intangible asset impairment expense	—	6,949	—
Write-down (recovery) of inventory to net realizable value	4,031	8,274	(553)
Loss (gain) on sale of assets	12	65	(2,421)
Warrant expense (recovery)	247	(1,752)	2,024
Share-based compensation	1,648	1,855	1,033
Advisory fees	131	390	2,532
Restructuring costs	—	2,798	—
Settlement on software support costs	—	—	606
Adjusted EBITDA	\$ 50,413	\$ 26,428	\$ 51,016
Adjusted EBITDA margin (percentage of sales)	17.1%	9.5%	17.9%

Net Debt

The following table reconciles the cash and cash equivalents, revolving line of credit, current portion of long-term debt, and long-term debt reported in accordance with IFRS Accounting Standards as shown on the consolidated statements of financial position to our net debt. We believe that net debt is useful supplemental information for management and for our investors because it provides a measure of our net indebtedness after considering cash on hand, and provides insight into our overall liquidity and financial leverage.

Calculation of Net Debt (in thousands of dollars)	June 30,		
	2026	2025	2024
Revolving line of credit	\$ 13,768	\$ 33,938	\$ 51,732
Current portion of long-term debt ⁽¹⁾	12,847	8,336	2,433
Long-term debt ⁽¹⁾	22,116	19,927	15,399
	48,731	62,201	69,564
Less: cash and cash equivalents	(2,876)	(3,441)	(2,136)
Less: lease liabilities	(5,187)	(5,150)	(4,789)
Net debt	\$ 40,668	\$ 53,610	\$ 62,639

⁽¹⁾ Current and long-term debt includes lease liabilities on the consolidated statements of financial position.

Research and Development Expenditures

The following table reconciles research and development expenses reported in accordance with IFRS Accounting Standards as shown on the consolidated statements of comprehensive income (loss) to our actual cash research and development expenditures ("research and development expenditures"). We believe that research and development expenditures is useful supplemental information for management and for our investors because it provides for the analysis of our research and development spending exclusive of the effects of capitalization and amortization of deferred development costs.

Calculation of R&D Expenditures (in thousands of dollars)	Years ended June 30,		
	2026	2025	2024
R&D expense per consolidated statements of comprehensive income (loss)	\$ 50,426	\$ 45,316	\$ 43,080
Deferred development costs	32,840	30,716	26,862
Amortization of deferred development costs	(20,094)	(15,900)	(12,582)
Research and development expenditures	\$ 63,172	\$ 60,132	\$ 57,360
Percentage of sales	21.4%	21.6%	20.2%

Discontinued Operations

Discontinued Operations Income Data (in thousands of dollars except common share data)	Years ended June 30,		
	2026	2025	2024
Sales	\$ 7,405	\$ 7,813	\$ 6,742
Cost of sales	2,166	2,689	2,126
Gross profit	5,239	5,124	4,616
Operating expenses	6,776	4,186	3,822
Operating income (loss)	(1,537)	938	794
Net income (loss)	(1,691)	733	624
Net income (loss) per share – basic and diluted	\$ (0.07)	\$ 0.03	\$ 0.03
Other Data:			
Adjusted earnings (loss) per share	\$ (0.07)	\$ 0.04	\$ 0.03
Adjusted EBITDA	2,359	2,428	2,214
Research and development expenditures	\$ 1,560	\$ 1,444	\$ 1,369

6. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the years ended June 30, 2026 and 2025 in accordance with IFRS Accounting Standards. This information should be read in conjunction with those financial statements and their related notes as well as with the balance of this MD&A.

(in thousands of dollars except per share amounts)	Fiscal 2026				Fiscal 2025			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$ 90,969	\$ 62,940	\$ 71,879	\$ 69,170	\$ 66,668	\$ 61,733	\$ 69,476	\$ 80,173
Cost of sales	49,700	33,669	40,101	40,552	49,112	32,666	44,722	47,254
Gross profit	41,269	29,271	31,778	28,618	17,556	29,067	24,754	32,919
Operating expenses								
Research and development	12,565	13,175	12,887	11,799	11,723	11,240	11,002	11,351
Sales and marketing	9,197	8,360	9,062	8,481	9,422	7,855	6,957	9,188
General and administrative	6,724	6,493	6,305	6,114	6,217	6,508	6,886	7,349
Impairment expense	—	—	—	—	6,949	—	—	—
Restructuring costs	—	—	—	—	—	—	2,798	—
Share-based compensation	337	360	434	517	361	486	462	546
Other expense (income)	129	27	18	(27)	3	(2)	182	268
	28,952	28,415	28,706	26,884	34,675	26,087	28,287	28,702
Operating income (loss)	12,317	856	3,072	1,734	(17,119)	2,980	(3,533)	4,217
Finance expense	(2,215)	(1,816)	(2,132)	(2,900)	(3,242)	(2,032)	(2,335)	(2,377)
Foreign exchange gain (loss)	(421)	213	(1,362)	890	1,469	253	(4,271)	512
Income (loss) before income taxes	9,681	(747)	(422)	(276)	(18,892)	1,201	(10,139)	2,352
Income tax expense (recovery)	4,299	(235)	(347)	(346)	(5,596)	307	(2,161)	467
Net income (loss) from continuing operations	5,382	(512)	(75)	70	(13,296)	894	(7,978)	1,885
Net income (loss) from discontinued operations	(2,279)	266	188	134	92	288	93	260
Net income (loss)	3,103	(246)	113	204	(13,204)	1,182	(7,885)	2,145
Other comprehensive income (loss)	1,686	1,394	(1,173)	1,162	(4,464)	(786)	6,001	(912)
Comprehensive income (loss)	\$ 4,789	\$ 1,148	\$ (1,060)	\$ 1,366	\$ (17,668)	\$ 396	\$ (1,884)	\$ 1,233
Net income (loss) per share – basic and diluted								
Continuing operations	\$ 0.22	\$ (0.02)	\$ 0.00	\$ 0.00	\$ (0.55)	\$ 0.04	\$ (0.33)	\$ 0.08
Discontinued operations	(0.09)	0.01	0.00	0.01	0.00	0.01	0.01	0.01
Total	\$ 0.13	\$ (0.01)	\$ 0.00	\$ 0.01	\$ (0.55)	\$ 0.05	\$ (0.32)	\$ 0.09
Adjusted EBITDA	\$ 18,922	\$ 10,645	\$ 9,952	\$ 10,894	\$ 6,196	\$ 9,587	\$ (744)	\$ 11,389

Quarter-to-Quarter Sales Variances

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

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

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

7. Segmented Information

Sales

Segment	Three months ended June 30,		Years ended June 30,	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 80,135	\$ 58,051	\$ 249,899	\$ 237,909
Content Delivery and Storage	10,834	8,617	45,059	40,141
Sales	\$ 90,969	\$ 66,668	\$ 294,958	\$ 278,050

Three-Month Results

Total sales climbed to \$91.0 million in the fourth quarter of fiscal 2026, an increase of 36% from \$66.7 million in Q4 fiscal 2025, and a 45% increase from \$62.9 million in Q3 fiscal 2026. The record revenue result and significant year-over-year and quarter-over-quarter increases primarily reflect higher VBS segment sales driven by the sharp acceleration in large-scale DAA network deployments during the quarter, together with stronger CDS sales.

The Video and Broadband Solutions segment generated record fourth quarter revenue of \$80.1 million, an increase of 38% from \$58.1 million in Q4 fiscal 2025, and 53% higher than the \$52.2 million generated in Q3 fiscal 2026.

- Next-generation Entra products sales of \$77.3 million were 42% higher than the \$54.6 million generated in Q4 fiscal 2025, and increased 57% from \$49.3 million in Q3 fiscal 2026. The year-over-year increase reflects the ramp of Entra ERM3xx Remote-PHY module shipments under our new multi-year DOCSIS 4.0 agreement with Charter Communications' Spectrum, combined with continued growth in EN9000 GAP node deployments and record shipments of our SF-4X Optical fiber-access platform.
- Commercial Video products contributed sales of \$2.8 million, compared to \$3.4 million in Q4 fiscal 2025 and \$2.9 million in Q3 fiscal 2026. Results were in line with expectations and reflect the continued transition to next-generation platforms and the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, fourth quarter revenue of \$10.8 million was 26% higher than the \$8.6 million generated in Q4 fiscal 2025, and 1% higher than the \$10.7 million achieved in Q3 fiscal 2026. The year-over-year increase primarily reflects higher Managed IPTV product sales tied to installation and expansion activity with multiple customers, which more than offset a modest decline in service revenues. CDS segment sales for the fourth quarter of fiscal 2026 included \$4.9 million of product sales (Q4 fiscal 2025 - \$2.8 million) and \$5.9 million of services revenue (Q4 fiscal 2025 - \$5.8 million). As always, we note that quarterly sales fluctuations are typical for the CDS segment.

Twelve-Month Results

For the year ended June 30, 2026, we increased total sales by 6% to \$295.0 million, from \$278.1 million in fiscal 2025. The year-over-year growth reflects higher full-year VBS segment sales, driven by the fourth-quarter acceleration in Entra deployments, together with continued IPTV expansion in the CDS segment.

Full-year Video and Broadband Solutions sales grew to \$249.9 million, from \$237.9 million in fiscal 2025, an increase of 5%.

- Next-generation Entra products sales increased by 7% to \$237.9 million in fiscal 2026, from \$222.7 million in the previous year. This improvement was primarily driven by the fourth-quarter ramp of Entra ERM3xx Remote-PHY module shipments under our multi-year DOCSIS 4.0 agreement with Charter Communications' Spectrum, together with continued growth in EN9000 and SF-4X Optical fiber-access sales, partially offset by softer demand earlier in the fiscal year as customers continued to draw down existing inventory.
- Commercial Video products sales were \$11.8 million in fiscal 2026, compared to \$15.0 million in fiscal 2025. The year-over-year change was anticipated and reflects continued transition to next-generation platforms as well as the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, full-year sales grew to \$45.1 million, an increase of 12% from \$40.1 million in fiscal 2025. The year-over-year improvement primarily reflects continued growth in Managed IPTV installations and expansions across multiple customers throughout the year. CDS segment sales for the year included \$20.8 million of product sales (fiscal 2025 - \$15.9 million) and \$24.2 million of services revenue (fiscal 2025 - \$24.2 million).

Cost of Sales

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

Segment	Three months ended June 30,		Years ended June 30,	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 45,733	\$ 44,938	\$ 147,921	\$ 158,033
Content Delivery and Storage	3,967	4,174	16,101	15,721
Cost of sales	49,700	49,112	164,022	173,754
Recovery (write-down) of inventory to net realizable value	39	(6,956)	(4,006)	(8,428)
Cost of sales before net realizable value adjustments⁽¹⁾	\$ 49,739	\$ 42,156	\$ 160,016	\$ 165,326

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

Three-Month Results

For the three months ended June 30, 2026, total cost of sales was \$49.7 million, a 1% increase from \$49.1 million in Q4 fiscal 2025 and 48% higher than cost of sales of \$33.7 million in Q3 fiscal 2026. The modest year-over-year increase, despite a 36% increase in sales, reflects a substantially smaller write-down of inventory to net realizable value in the current period. Excluding the adjustments to inventory net realizable value, cost of sales increased in line with the higher sales volume, partially offset by a lower-cost product mix.

Fourth quarter cost of sales in the Video and Broadband Solutions segment increased by 2% to \$45.7 million, from \$44.9 million in Q4 fiscal 2025 and were 51% higher than the \$30.2 million recorded in Q3 fiscal 2026. The year-over-year increase primarily reflects a substantially smaller inventory write-down than the significant charge recorded in Q4 fiscal 2025, largely offset by higher sales volumes.

In the Content Delivery and Storage segment, fourth quarter cost of sales decreased by 5% to \$4.0 million, from \$4.2 million in Q4 fiscal 2025, but increased 16% from \$3.4 million in Q3 fiscal 2026. The year-over-year decrease in cost of sales, despite the 26% increase in segment sales, reflects a lower cost product mix.

Twelve-Month Results

For the year ended June 30, 2026, total cost of sales decreased by 6% to \$164.0 million, from \$173.8 million in fiscal 2025. The year-over-year decrease reflects a lower-cost product mix throughout the year and substantially smaller inventory write-downs compared to the significant charge recorded in fiscal 2025. Excluding the inventory net realizable value adjustments in both years, cost of sales increased modestly, in line with higher sales volumes.

Cost of sales in the Video and Broadband Solutions segment decreased 6% to \$147.9 million in fiscal 2026, from \$158.0 million in fiscal 2025. The year-over-year reduction primarily reflects a lower-cost product mix and substantially smaller inventory write-downs compared to the significant charge recorded in fiscal 2025.

Cost of sales in the Content Delivery and Storage segment increased 2% to \$16.1 million, from \$15.7 million in fiscal 2025. The modest year-over-year increase, which was well below the 12% growth in segment sales, reflects a lower-cost product mix within the segment.

Gross Profit and Gross Margin

Segment	Three months ended June 30,			Years ended June 30,	
	2026	2025		2026	2025
Gross profit					
Video and Broadband Solutions	\$ 34,402	\$ 13,113	\$	101,978	\$ 79,876
Content Delivery and Storage	6,867	4,443		28,958	24,420
Gross profit	\$ 41,269	\$ 17,556	\$	130,936	\$ 104,296
Gross margin					
Video and Broadband Solutions	42.9 %	22.6 %		40.8 %	33.6 %
Content Delivery and Storage	63.4 %	51.6 %		64.3 %	60.8 %
Gross margin	45.4 %	26.3 %		44.4 %	37.5 %
Adjusted gross margin					
Video and Broadband Solutions	42.6 %	34.5 %		42.5 %	36.3 %
Content Delivery and Storage	62.4 %	51.8 %		64.5 %	61.6 %
Adjusted gross margin	45.0 %	36.7 %		45.8 %	39.9 %

Three-Month Results

For the three months ended June 30, 2026, we generated total gross profit of \$41.3 million, an increase of 135% from \$17.6 million in Q4 fiscal 2025 and 41% higher than the \$29.3 million achieved in Q3 fiscal 2026. The year-over-year increase in gross profit reflects significantly higher VBS and CDS segment sales, combined with a substantially improved margin profile reflecting the absence of the large inventory write-down recorded in Q4 fiscal 2025. The quarter-over-quarter increase in gross profit dollars reflects the higher sales volume in the current quarter, partially offset by a slightly lower margin percentage. Fourth quarter gross margin increased to 45.4% (adjusted gross margin of 45.0%), from 26.3% (adjusted gross margin of 36.7%) in Q4 fiscal 2025 and 46.5% (adjusted gross margin of 50.0%) in Q3 fiscal 2026. The year-over-year improvement in gross margin reflects the absence of the significant inventory write-down and unfavorable product mix that weighed on Q4 fiscal 2025 results, combined with a larger proportion of higher-margin Entra Optical and software sales in the current quarter. The slight quarter-over-quarter decrease in gross margin reflects a modestly less favorable product mix within VBS as compared to Q3 fiscal 2026.

Video and Broadband Solutions segment gross profit for the fourth quarter was \$34.4 million (gross margin of 42.9%; adjusted gross margin of 42.6%), compared to \$13.1 million (gross margin of 22.6%; adjusted gross margin of 34.5%) in Q4 fiscal 2025 and \$22.0 million in Q3 fiscal 2026 (gross margin of 42.1%; adjusted gross margin of 46.2%). The year-over-year increase in gross profit dollars reflects substantially higher sales combined with a markedly improved margin profile, as the current quarter did not repeat the significant inventory write-down and unfavorable product mix that impacted Q4 fiscal 2025. The quarter-over-quarter increase reflects the higher sales volume in the current quarter, with gross margin percentage remaining broadly consistent with Q3 fiscal 2026.

In the Content Delivery and Storage segment, fourth quarter gross profit of \$6.9 million (gross margin of 63.4%; adjusted gross margin of 62.4%), compared to \$4.4 million (gross margin of 51.6%; adjusted gross margin of 51.8%) in the same period last year and \$7.3 million (gross margin of 68.0%; adjusted gross margin of 68.6%) in Q3 fiscal 2026. The 55% year-over-year increase in CDS gross profit reflects higher segment sales combined with a stronger margin percentage.

Twelve-Month Results

For the year ended June 30, 2026, gross profit increased to \$130.9 million, from \$104.3 million in fiscal 2025. The 26% year-over-year increase primarily reflects higher VBS and CDS segment margins, together with higher sales. Gross margin for the full year increased to 44.4% (adjusted gross margin of 45.8%), from 37.5% (adjusted gross margin of 39.9%) in fiscal 2025. The improvement in full-year results primarily reflects substantially smaller inventory write-downs in the current quarter compared to the significant charge recorded in fiscal 2025. The increase also reflects a higher-margin product mix, including increased sales in the higher-margin CDS segment, and growing contribution from higher-margin Entra Optical and software solutions. With our product mix continuing to normalize following the atypical conditions experienced in fiscal 2025, our gross margin percentage has returned to within our target range of 45% to 49%.

The Video and Broadband Solutions segment increased gross profit to \$102.0 million (gross margin of 40.8%; adjusted gross margin of 42.5%) in fiscal 2026, from \$79.9 million (gross margin of 33.6%; adjusted gross margin of 36.3%) in fiscal 2025. The 28% year-over-year increase in gross profit dollars is mainly attributed to a higher gross margin percentage on slightly higher sales, combined with substantially smaller inventory write-downs in the current quarter, compared to the significant charge recorded in fiscal 2025.

Content Delivery and Storage segment gross profit increased 19% to \$29.0 million (gross margin of 64.3%; adjusted gross margin of 64.5%) in fiscal 2026, from \$24.4 million (gross margin of 60.8%; adjusted gross margin of 61.6%) in fiscal 2025. The year-over-year improvement in gross profit dollars primarily reflects higher segment sales combined with a more favourable product mix, driven by continued growth in higher-margin IPTV, Dynamic Ad Insertion, and software solutions.

Operating Expenses

Segment	Three months ended June 30,			Years ended June 30,	
	2026	2025		2026	2025
Video and Broadband Solutions	\$ 22,702	\$ 28,623	\$	\$ 87,905	\$ 90,525
Content Delivery and Storage	6,250	6,052		25,052	27,226
Operating expenses	\$ 28,952	\$ 34,675	\$	\$ 112,957	\$ 117,751

Three-Month Results

For the three months ended June 30, 2026, total operating expenses decreased to \$29.0 million, from \$34.7 million in Q4 fiscal 2025 and \$28.4 million in Q3 fiscal 2026. As a percentage of sales, fourth quarter operating expenses decreased to 32%, from 52% in Q4 fiscal 2025.

Video and Broadband Solutions operating expenses were \$22.7 million, compared to \$28.6 million in Q4 fiscal 2025 and \$22.5 in Q3 fiscal 2026. The year-over-year decrease primarily reflects the absence of the \$6.9 million non-cash impairment charge recorded on certain deferred development assets in Q4 fiscal 2025 (as noted below), partially offset by higher deferred development cost amortization and increased research and development spending following the Falcon V Systems S.A. ("Falcon V") acquisition. The quarter-over-quarter increase primarily reflects higher deferred development cost amortization and increased sales and marketing costs to support the higher-volume quarter.

Content Delivery and Storage operating expenses increased to \$6.3 million in Q4 fiscal 2026, from \$6.1 million in the same period of fiscal 2025 and \$5.9 million in Q3 fiscal 2026. The year-over-year and quarter-over-quarter increases primarily reflect higher sales commissions and variable compensation associated with the segment's strong revenue growth, together with continued investment in Dynamic Ad Insertion and Open CDN development.

Research and development expenses for Q4 fiscal 2026 were \$12.6 million, or 14% of sales, compared to \$11.7 million, or 18% of sales in the same period of fiscal 2025. The year-over-year increase primarily reflects higher deferred development cost amortization as more of our historical development investments, including EN3400 and vCMTS, moved into commercial production, partially offset by higher capitalized development costs. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods.

Sales and marketing expenses decreased slightly to \$9.2 million, or 10% of sales in Q4 fiscal 2026, from \$9.4 million, or 14% of sales in the same period last year. The year-over-year decrease, despite significantly higher sales volumes in the current quarter, reflects the operating leverage in our sales and marketing cost base and continued discipline in variable selling costs.

General and administrative expenses increased to \$6.7 million, or 7% of sales, from \$6.2 million or 9% of sales in Q4 fiscal 2025. The year-over-year increase primarily reflects higher commissions expense pursuant to the 36% increase in fourth quarter sales.

Impairment expense was \$nil in Q4 fiscal 2026, compared to \$6.9 million in Q4 fiscal 2025. The fiscal 2025 charge reflected the reassessment of the long-term value of certain historical expenditures associated with ultimately less industry-favored variants of cable and fiber access solutions that were subsequently replaced with alternative solutions. No similar assessment was required in the current-year period.

Stock-based compensation expense decreased to \$0.3 million in Q4 fiscal 2026, from \$0.4 million in Q4 fiscal 2025. The year-over-year decrease reflects lower grant date fair value vesting for PSUs in the current-year period compared to the prior-year period.

Other expense was \$0.1 million in Q4 fiscal 2026, compared to \$nil in Q4 fiscal 2025, reflecting advisory fees related to the sale of the Telematics business in the Q1 fiscal 2027.

Twelve-Month Results

For the year ended June 30, 2026, total operating expenses decreased to \$113.0 million, from \$117.8 million in fiscal 2025. The \$4.8 million year-over-year decrease primarily reflects the absence of the \$6.9 million impairment charge and the \$2.8 million of restructuring costs recorded in fiscal 2025, which did not recur in fiscal 2026. This decrease was partially offset by higher deferred development cost amortization and a full year of Falcon V operating costs in fiscal 2026. As a percentage of sales, full-year operating expenses decreased to 38%, from 42% in fiscal 2025.

Video and Broadband Solutions operating expenses decreased to \$87.9 million in fiscal 2026, from \$90.5 million in fiscal 2025. The \$2.6 million decrease primarily reflects the absence of the \$6.9 million impairment charge and the majority of restructuring costs recorded in fiscal 2025, partially offset by higher research and development costs from a full year of Falcon V operations and increased deferred development amortization.

Content Delivery and Storage operating expenses decreased to \$25.1 million, from \$27.2 million in fiscal 2025. The \$2.2 million decrease primarily reflects the absence of restructuring costs recorded in fiscal 2025, combined with lower shared service allocations.

Research and development expenses for fiscal 2026 increased to \$50.4 million, or 17% of sales, from \$45.3 million, or 16% of sales in fiscal 2025. The \$5.1 million increase primarily reflects a full year of research and development costs related to the Falcon V operations acquired in the second quarter of fiscal 2025, combined with higher deferred development cost amortization as more legacy development programs moved into commercial production, partially offset by higher capitalized development costs. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for fiscal 2026 increased to \$63.2 million, or 21% of sales, from \$60.1 million, or 22% of sales in the same period of fiscal 2025. This increase reflects the impact of the acquired Falcon V operations, combined with increased prototyping and software and licensing costs as our next-generation products move closer to commercial deployment.

Sales and marketing expenses increased to \$35.1 million, or 12% of sales in fiscal 2026, from \$33.4 million, or 12% of sales in fiscal 2025. The year-over-year increase reflects higher freight and shipping expenses to support the higher volume of shipments in the fourth quarter, but was modest relative to the growth in sales, reflecting continued discipline in variable selling costs.

General and administrative expenses decreased to \$25.6 million, or 9% of sales in fiscal 2026, from \$27.0 million, or 10% of sales in fiscal 2025. The year-over-year decrease primarily reflects lower professional fees and subcontractor expenses, combined with the operating leverage from higher full-year sales, partially offset by higher amortization of intangible assets related to the Falcon V acquisition consummated in Q2 Fiscal 2025.

Impairment expense was \$nil in fiscal 2026, compared to \$6.9 million in fiscal 2025. The fiscal 2025 charge reflected a reassessment of the long-term value of certain historical development expenditures associated with less industry-favored variants of cable and fiber access solutions that were subsequently replaced with alternative solutions. No such reassessment was required in fiscal 2026.

Restructuring costs were \$nil in fiscal 2026, compared to \$2.8 million in fiscal 2025, reflecting the workforce reduction initiated in the second quarter of fiscal 2025 in response to market conditions at that time. No similar restructuring activity occurred in fiscal 2026.

Stock-based compensation expense was \$1.6 million in fiscal 2026, compared to \$1.9 million in fiscal 2025. The year-over-year decrease reflects lower grant date fair value vesting on PSUs in the current year compared to fiscal 2025.

Other expense was \$0.1 million in fiscal 2026, compared to \$0.5 million in fiscal 2025. The year-over-year decrease primarily reflects the absence of Falcon V acquisition-related costs incurred in fiscal 2025, partially offset by advisory fees related to the planned sale of the Telematics business incurred in the fourth quarter of fiscal 2026.

Operating Income (Loss)

Segment	Three months ended June 30,		Years ended June 30,	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 11,700	\$ (15,510)	\$ 14,073	\$ (10,649)
Content Delivery and Storage	617	(1,609)	3,906	(2,806)
Operating income (loss)	\$ 12,317	\$ (17,119)	\$ 17,979	\$ (13,455)

Three-Month Results

We grew operating income to \$12.3 million in Q4 fiscal 2026, from a loss of \$17.1 million in Q4 fiscal 2025. The \$29.4 million improvement primarily reflects higher VBS segment sales, combined with lower impairment expense and inventory allowances as compared to the same period in fiscal 2025.

The Video and Broadband Solutions segment grew fourth quarter operating income to \$11.7 million, from an operating loss of \$15.5 million in Q4 fiscal 2025. The year-over-year increase primarily reflects the acceleration in large-scale DAA network deployments, combined with lower impairment expense and inventory allowances as compared to the same period in fiscal 2025.

Content Delivery and Storage generated operating income of \$0.6 million in the fourth quarter of fiscal 2026, as compared to an operating loss of \$1.6 million in the same period of fiscal 2025. The year-over-year improvement primarily reflects higher sales and gross margins, partially offset by slightly higher operating costs.

Finance expense decreased considerably to \$2.2 million in the fourth quarter, from \$3.2 million in Q4 fiscal 2025. This decrease was primarily tied to lower factoring costs and decreased interest on our revolving line of credit.

Foreign exchange loss for the fourth quarter was \$0.4 million, compared to a gain of \$1.5 million in the same period of fiscal 2025. Foreign exchange losses resulted from a weakening Canadian dollar and its impact on outstanding U.S.-denominated accounts payable.

Income tax expense increased to \$4.3 million in Q4 fiscal 2026, from income tax recovery of \$5.6 million in Q4 fiscal 2025, reflecting an increase in income before taxes.

Net income for Q4 fiscal 2026 grew to \$5.4 million or \$0.22 per share, from a net loss of \$13.3 million or \$0.55 per share in Q4 fiscal 2025.

Other comprehensive income increased to \$1.7 million in Q4 fiscal 2026, from other comprehensive loss of \$4.5 million in the same period in fiscal 2025. The improvement reflects the favourable impact of a weakening Canadian dollar on U.S. net assets.

Comprehensive income for Q4 fiscal 2026 increased to \$4.8 million, from a comprehensive loss of \$17.7 million in Q4 fiscal 2025, reflecting the changes described above.

Twelve-Month Results

For the year ended June 30, 2026, we increased total operating income to \$18.0 million, from an operating loss of \$13.5 million in fiscal 2025. The \$31.4 million increase primarily reflects higher VBS segment sales, combined with lower impairment expense and inventory allowances as compared to the same period in fiscal 2025.

The Video and Broadband Solutions segment grew operating income to \$14.1 million in fiscal 2026, from an operating loss of \$10.6 million in fiscal 2025. The increase primarily reflects the acceleration in large-scale DAA network deployments, combined with lower impairment expense and inventory allowances as compared to the same period in fiscal 2025.

Content Delivery and Storage recorded operating income grew to \$3.9 million in fiscal 2026, from an operating loss of \$2.8 million in fiscal 2025. This improvement reflects higher sales combined with lower support costs.

Finance expense decreased to \$9.1 million in fiscal 2026, from \$10.0 million in fiscal 2025, reflecting lower interest costs associated with the revolving line of credit and reduced accounts receivable factoring costs.

Foreign exchange loss was \$0.7 million in fiscal 2026, compared to \$2.0 million in fiscal 2025. The year-over-year change reflects a decrease in realized losses on the settlement of US denominated liabilities as compared to fiscal 2025.

Income tax expense was \$3.4 million in fiscal 2026, compared to an income tax recovery of \$7.0 million in fiscal 2025.

Net income from continuing operations for fiscal 2026 grew to \$4.9 million or \$0.20 per share, from a net loss from continuing operations of \$18.5 million or \$0.76 per share in fiscal 2025.

Other comprehensive income increased to \$3.1 million in fiscal 2026, from \$0.2 million in the prior-year. The increase reflects the favourable impact of a weakening Canadian dollar on U.S. net assets.

Comprehensive income for fiscal 2026 was \$6.2 million, compared to a loss of \$17.9 million in fiscal 2025. The year-over-year increase in comprehensive income was due to the changes described above.

8. Liquidity and Capital Resources

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

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

Operating Activities

For the three months ended June 30, 2026, cash flow provided by operating activities grew to \$24.8 million, from \$18.9 million in the three months ended June 30, 2025. The \$5.9 million increase reflects a \$15.8 million increase in operating cash flow, offset by a \$9.9 million decrease in net working capital.

For the year ended June 30, 2026, cash flow provided by operating activities was \$57.8 million, compared to \$53.4 million for the year ended June 30, 2025. The \$4.4 million improvement reflects a \$30.9 million increase in operating cash flow, offset by a \$26.5 million decrease in net working capital.

Investing Activities

For the three months ended June 30, 2026, cash flow used in investing activities increased to \$10.0 million from \$9.2 million in the same period last year. This increase reflects deferred development expenditures of \$9.0 million (Q4 fiscal 2025 - \$8.3 million) and the purchase of property, plant and equipment of \$0.7 million (Q4 fiscal 2025 - \$0.6 million).

For the year ended June 30, 2026, cash flow used in investing activities increased slightly to \$37.3 million from \$36.6 million in fiscal 2025. This change reflects increased deferred development expenditures of \$32.4 million (fiscal 2025 - \$29.5 million) and the purchase of property, plant and equipment of \$3.9 million (fiscal 2025 - \$2.3 million), offset by net cash payments on business combinations of \$nil in the current year (fiscal 2025 - \$3.9 million).

Financing Activities

For the three months ended June 30, 2026, cash flow used in financing activities increased to \$15.1 million from \$8.1 million in Q4 fiscal 2025. The increase reflects EDC loan proceeds of \$6.0 million received in the prior-year period, offset by repayments of \$1.3 million on our EDC loan in the current year (Q4 fiscal 2025 - \$nil).

For the year ended June 30, 2026, cash flow used in financing activities increased to \$20.5 million from \$14.7 million in fiscal 2025. The increase reflects net repayments on our revolving line of credit of \$20.2 (fiscal 2025 - \$17.8 million), repayments of \$2.3 million on our EDC loan (fiscal 2025 - \$nil), and shareholder loan proceeds of \$5.0 million received in the prior year, offset by EDC loan proceeds of \$10.0 million received in the current year (fiscal 2025 - \$6.0 million).

Working Capital

Working capital represents current assets less current liabilities. Our working capital increased to \$62.6 million at June 30, 2026, from \$51.2 million at June 30, 2025. We note that our working capital balances can be subject to significant swings from quarter to quarter. Our product shipments can be "lumpy", reflecting the requirements of our major customers. It is not unusual to ship \$5 to \$6 million of product in a one-week period. If this level of sales occurs in the first week of a succeeding quarter, we would expect to experience an increase in inventory levels and a drop in receivables in the prior quarter. Other timing issues, like contracts with greater than 30-day payment terms, also affect working capital, particularly if shipments are back-end weighted for a quarter.

Accounts receivable balance increased to \$30.8 million at June 30, 2026, from \$23.9 million at June 30, 2025.

Inventories decreased by \$18.2 million to \$92.4 million at June 30, 2026, from \$110.6 million as at June 30, 2025. Finished goods inventories decreased to \$27.5 million at June 30, 2026, from \$29.3 million at June 30, 2025. Raw material inventory decreased to \$50.6 million at June 30, 2026, from \$73.1 million at June 30, 2025. Work-in-progress inventories increased to \$14.3 million as at June 30, 2026, from \$8.2 million at June 30, 2025. We manufacture and assemble products with the result that inventory levels will be substantially higher than other companies in the industry that outsource manufacturing and assembly.

Prepaid expenses and other current assets balance increased to \$8.5 million at June 30, 2026, from \$6.7 million at June 30, 2025.

Investment tax credits decreased to \$20.7 million at June 30, 2026, from \$22.2 million at June 30, 2025. 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.

Assets held for sale of \$10.3 million and liabilities directly associated with assets held for sale of \$1.0 million at June 30, 2026 (June 30, 2025 - \$nil) relate to the Telematics disposal group and are included within total current assets and total current liabilities, respectively (see Note 5 of the consolidated financial statements). These balances did not exist as at June 30, 2025 and were settled in cash upon closing of the sale on July 31, 2026, subsequent to year-end.

Accounts payable and accrued liabilities increased to \$46.1 million at June 30, 2026, from \$37.7 million at June 30, 2025.

Financial liabilities, including the current portion, were \$0.5 million at June 30, 2026, as compared to \$0.3 million as at June 30, 2025, reflecting an increase in share price which impacted the valuation of customer-based warrants.

Long-term debt, including the current portion and lease liabilities, increased to \$35.0 million at June 30, 2026, from \$28.3 million at June 30, 2025, reflecting the receipt of a \$10.0 million third-party loan in the first quarter of fiscal 2026.

Revolving Line of Credit

As at June 30, 2026, we had an authorized line of credit of \$75.0 million (June 30, 2025 - \$75.0 million), subject to a general security agreement limit as described below, of which \$41.1 million was available and \$13.8 million was drawn (June 30, 2025 - \$50.0 million available and \$33.9 million drawn). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable plus 40% of the value, up to \$42,500, of certain inventory. Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding U.S. and Canadian denominated balances. The Canadian prime rate as at June 30, 2026 was 4.45% (June 30, 2025 - 4.95%) while the U.S. prime rate was 6.75% (June 30, 2025 - 7.50%).

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2026, we were in compliance with all covenants related to the line of credit.

Factoring Programs

Accounts Receivable

As at June 30, 2026, we had a factoring arrangement with a major customer and a U.S. chartered bank, through which we could elect to expedite our accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on our consolidated statements of comprehensive income (loss). During the year ended June 30, 2026, we recognized an accounts receivable factoring cost of \$4.9 million (June 30, 2025 - \$5.2 million) in accordance with the factoring arrangement. As at June 30, 2026, \$3.8 million of outstanding accounts receivable were selected for factoring and were received in July 2026 (June 30, 2025 - \$0.1 million received in July 2025). These amounts were included in accounts receivable as at June 30, 2026 and 2025.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
November 10, 2025	\$0.055	November 28, 2025	December 22, 2025
February 10, 2026	\$0.055	February 27, 2026	March 23, 2026
May 11, 2026	\$0.055	May 29, 2026	June 22, 2026
September 22, 2026	\$0.055	October 16, 2026	November 9, 2026

Contractual Obligations

As at June 30, 2026, lease liabilities reported in our consolidated statements of financial position were \$5.2 million. Our lease liabilities do not include short-term leases and low-value asset leases, as permitted under IFRS 16, and are of nominal value.

As at June 30, 2026, our undiscounted future cash payments in respect of our lease liabilities were as follows: due within one year is \$1.6 million; and due between two-to-five years is \$4.0 million.

As at June 30, 2026, contractual purchase obligations to certain contract manufacturers due within a year that are not recognized as liabilities were \$22.8 million (June 30, 2025 - \$26.9 million). Related inventory deposits paid to these contract manufacturers and classified as prepaid expenses were \$3.0 million (June 30, 2025 - \$2.0 million).

Foreign Exchange

Approximately 97% of our revenues are denominated in U.S. dollars ("USD"). We translate USD to CAD 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 USD, we will receive more CAD when the USD are converted to CAD in subsequent months. We also enjoy a natural hedge since the majority of our materials and components purchases are in USD.

As at June 30, 2026, the exchange rate on the Canadian dollar relative to the U.S. dollar weakened to \$1.421 from \$1.368 as at June 30, 2025. This \$0.05 exchange difference increased the value of our \$62.1 million U.S. dollar net assets by approximately \$3.3 million CAD.

Financial Instruments

We periodically enter into forward contracts to partially manage our exposure to currency fluctuations between CAD and USD. Forward contracts are entered into based on our projected requirements for converting USD. to CAD. 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 June 30, 2026, we held 2 forward foreign exchange contracts which are classified as Level 2 liabilities and included in accounts payable and accrued liabilities.

Sale of Telematics Business

Subsequent to year-end, on July 31, 2026, we completed the sale of our Telematics business for total cash consideration of \$16.5 million, subject to customary working capital adjustments, of which \$14.5 million was received on closing and the remaining \$2.0 million is receivable by the end of calendar 2026. We expect to use the net proceeds to further reduce debt and fund the working capital requirements of our continuing operations. See Note 5 of the consolidated financial statements for further information.

9. Off-Balance Sheet Arrangements

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

10. Transactions Between Related Parties

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

We had the following related party transactions in fiscal 2026:

Building Lease

We entered into a building lease on August 1, 2022 with one of our principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2026, total lease payments, including interest, were \$nil (June 30, 2025 - \$0.1 million). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholder and therefore, no longer subject to a related party relationship.

Shareholder Loan

We received a shareholder loan in the second quarter of fiscal 2025 of \$5.0 million from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.95% plus 4.30% and is collateralized by a general security agreement. During the year ended June 30, 2026, we incurred \$0.4 million of interest expense pursuant to the shareholder loan (June 30, 2025 - \$0.3 million). The loan agreement was executed at arms length, approximates fair value and will be used to fund short-term working capital requirements. Subsequent to year-end, we repaid the \$5.0 million shareholder loan in full.

There were no other related party transactions in fiscal 2026.

11. Proposed and Completed Transactions

We continually review potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value. We also consider divestitures that align with our strategies and generate shareholder value.

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

On July 7, 2026, we announced an agreement to sell our Telematics mobile and fixed-asset tracking business, including the Nero Global Tracking software, to Lantronix, Inc. The transaction closed on July 31, 2026 for total cash consideration of \$16.5 million, subject to customary working capital adjustments, comprised of \$14.5 million received on closing and \$2.0 million payable by the end of calendar 2026. As the Telematics business met the criteria for classification as held for sale and as a discontinued operation, in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, its assets, liabilities, and results of operations have been presented accordingly in our consolidated financial statements as at and for the year ended June 30, 2026. See Note 5 of the consolidated financial statements for additional information, including summarized results and the composition of the disposal group.

On September 18, 2026, we completed the acquisition of certain software assets and related intellectual property from Akleza, Inc. The acquired assets include a network analytics platform used by industry participants to identify and diagnose operational performance issues, which is expected to complement and enhance our existing product portfolio.

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

12. Critical Accounting Estimates

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

Functional currency

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

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

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

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

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

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

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

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

Revenue from contracts with customers and deferred revenue

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

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

Deferred development costs

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

Impairment of non-financial assets

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

Share-based compensation

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

There were no grants in fiscal 2026. In fiscal 2025, assumptions within the Black-Scholes option-pricing model used for estimating fair value for share-based compensation are as follows:

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

Income taxes

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

Leases

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

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

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

Other areas

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

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

13. Accounting Pronouncements and Standards

Adoption of amendments to accounting standards

The following amended standards and interpretations issued by the IASB were adopted in fiscal 2026:

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates", to clarify the requirements for determining whether a currency is exchangeable into another currency and the accounting requirements when a currency is not exchangeable. The amendments are effective for annual periods beginning on or after January 1, 2025. The adoption of these amendments did not have a material impact on our financial statements.

Recent accounting pronouncements

The following new and amended standards and interpretations issued by the IASB is effective after our June 30, 2026 year-end date and have not yet been adopted by us:

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued "Annual Improvements to IFRS Accounting Standards – Volume 11". The amendments include narrow-scope amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 intended to clarify wording, correct minor unintended consequences and improve consistency in the application of the standards. The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. We are currently evaluating the impact of the amendments on the consolidated financial statements.

14. Disclosure Controls and Procedures

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

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of our disclosure controls and procedures as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as at June 30, 2026.

15. Internal Control over Financial Reporting

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

Our CEO and CFO have evaluated the effectiveness of the internal control over financial reporting as at June 30, 2026 in accordance with Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our CEO and CFO have determined that the internal control over financial reporting is effective as at June 30, 2026. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2025 and ended on June 30, 2026 that has materially affected, or is reasonably likely to materially affect our internal controls on financial reporting.

16. Legal Proceedings

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

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

17. Risks and Uncertainties

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

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

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

While we maintain multi-layered security controls and engage with third-party providers that implement security controls, no system, product or service is immune from cybersecurity threats. We continue to invest in enhancing our cyber defense posture, including resilience, detection, monitoring, vulnerability management, incident response and recovery capabilities. Our employees are also required to participate in ongoing security awareness training. As threat vectors evolve rapidly, we may need to commit additional resources to update, strengthen or maintain these capabilities.

A successful cyberattack or other security incident could materially adversely affect our business, financial condition and results of operations. Threat actors are using increasingly advanced techniques, including those augmented by artificial intelligence, which can evade traditional detection methods, automate or scale attacks, exploit software vulnerabilities, generate more persuasive phishing or social-engineering attempts, and remain dormant until triggered. Such methods may make it more difficult to anticipate, detect and respond to cybersecurity incidents.

Third-party risks remain a significant concern, particularly where we rely on integrated systems or data sharing arrangements with vendors, service providers, cloud platforms, contract manufacturers and other supply-chain participants. Although we seek to address cybersecurity and data privacy risks through contractual provisions, vendor diligence and, where appropriate, security requirements or equivalent controls, these efforts do not guarantee protection against breaches from third-party sources. Vulnerabilities in third-party software, inadequate vendor security controls, supply-chain compromises, cloud or hosting failures, or other operational failures could result in the compromise of the confidentiality, integrity or availability of our systems, products, services or data, including data housed in third-party solutions.

In the event of a security breach or other material cybersecurity incident, we could be subject to public scrutiny, regulatory action, litigation, contractual claims, loss of customer trust, loss of trust from third parties with whom we conduct business, or adverse impacts on the market perception of our effectiveness. The failure of our information and technology systems or disaster recovery plans could also cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, customer data, network data, telemetry, support information and other confidential information. Such outcomes could have a material adverse effect on our business, financial condition and results of operations.

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

Changes in international trade policy, geopolitical instability and disruptions to energy, shipping or commodity markets may materially and adversely affect us.

Our operations rely on cross-border sourcing and shipments of electronic components, semiconductors, memory components, sub-assemblies, servers, finished network equipment and related services. Trade actions and countermeasures, including new, increased or retaliatory tariffs, quotas, export controls, sanctions, domestic-sourcing requirements, changes to customs enforcement, rules of origin, CUSMA eligibility, forced-labor import restrictions and other trade compliance requirements, can be introduced, expanded, modified or withdrawn with little notice.

These measures may increase material, logistics and compliance costs; delay or disrupt deliveries and product deployments; require re-sourcing of suppliers or contract manufacturers; compress pricing and margins under fixed-price or multi-year customer agreements; increase foreign exchange volatility; and affect customer purchasing decisions or deployment timelines. We cannot predict the scope, timing, duration or impact of actions by the United States, Canada or other jurisdictions relevant to our supply chain, customers or end markets. Prolonged uncertainty or escalation could materially affect our revenues, gross margins, cash flows and overall financial condition.

Geopolitical instability, armed conflict, military escalation, sanctions, countermeasures or disruptions to strategic trade corridors may also affect our business directly or indirectly. Conflicts or instability in regions such as the Middle East may increase energy prices, shipping and logistics costs, insurance costs, commodity prices, inflation, interest rates, foreign exchange volatility, supplier costs and customer capital spending uncertainty. Disruptions to key shipping routes, energy markets or global supply chains, including any disruption affecting the Strait of Hormuz or other strategic trade corridors, could increase costs, delay deliveries, constrain component availability, affect customer deployment timelines and materially adversely affect our margins, cash flows and results of operations.

Disruptions, shortages, obsolescence or cost increases affecting components, suppliers or contract manufacturers, including AI-driven demand for memory components, may materially and adversely affect us.

We depend on third-party suppliers, contract manufacturers and logistics providers for electronic components, semiconductors, memory components, sub-assemblies, servers, finished goods and related services used in our products. Certain components may be available from a limited number of suppliers, may have long procurement lead times, may be subject to allocation, obsolescence, end-of-life notices, quality issues, cybersecurity concerns, forced-labor import restrictions, export controls, tariffs or other trade restrictions. Any inability to obtain components or manufacturing capacity on acceptable terms, or at all, could delay customer deployments, increase costs, require product redesigns or requalification, affect warranty or support obligations, impair our ability to satisfy purchase orders or contractual commitments, and adversely affect revenues, margins, customer relationships and results of operations.

Demand for memory components, including DRAM, NAND, SSDs and other memory or storage components, has increased and may continue to increase due to the rapid growth of artificial intelligence infrastructure, data centers and related computing applications. This demand may reduce availability, lengthen lead times, increase prices, or shift supplier capacity away from components used in our products, servers, contract manufacturing, testing equipment or customer deployments. Any resulting shortages, allocation, price increases or inability to secure memory components on acceptable terms could increase our costs, delay production or shipments, require product redesign or requalification, affect our ability to satisfy customer orders or support obligations, and materially adversely affect our margins, revenue, customer relationships and results of operations.

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

The exploration, procurement, development, deployment or use of artificial intelligence (“AI”), including machine learning, generative AI and agentic AI, may expose us to new and evolving risks that could materially adversely affect our business, financial condition and results of operations. We are evaluating and, in certain cases, may use or integrate AI-enabled tools and capabilities across our operations, products or support functions.

The integration of AI into our business carries operational, legal, technical, regulatory and reputational risks. There can be no assurance that AI initiatives will perform as intended, be cost effective, or deliver competitive advantages. AI-enabled tools may produce inaccurate, incomplete, biased, unreliable or untested outputs, and inappropriate reliance on such outputs could result in operational errors, product issues, customer dissatisfaction, compliance concerns or reputational harm. Any failure by us to implement AI capabilities as efficiently or successfully as competitors could also result in a relative loss of market position or commercial opportunity.

Customers, regulators or industry standards may increasingly require assurances regarding the security, explainability, testing, data governance, reliability, oversight or responsible use of AI-enabled features, tools or processes. The regulatory landscape surrounding AI is evolving in Canada and internationally, and existing or future laws and standards may impose requirements relating to governance, risk management, documentation, transparency, human oversight, vendor management, impact assessment, intellectual property, cybersecurity and accountability. Ensuring compliance with applicable or emerging requirements could require significant legal, operational and technology investments. Failure to meet applicable standards could result in investigations, fines, litigation, contractual disputes or reputational harm.

AI adoption also presents data privacy, cybersecurity, confidentiality and intellectual property risks. Training or fine-tuning models on third-party or public content may raise licensing, database, confidentiality or derivative-works issues, and generative outputs may inadvertently infringe third-party rights, incorporate personal information or disclose confidential or proprietary information. Employee use of public AI tools may lead to unauthorized disclosure of confidential or proprietary information. Reliance on third-party AI vendors or cloud models may create additional security, data transfer, data residency, vendor lock-in, contractual and operational risks.

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

We may conduct business, directly or indirectly, in jurisdictions or with counterparties that present elevated risks relating to corruption, sanctions, export controls, money laundering, terrorism financing, sanctions circumvention or other unlawful activity. We are required to comply with applicable anti-bribery, anti-corruption, sanctions, export control and anti-money laundering laws, including the Canadian Corruption of Foreign Public Officials Act, Canada's sanctions and export control regimes, and comparable laws in other jurisdictions in which we do business.

Our policies, procedures, contractual protections, screening processes, diligence efforts and internal controls may not prevent all violations or alleged violations, particularly where we rely on third-party representatives, distributors, resellers, suppliers, logistics providers or other business partners. Changes in sanctions, export controls or enforcement priorities may also restrict our ability to transact with certain counterparties, supply certain products, source components, ship products or receive payment.

Any actual or alleged violation by us, our directors, officers, employees, agents or business partners could result in government investigations, regulatory proceedings, criminal or civil penalties, disgorgement, injunctions, debarment from government contracts, restrictions on exports or imports, reputational harm and other remedial measures. Any of the foregoing could materially adversely affect our business, results of operations and financial condition.

18. Outstanding Share Data

As at September 22, 2026, we had 24,314,594 common shares outstanding as well as stock options outstanding that are exercisable for an additional 37,000 common shares, performance share units outstanding that are exercisable for an additional 543,657 common shares, and customer-based warrants outstanding that are exercisable for an additional 220,000 common shares.

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by 684739 B.C. Ltd. (the "Principal Shareholder") which is beneficially owned by Dr. Surinder Kumar, Sumit Kumar and Saket Kumar. As at June 30, 2026, the Principal Shareholder collectively owned approximately 56% of Vecima's common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

19. Additional Information

Financial Governance

Our management is responsible for the preparation and presentation of the interim condensed 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 interim condensed consolidated financial statements and the MD&A, after receiving the recommendation of the Audit Committee, which is composed of three directors, all of whom are independent.

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

Forward-Looking Information

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

Forward-looking information in this MD&A includes, but is not limited to, statements that: we anticipate multiple top-tier and mid-tier players to engage in further large-scale deployments of DAA over the next several years, and that DAA upload speeds will grow to 6 Gbps in the future; we will continue to pursue profitable growth both organically and, when appropriate, through value-enhancing strategic acquisitions; we anticipate upcoming field trials of our vCMTS solution with Cox, our initial Tier 1 North American vCMTS customer; our DAA partnership with Teleste is expected to extend our vCMTS addressable market across Teleste's European operator base; our partnership with Furukawa Electric is expected to deliver next-generation fiber-to-the-home products for Japan's broadband market; a major Tier 1 North American operator expects to deploy our TerraceIQ Commercial

Video solution across its networks; our in-house advertising workflow manager is expected to improve Dynamic Ad Insertion product margins and establish a platform for future development; the software assets and related intellectual property acquired from Akleza, Inc. are expected to complement and enhance our existing product portfolio; our target gross margin range of 45% to 49%; we believe that our current working capital position, access to loan facilities and anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future. Forward-looking information also includes our Strategy, our Industry Developments and our Outlook in this MD&A.

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

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: higher import duties on key raw materials and finished goods may raise production and procurement costs; disruptions in supply chains may lead to significant operational challenges; our statement of financial position, as well as the value of our core technologies, changes in trade policies could lead to delays, higher costs, and potential shortages of critical components; potential countermeasures between United States, Canada, China, and Mexico could impact our ability to export goods or maintain competitive pricing in those markets; business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from the exercise of stock options or settlement of performance share units; liquidity of common shares; our share price shall fluctuate; we may be unable to deliver products associated with key contracts; failure to manage our business or growth successfully may adversely affect our operating results; if we cannot meet our customers' requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; we continue to adapt content delivery products to add features allowing deployments to cable, IPTV, and Internet CDN providers to enable multi-screen video delivery; the failure to execute on this transition or execute quickly enough, may adversely affect our business; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for our products would be more limited than we currently believe; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders generally large in volume, while availability of parts and production capacity can influence the timing of product deliveries; our operations depend on information technology systems, which may be disrupted or may not operate as desired; our ability to recruit and retain management and other qualified personnel is crucial to our business; if we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected; our reliance on third party suppliers and contract manufacturers reduces our control over our performance; if our intellectual property is not adequately protected, we may lose our competitive advantage; failure to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or

commercial opportunity; adoption of AI may not yield benefits to the extent anticipated, if at all; we utilize open source software, which could enable our competitors to gain access to our source code and distribute it without paying us any license fees; we have software license agreements covering the use of our software as combined with software provided by specific key integrated circuit vendor(s) and the associated integrated circuits provided by those vendor(s), failure to maintain these agreements or maintain them with commercially reasonable terms could limit our ability to market certain products and affect our business; successful warranty or product liability claims could harm our business; acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders; there are risks associated with our international operations; impacts to trade relationships between the United States and China may adversely affect Vecima's profitability; currency fluctuations may adversely affect us; changes in interest rates on debt securities may adversely affect us; growth in our key markets may not continue; our inability to adapt to technological change, new products and standards could harm our business; increased competition could have an adverse effect on our business; competition from new or existing technologies may adversely affect our business; the cable and telecommunications industries are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Vecima's business; government regulation of our products and new government regulation could harm our business; third parties may allege that we infringe on their intellectual property; we may be subject to liability if private information supplied to our customers is misused; and epidemics, pandemics or other public health crises. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties" above and under the heading "Risk Factors" in our Annual Information Form for our most recently completed fiscal year, as well as in our continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca.

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The consolidated financial statements, for the year ended June 30, 2026, have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.

/s/ "Sumit Kumar"

Sumit Kumar

Chief Executive Officer

DATE: September 22, 2026

/s/ "Judson Schmid"

Judson Schmid

Chief Financial Officer

DATE: September 22, 2026

Independent auditor's report

To the Shareholders of Vecima Networks Inc.

Opinion

We have audited the consolidated financial statements of Vecima Networks Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting standards ("IFRS").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements

Key audit matters

Recoverability of deferred development costs

As discussed in Notes 2, 3 and 13 to the consolidated financial statements, development costs incurred by the Company are capitalized and deferred as finite-life intangible assets. Intangible assets with a finite-life which are not yet available for use are required to be tested for impairment at least annually. As at June 30, 2026, the Company has recorded total deferred development costs of \$104.6M of which \$45.6M are not yet available for use.

The Company performed its annual impairment analysis as at June 30, 2026 and estimated the recoverable amount for its finite-life deferred development costs using a discounted cash flow model. The Company discloses significant judgments, estimates and assumptions and the results of their analysis in respect of impairment in Note 3 to the consolidated financial statements.

Auditing the recoverability of finite-life deferred development costs not yet available for use was complex given the degree of judgement and subjectivity in evaluating the estimates and assumptions used to calculate the recoverable amounts. The recoverable amount was estimated using a discounted cash flow model. Significant assumptions include future cash flows, growth projections, and discount rates, which are affected by expectations about future market and economic conditions.

Revenue Recognition - Allocation of transaction price to multiple performance obligations in contracts with customers

As discussed in Notes 2, 3 and 21 to the consolidated financial statements, the Company earns revenue from the sale of products and rendering of services. Product sales are recognized

How our audit addressed the key audit matter

To test the estimated recoverable amount, we performed the following procedures, among others:

- For a selection of projects, assessed the appropriateness of the future cash flows by comparing projections to historical performance for similar products, and current industry, market and economic trends;
- With the assistance of our valuation specialists, we evaluated the Company's discounted cash flow model and valuation methodology. We also analyzed the discount rate by assessing comparable market data and considering specific risk premiums;
- Performed sensitivity analysis on the discounted cash flow analysis to evaluate changes in the recoverable amount; and
- Assessed the adequacy of the Company's disclosures included in Notes 2, 3 and 13 of the consolidated financial statements.

How our audit addressed the key audit matter

To test the Company's allocation of the transaction price for contracts containing multiple performance obligations, we performed the following procedures, among others:

when the transfer of control has occurred. The provision of services is recognized over the course of the applicable service term or as the service is provided over time, other than for deployment, installation and engineering services, which is recognized at a point in time when the service is performed. For the year ended June 30, 2026, the Company has recorded \$294.9M in revenue from continuing operations, which is comprised of \$252.7M in product revenue and \$42.2M in service revenue.

As discussed in Note 2e, the Company's contracts with customers often include the delivery of multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Accounting for a contract or contracts with a customer that contain multiple performance obligations requires the Company to allocate the contract or contracts' transaction price to the identified distinct performance obligations. The allocation of the transaction price requires significant judgment and estimates relating to the determination of the standalone selling price ("SSP") for each distinct performance obligation. The methodology used to determine the SSP depends on the nature of the products and services and how they are priced in contracts with customers. This allocation affects the amount and timing of revenue recognized for each performance obligation.

Auditing management's assessment of performance obligations for bundled arrangements and the allocation of SSP was complex given accounting assessments were required for unique terms contained in each contract. A significant degree of judgement and subjectivity was required in evaluating if performance obligations were distinct, as well as in auditing the significant estimates used in determining SSP which are used to allocate to distinct performance obligations.

- Evaluated the Company's assessment of distinct performance obligations under IFRS 15 for a sample of contracts by examining the contract source documents and comparing to the Company's past assessments for similar contracts;
- For a selection of customer contracts with multiple performance obligations, we examined the key terms and assessed the allocation of the transaction price to each distinct performance obligation based on its respective SSP derived from the underlying methodology;
- Evaluated the methodology used to determine the SSP by comparing it to pricing patterns in customer contracts and historical methodologies used by the Company;
- For a selection of customer contracts with multiple performance obligations, we tested SSP by gaining an understanding of key judgements and adjustments that management made to stand alone selling price for each sample, and evaluated the appropriateness and consistency of management's applied methodology;
- Assessed the adequacy of the Company's disclosures included in Notes 2, 3 and 21 of the consolidated financial statements.

Other matter

The consolidated financial statements of the Company for the year ended June 30, 2025, were audited by another auditor who expressed an unmodified opinion on those statements on September 24, 2025.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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



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

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

A handwritten signature in black ink that reads 'Ernst & Young LLP'. The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Saskatoon, Canada
September 24, 2026

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

As at June 30,	Note	2026	2025
Assets			
Current assets			
Cash and cash equivalents	6	\$ 2,876	\$ 3,441
Accounts receivable	7	30,821	23,916
Income tax receivable		1,629	1,690
Inventories	8	92,382	110,631
Prepaid expenses and other current assets	9	8,530	6,685
Contract assets	21	4,620	1,159
Assets held for sale	5	10,329	–
Total current assets		151,187	147,522
Non-current assets			
Property, plant and equipment	10	10,974	10,935
Right-of-use assets	11	4,773	4,824
Goodwill	12	10,812	16,934
Intangible assets	13	109,859	101,610
Investment tax credits		20,694	22,157
Deferred tax assets	15	27,004	27,656
Other long-term assets		250	431
Total assets		\$ 335,553	\$ 332,069
Liabilities and shareholders' equity			
Current liabilities			
Revolving line of credit	16	\$ 13,768	\$ 33,938
Accounts payable and accrued liabilities	17	46,127	37,694
Provisions	18	1,012	874
Deferred revenue	21	13,325	15,226
Current portion of financial liability	28	519	290
Current portion of long-term debt	19	12,847	8,336
Liabilities directly associated with assets held for sale	5	1,001	–
Total current liabilities		88,599	96,358
Non-current liabilities			
Provisions	18	595	460
Deferred revenue	21	8,132	1,755
Long-term debt	19	22,116	19,927
Total liabilities		119,442	118,500
Shareholders' equity			
Share capital	20	24,152	24,152
Reserves		7,614	5,966
Retained earnings		179,682	181,857
Accumulated other comprehensive income		4,663	1,594
Total shareholders' equity		216,111	213,569
Total liabilities and shareholders' equity		\$ 335,553	\$ 332,069

Contractual Obligation - Note 31; Subsequent Events - Note 34
The accompanying notes are an integral part of these consolidated financial statements.

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

Years ended June 30,	Note	2026	2025
Sales	21	\$ 294,958	\$ 278,050
Cost of sales:			
Cost of product and services		160,016	165,326
Write-down of inventory to net realizable value	8	4,006	8,428
Total cost of sales		164,022	173,754
Gross profit		130,936	104,296
Operating expenses			
Research and development		50,426	45,316
Sales and marketing		35,100	33,422
General and administrative		25,636	26,960
Impairment of intangible assets	13	—	6,949
Restructuring costs	18,33	—	2,798
Share-based compensation	20	1,648	1,855
Other expense	22	147	451
Total operating expenses		112,957	117,751
Operating income (loss)		17,979	(13,455)
Finance expense	23	(9,063)	(9,986)
Foreign exchange loss		(680)	(2,037)
Income (loss) before income taxes		8,236	(25,478)
Income tax expense (recovery)	15	3,371	(6,983)
Net income (loss) from continuing operations		4,865	(18,495)
Net income (loss) from discontinued operations	5	(1,691)	733
Net income (loss)		\$ 3,174	\$ (17,762)
Other comprehensive income (loss)			
Item that may be subsequently reclassified to net income (loss)			
Exchange differences on translation of foreign operations		\$ 3,069	\$ (161)
Comprehensive income (loss)		\$ 6,243	\$ (17,923)
Net income (loss) per share			
Continuing operations	24	\$ 0.20	\$ (0.76)
Discontinued operations	24	(0.07)	0.03
Total basic net income (loss) per share	24	\$ 0.13	\$ (0.73)
Weighted average number of common shares outstanding	24	24,314,594	24,313,618

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

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

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at June 30, 2024		\$ 24,117	\$ 4,120	\$ 204,968	\$ 1,755	\$ 234,960
Net loss		—	—	(17,762)	—	(17,762)
Other comprehensive loss		—	—	—	(161)	(161)
Dividends		—	—	(5,349)	—	(5,349)
Shares issued by exercising options	20	35	(9)	—	—	26
Share-based payment expense	20	—	1,855	—	—	1,855
Balance as at June 30, 2025		24,152	5,966	181,857	1,594	213,569
Net income		—	—	3,174	—	3,174
Other comprehensive income		—	—	—	3,069	3,069
Dividends		—	—	(5,349)	—	(5,349)
Share-based payment expense	20	—	1,648	—	—	1,648
Balance as at June 30, 2026		\$ 24,152	\$ 7,614	\$ 179,682	\$ 4,663	\$ 216,111

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

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

Years ended June 30	Note	2026	2025
OPERATING ACTIVITIES			
Net income (loss) from continuing operations		\$ 4,865	\$ (18,495)
Adjustments for non-cash items:			
Loss on sale of property, plant and equipment		12	65
Depreciation and amortization	30	27,028	23,316
Impairment of intangible assets	13	–	6,949
Share-based compensation	20	1,648	1,855
Warrant expense (recovery)	28	247	(1,752)
Write-down of inventory to net realizable value	8	4,031	8,274
Income tax expense (recovery)	15	614	(1,060)
Deferred income tax expense (recovery)	15	2,757	(5,923)
Interest expense		9,080	10,011
Interest income	23	(17)	(24)
Net change in working capital	30	15,592	42,057
(Decrease) increase in other long-term assets		(102)	263
Increase in provisions		289	383
Income tax paid		(3)	(3,028)
Interest received		7	49
Interest paid		(9,114)	(10,366)
Cash provided by discontinued operations		866	823
Cash provided by operating activities		57,800	53,397
INVESTING ACTIVITIES			
Deferred development costs		(32,398)	(29,494)
Capital expenditures		(3,946)	(2,310)
Proceeds from sale of property, plant and equipment	30	6	161
Business acquisitions, net of cash acquired	4	–	(3,881)
Cash used by discontinued operations		(1,008)	(1,116)
Cash used in investing activities		(37,346)	(36,640)
FINANCING ACTIVITIES			
Net repayments of revolving line of credit		(20,170)	(17,794)
Principal repayments of lease liabilities		(1,599)	(1,515)
Repayment of term credit and loan facilities		(922)	(951)
Repayment of insurance financing		(781)	(960)
Repayment of EDC loan		(2,333)	–
Proceeds from insurance financing		692	935
Proceeds from EDC loan		10,000	6,000
Proceeds from shareholder loan	19,32	–	5,000
Dividends paid		(5,349)	(5,349)
Issuance of shares through exercised options	20	–	35
Cash used by discontinued operations		(64)	(82)
Cash used in financing activities		(20,526)	(14,681)
Net (decrease) increase in cash and cash equivalents		(72)	2,076
Effect of change in exchange rates on cash		(493)	(771)
Cash and cash equivalents, beginning of year		3,441	2,136
Cash and cash equivalents, end of year		\$ 2,876	\$ 3,441

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

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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 was sold subsequent to the year ended June 30, 2026, as outlined in Note 34(a).

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The consolidated financial statements of the Company for each of the years ended June 30, 2026 and 2025, were approved by the Board of Directors and authorized for issue on September 22, 2026.

(b) Basis of presentation

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

(c) Basis of consolidation (subsidiaries)

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

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

(d) Cash and cash equivalents

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

(e) Revenue recognition

General policy

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

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

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

Recognition of revenue from products and services

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

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

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

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

(f) Business combinations

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

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

(g) Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Assets classified as held for sale and the assets of a disposal group are presented separately from other assets in the consolidated statements of financial position and are classified as current. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position and are classified as current.

Once classified as held for sale, property, plant and equipment and intangible assets are not depreciated or amortized.

(h) Inventories

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

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

(i) Property, plant and equipment

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

(j) Leases

Lessee accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Goodwill

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

(l) Intangible assets

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

Indefinite-life intangible assets

Indefinite-life intangible assets consist of other licenses.

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

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

Finite-life intangible assets

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

(m) Government assistance and grants

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

(n) Research and development

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

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

Deferred development costs are amortized on a straight-line basis over their useful lives, on the condition that the product pertaining to the project commences sales, representing the Company's assessment of the estimated average life cycle of the associated products. Projects that do not have an associated product with commenced sales are not yet amortized.

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

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

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

(o) Investment tax credits

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

(p) Borrowing costs

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

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

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

(q) Impairment

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

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

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

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

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

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

(r) *Income taxes*

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

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

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

(s) *Foreign currency translation*

Functional and presentation currency

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

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

Foreign operations

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

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

(t) Financial instruments

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

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

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

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

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

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

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

(u) Fair value of financial instruments

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

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

- The fair value of customer-based warrant financial assets and liabilities are based on the binomial options pricing model.

(v) Provisions

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

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

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

(w) Net income (loss) per share

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

(x) Share-based compensation

Stock options

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

Performance Share Units (PSUs)

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

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

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

(y) Treasury shares

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

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

The following amended standards and interpretations issued by the IASB were adopted in fiscal 2026:

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates", to clarify the requirements for determining whether a currency is exchangeable into another currency and the accounting requirements when a currency is not exchangeable. The amendments are effective for annual periods beginning on or after January 1, 2025. The adoption of these amendments did not have a material impact on the Company's financial statements.

(aa) Accounting standards issued but not yet applied

The following new or amended standards and interpretations issued by the IASB are effective after the Company's June 30, 2026 year-end date and have not yet been adopted by the Company:

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued "Annual Improvements to IFRS Accounting Standards – Volume 11". The amendments include narrow-scope amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 intended to clarify wording, correct minor unintended consequences and improve consistency in the application of the standards. The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. The Company is currently evaluating the impact of the amendments on the consolidated financial statements.

(ab) Accounts receivable factoring

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

(ac) Customer-based warrants

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

3. USE OF JUDGMENTS AND ESTIMATES

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

(a) Use of judgments

Functional currency

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

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

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

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

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

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

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

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

Revenue from contracts with customers and deferred revenue

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

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

Deferred development costs

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

Income taxes

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

Leases

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

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

(b) Use of estimates

Impairment of non-financial assets

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

Share-based compensation

The Company measures the cost of share-based compensation transactions with reference to the fair value of the options issued at the date they were granted. Estimated fair value for share-based compensation transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, forfeiture rate and risk-free rate. The assumptions and models used for estimating fair value for share-based compensation are disclosed in Note 20(c).

Income taxes

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

Leases

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

Other areas

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

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

4. BUSINESS COMBINATIONS

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

On October 11, 2024, the Company acquired all outstanding shares of then Flacon V Systems S.A. (currently Vecima Polska sp. z o.o., or "Falcon") for total cash consideration of \$5,229, plus an additional \$622 paid for excess cash as defined in the share purchase agreement. Falcon is a Poland-based provider of vendor-agnostic, virtualized software solutions and services for Broadband Services Providers worldwide, and their key products have been integrated into the Company's Entra Cloud portfolio of open, interoperable, cloud-native applications. In accordance with the acquisition, the Company incurred \$390 of advisory fees included in other expense (refer to Note 22 - Other Expense).

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of this transaction constituted a business combination. Management gathered the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date.

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the fourth quarter of fiscal 2026, the Company committed to a plan to sell its Telematics business. Accordingly, associated assets and liabilities are presented as disposal groups held for sale.

On July 7, 2026 the Company signed an agreement to sell the assets of its Telematics business to Lantronix Inc. On July 31, 2026, the Company closed the sale for total cash consideration of \$16,500, subject to customary working capital adjustments. The purchase price includes \$14,500 that was paid at closing and an additional \$2,000 payable by the end of calendar 2026.

The comparative consolidated statements of comprehensive income (loss) are re-presented separately between continuing and discontinued operations. The Company has also made an accounting policy choice to present summarized details of cash flows from discontinued operations in this note to the financial statements.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2026 and 2025
(in thousands of dollars except otherwise noted)

The assets and liabilities of the Telematics business classified as held for sale as at June 30, 2026 are as follows:

As at June 30,	2026
Assets	
Current assets	
Accounts receivable	\$ 359
Inventory	370
Prepaid expenses	96
Contract assets	168
Total current assets	993
Non-current assets	
Property, plant and equipment	1,038
Right-of-use assets	81
Goodwill	6,111
Intangible assets	1,884
Other long-term assets	222
Total assets	\$ 10,329
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	\$ 218
Provisions	22
Deferred revenue	139
Current portion of long-term debt	58
Total current liabilities	437
Non-current liabilities	
Deferred revenue	198
Deferred tax liability	335
Long-term debt	31
Total liabilities	\$ 1,001
Net assets directly associated with discontinued operations	\$ 9,328

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2026 and 2025
(in thousands of dollars except otherwise noted)

The results of the Telematics discontinued operations for the years ended June 30, 2026 and 2025 are presented below:

Years ended June 30,		2026		2025
Sales	\$	7,405	\$	7,813
Cost of sales		2,166		2,689
Gross profit		5,239		5,124
Operating expenses				
Research and development		1,253		1,086
Sales and marketing		1,420		1,329
General and administrative		1,623		1,682
Other expense ⁽¹⁾		2,480		89
Total operating expenses		6,776		4,186
Operating income (loss)		(1,537)		938
Finance expense		(6)		(14)
Foreign exchange gain		40		4
Income (loss) before income taxes		(1,503)		928
Income tax expense		188		195
Net income (loss) from discontinued operations	\$	(1,691)	\$	733

⁽¹⁾ Includes an expense of \$2,329 related to the write-off of British Columbia ("B.C.") provincial investment tax credits. Refer to Note 14 - Investment Tax Credits.

6. CASH AND CASH EQUIVALENTS

The Company had cash on hand of \$2,876 as at June 30, 2026 (June 30, 2025 - \$3,441) and \$nil in cash equivalents (June 30, 2025 - \$nil).

7. ACCOUNTS RECEIVABLE

As at June 30,		2026		2025
Trade receivables	\$	27,028	\$	22,867
Less: allowance for doubtful accounts		(22)		(60)
Total trade receivables		27,006		22,807
Goods and services tax		2,192		1,058
Other receivables		1,623		51
Total accounts receivable	\$	30,821	\$	23,916

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.

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During the year ended June 30, 2026, the Company had a factoring arrangement in place with a major customer and a US chartered bank, through which the Company could elect to expedite its accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on the Company's consolidated statements of comprehensive income (loss). During the year ended June 30, 2026, the Company recognized an accounts receivable factoring cost of \$4,879 in accordance with the factoring arrangement (June 30, 2025 - \$5,192). As at June 30, 2026, \$3,777 of outstanding accounts receivable were selected for factoring and were received in July 2026 (June 30, 2025 - \$108 received in July 2025). These amounts were included in accounts receivable as at June 30, 2026 and 2025.

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

Balance, July 1, 2024	\$	3
Additions to allowance		57
Balance, June 30, 2025		60
Additions to allowance		18
Transfer to assets held for sale		(56)
Balance, June 30, 2026	\$	22

8. INVENTORIES

As at June 30,	2026	2025
Raw materials	\$ 50,615	\$ 73,090
Work-in-progress	14,290	8,247
Finished goods	27,477	29,294
Total inventory	\$ 92,382	\$ 110,631

During the year ended June 30, 2026, inventories of \$140,285 were expensed through cost of sales (June 30, 2025 - \$146,310). Additionally, upon assessment of forecasted demand due to inventories that are associated with ultimately less industry-favored variants of cable and fiber access solutions as the industry's technology solutions continue to evolve, we determined certain items to be obsolete or slow-moving resulting in write-downs of primarily raw materials. Net write-downs of inventory that were included in the cost of sales for the year ended June 30, 2026 were \$4,006 (June 30, 2025 - \$8,428). Net write-downs of inventory that were included in sales and marketing for the year ended June 30, 2026 were \$25 (June 30, 2025 - reversal of \$153). Disposals of inventory for the year ended June 30, 2026 were \$659 (June 30, 2025 - \$308). For the year ended June 30, 2026, the carrying amount of inventory recorded at net realizable value was \$2,631 with the remaining inventory recorded at cost (June 30, 2025 - \$8,633).

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9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at June 30,	2026	2025
Payments for contract manufacturer inventory purchases and expedite fees	\$ 3,307	\$ 2,637
Software licenses	1,922	1,818
Salaries, wages and benefits	1,112	—
Insurance	605	572
Other	1,584	1,658
Total prepaid expenses and other current assets	\$ 8,530	\$ 6,685

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements & building	Lab, operating & production equipment	Other Equipment ⁽¹⁾	Total
At cost					
At July 1, 2024	\$ 321	\$ 8,173	\$ 28,554	\$ 14,889	\$ 51,937
Additions	—	89	2,490	103	2,682
Acquired through business combinations	—	—	19	33	52
Disposals	—	—	(555)	(198)	(753)
Effect of foreign exchange	—	9	72	20	101
At June 30, 2025	321	8,271	30,580	14,847	54,019
Additions	—	542	2,836	664	4,042
Disposals	—	(207)	(1,617)	(113)	(1,937)
Transfer to assets held for sale	—	(55)	(2,140)	(130)	(2,325)
Effect of foreign exchange	—	23	511	86	620
At June 30, 2026	\$ 321	\$ 8,574	\$ 30,170	\$ 15,354	\$ 54,419
Accumulated depreciation					
At July 1, 2024	\$ —	\$ 3,570	\$ 22,752	\$ 13,707	\$ 40,029
Depreciation	—	240	2,370	835	3,445
Disposals	—	—	(292)	(166)	(458)
Effect of foreign exchange	—	15	45	8	68
At June 30, 2025	—	3,825	24,875	14,384	43,084
Depreciation	—	269	2,368	434	3,071
Disposals	—	(191)	(1,500)	(113)	(1,804)
Transfer to assets held for sale	—	(27)	(1,138)	(122)	(1,287)
Effect of foreign exchange	—	23	290	68	381
At June 30, 2026	\$ —	\$ 3,899	\$ 24,895	\$ 14,651	\$ 43,445
Net book value					
At June 30, 2025	\$ 321	\$ 4,446	\$ 5,705	\$ 463	\$ 10,935
At June 30, 2026	\$ 321	\$ 4,675	\$ 5,275	\$ 703	\$ 10,974

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

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Additions for the year ended June 30, 2026 were \$4,042 (June 30, 2025 - \$2,682), of which \$3,855 were acquired for cash consideration (June 30, 2025 - \$2,672). The remaining \$187 was included in accounts payable and accrued liabilities as at June 30, 2026 (June 30, 2025 - \$10).

The following estimated useful lives have been applied to property, plant and equipment assets at June 30, 2026 and 2025:

	Estimated useful life
Land improvements and building	3 to 40 years
Lab, operating and production equipment	3 to 10 years
Other equipment ⁽¹⁾	3 to 7 years

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

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

Years ended June 30,	2026	2025
Cost of sales	\$ 328	\$ 494
Research and development	1,154	877
Sales and marketing	487	307
General and administrative	726	1,414
Depreciation for the year	\$ 2,695	\$ 3,092

11. RIGHT-OF-USE ASSETS

For the years ended June 30, 2026 and 2025, the Company's right-of-use assets solely comprised of real estate leases. The table below provides details of the Company's right-of-use assets:

At cost		
At July 1, 2024	\$	7,157
Additions		1,692
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		142
At June 30, 2025		7,480
Additions		1,934
Dispositions, retirements and other		(1,443)
Transfer to assets held for sale		(262)
Effect of foreign exchange		171
At June 30, 2026	\$	7,880
Accumulated depreciation		
At July 1, 2024	\$	2,487
Additions		1,552
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		128
At June 30, 2025		2,656
Additions		1,555
Dispositions, retirements and other		(1,025)
Transfer to assets held for sale		(181)
Effect of foreign exchange		102
At June 30, 2026	\$	3,107
Net book value		
At June 30, 2025	\$	4,824
At June 30, 2026	\$	4,773

12. GOODWILL

At July 1, 2024	\$	15,308
Acquisition		1,378
Effect of foreign exchange		248
At June 30, 2025		16,934
Transfer to assets held for sale		(6,111)
Effect of foreign exchange		(11)
At June 30, 2026	\$	10,812

For the year ended June 30, 2026, goodwill includes \$3,610 attributable to brand (June 30, 2025 - \$3,475).

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

Impairment testing of goodwill

For the purposes of impairment testing at the end of the reporting period, the indefinite-life intangible assets and goodwill are allocated to cash generating units (CGUs), which represent the lowest level at which indefinite-life intangible assets are monitored for internal management purposes. The Company's recorded goodwill has a carrying value which consists of \$9,425 relating to the Content Delivery and Storage segment, and \$1,387 relating to the Video and Broadband Solutions segment (June 30, 2025 - \$9,075 and \$1,748, respectively). The recoverable amount of the segment and the associated CGUs are based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering the next fiscal year, extrapolated based on projected growth and achieving key operating objectives for a period of less than five years. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the cash generating units' assets given the necessity of making key economic assumptions about the future.

The value-in-use calculation uses discounted cash flow projections which employ the following key assumptions: future cash flows and growth projections, including economic risk assumptions and estimates of achieving key operating metrics and drivers; and the weighted average cost of capital. The projected cash flows have been prepared based on management's past experience and expected demand and cost for the products. The pre-tax discount rate applied to cash flow projections reflect the current market assessment of risk and was based on an estimate of weighted average cost of capital taking into account assessments by third party experts. The pre-tax discount rates used in our testing of the CGU's ranged between 17.2% and 17.5%. As a result of this analysis, management has not identified any impairment for the Company's CGU's.

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13. INTANGIBLE ASSETS

	Indefinite-life intangible assets		Finite-life intangible assets				
	Spectrum and other licenses	Customer contracts	Patents	Intellectual property	Deferred development costs	Total	
At cost							
At July 1, 2024	\$ 107	\$ 21,062	\$ 1,386	\$ 10,867	\$ 118,472	\$ 151,894	
Additions	—	—	180	—	31,290	31,470	
Acquired on business combination	—	2,089	—	1,082	—	3,171	
Investment tax credits	—	—	—	—	(217)	(217)	
Disposal	(49)	—	—	—	—	(49)	
Writedown, fully amortized	—	—	—	—	(14,437)	(14,437)	
Effect of foreign exchange	1	223	—	97	(335)	(14)	
At June 30, 2025	59	23,374	1,566	12,046	134,773	171,818	
Additions	—	—	432	19	33,488	33,939	
Investment tax credits	—	—	—	—	(2,115)	(2,115)	
Transfer to assets held for sale	—	(4,929)	(57)	(1,785)	(3,492)	(10,263)	
Effect of foreign exchange	—	585	25	289	2,662	3,561	
At June 30, 2026	\$ 59	\$ 19,030	\$ 1,966	\$ 10,569	\$ 165,316	\$ 196,940	
Accumulated amortization							
At July 1, 2024	\$ —	\$ 15,016	\$ 940	\$ 9,235	\$ 32,810	\$ 58,001	
Amortization	—	2,512	118	824	16,289	19,743	
Writedown, fully amortized	—	—	—	—	(14,437)	(14,437)	
Impairment expense	—	—	—	—	6,949	6,949	
Effect of foreign exchange	—	5	—	(9)	(44)	(48)	
At June 30, 2025	—	17,533	1,058	10,050	41,567	70,208	
Amortization	—	2,599	219	374	20,595	23,787	
Transfer to assets held for sale	—	(4,929)	(57)	(1,230)	(2,163)	(8,379)	
Effect of foreign exchange	—	491	13	281	680	1,465	
At June 30, 2026	\$ —	\$ 15,694	\$ 1,233	\$ 9,475	\$ 60,679	\$ 87,081	
Net book value							
At June 30, 2025	\$ 59	\$ 5,841	\$ 508	\$ 1,996	\$ 93,206	\$ 101,610	
At June 30, 2026	\$ 59	\$ 3,336	\$ 733	\$ 1,094	\$ 104,637	\$ 109,859	

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

As at June 30, 2026, the Company's total deferred development costs consisted of \$45,554 in projects that had not yet begun amortizing, as the associated products had not commenced sales (June 30, 2025 - \$45,329). These projects are classified internally as work-in-progress ("WIP"). During the year ended June 30, 2026, \$14,655 of WIP projects transferred to in-use and began amortizing, as the associated products commenced sales during the year (June 30, 2025 - \$28,987).

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Intangible asset additions for the year ended June 30, 2026 were \$33,939 (June 30, 2025 - \$31,470), of which \$33,497 were acquired for cash consideration (June 30, 2025 - \$30,248). The remaining \$442 was included in accounts payable and accrued liabilities as at June 30, 2026 (June 30, 2025 - \$1,222).

The aggregate amount of cash research and development expenditures during the year ended June 30, 2026 was \$63,172 (June 30, 2025 - \$60,132).

The following estimated useful lives have been applied to intangible assets at June 30, 2026 and 2025:

	Estimated useful life
Patents	5 to 10 years
Other finite-life intangible assets	10 years
Deferred development costs	2 to 15 years

Impairment of Intangible Assets

During the fourth quarter of fiscal 2025, management conducted a value-in-use calculation with a pre-tax discount rate of 15.7% and determined a \$6,949 impairment charge on certain deferred development costs within our VBS segment. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company. Certain deferred development assets were deemed to have no future economic value and were fully written off, while others were partially impaired with the remaining value reallocated across other projects. Key assumptions of the value-in-use calculation are outlined in Note 12 - Goodwill.

14. INVESTMENT TAX CREDITS

During the year ended June 30, 2026, the Company recorded an investment tax credits of \$2,115 (June 30, 2025 - credit of \$390), with a \$2,115 decrease to deferred development costs (June 30, 2025 - decrease of \$217). The Company also expensed \$2,329 of B.C. provincial investment tax credits through other expense in the year. The write-off was recorded to reflect the sale of the Telematics Segment which operated in B.C. and the Company's inability to utilize the credits post sale.

15. INCOME TAXES

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

Years ended June 30,	2026	2025
Provision for warranties	\$ 476	\$ 293
Lease liabilities	898	933
Non-capital losses	6,540	2,464
Restricted interest and finance expense	—	640
Property, plant and equipment	2,534	1,912
Right-of-use assets	(802)	(834)
Research and development expenditures	29,484	32,599
Accrued expenses	581	374
Unrealized foreign exchange losses (gains)	(1,152)	(1,388)
Intangible assets	(13,863)	(11,713)
Deferred Revenue	710	941
Other	1,598	1,435
Net total deferred tax asset	\$ 27,004	\$ 27,656

The Company has recognized deferred tax assets in the amount of \$27,004 (June 30, 2025 - \$27,656), the utilization of which is dependent on the future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of these deferred tax assets is based on taxable income forecasts that incorporate existing circumstances that will result in positive taxable income against which non-capital losses and deductible temporary differences can be utilized.

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

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

Years ended June 30,	2026	2025
Income tax expense (recovery)	\$ 614	\$ (1,060)
Deferred income tax expense (recovery)	2,757	(5,923)
Total income tax expense (recovery)	\$ 3,371	\$ (6,983)

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

Years ended June 30,		2026		2025
Net income (loss) before income taxes	\$	8,236	\$	(25,478)
Substantively enacted tax rates		25.9 %		25.7 %
Tax computed at Canadian statutory income tax rates	\$	2,133	\$	(6,548)
Differences in substantively enacted future tax rates		(6)		200
Foreign tax rate differential		721		933
Expenses not deductible for tax purposes ⁽¹⁾		439		420
Other ⁽²⁾		84		(1,988)
Total income tax expense (recovery)	\$	3,371	\$	(6,983)
Effective income tax rate		40.9 %		27.4 %

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

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

In the United States, for tax years beginning on or after January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the ability to deduct research or experimental ("R&E") expenditures, including software development, as defined under IRC Section 174, in the year incurred. Upon initial adoption, taxpayers were required to amortize such expenditures over five years if incurred in the U.S. and over fifteen years if incurred in a foreign jurisdiction. This requirement has resulted in significantly higher taxable income in fiscal years 2023 through 2025, and the related capitalized costs are reflected in the research and development expenditures line item within the deferred tax inventory summary above.

The One Big Beautiful Bill Act subsequently reinstated the ability to deduct domestic qualified R&E expenditures in the year incurred, effective for tax years beginning after December 31, 2024, while retaining the fifteen-year amortization requirement for foreign R&E expenditures. As a result, the Company elected to deduct 50% of its previously unamortized domestic R&E costs in the current fiscal year and will deduct the remaining 50% in the subsequent fiscal year. This accelerated deduction significantly reduced current-year taxable income and cash taxes payable. In connection with this election, the Company also reduced the related deferred tax asset to reflect the utilization of a portion of the previously capitalized domestic R&E expenditures.

16. REVOLVING LINE OF CREDIT

As at June 30, 2026, the Company had an authorized line of credit of \$75,000 (June 30, 2025 - \$75,000), subject to a general security agreement limit as described below, of which \$41,122 was available (June 30, 2025 - \$49,997) and \$13,768 was drawn (June 30, 2025 - \$33,938). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable and 40% of certain inventory (to a maximum of \$42,500). Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding US and Canadian denominated balances. The Canadian prime rate as at June 30, 2026 was 4.45% (June 30, 2025 - 4.95%) while the US prime rate was 6.75% (June 30, 2025 - 7.50%).

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2026, the Company was in compliance with all covenants related to the line of credit.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30,		2026		2025
Accounts payable	\$	31,213	\$	25,391
Accrued liabilities		14,914		12,303
Total accounts payable and accrued liabilities	\$	46,127	\$	37,694

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

During the year ended June 30, 2025, the Company entered into a supply-chain financing (or "reverse-factoring") arrangement with a third party for certain of the Company's accounts payable. The new payable provides an extension of 120 days on the original invoice due date. During the year ended June 30, 2025, the Company reverse-factored accounts payable of \$6,745, with the resulting payable to the third party due between June 9, 2025 and July 10, 2025. Pursuant to this arrangement, the Company incurred reverse-factoring expenses of \$62 during the year ended June 30, 2026 (June 30, 2025 - \$224). As at June 30, 2026, \$nil remained in accounts payable and accrued liabilities (June 30, 2025 - \$2,961).

18. PROVISIONS

	Warranty	Restructuring costs	Employee Benefit Obligations	Total
At July 1, 2024	\$ 431	\$ –	\$ 535	\$ 966
Additions	412	855	251	1,518
Amounts utilized	(431)	(545)	(215)	(1,191)
Effect of foreign exchange	–	–	41	41
At June 30, 2025	412	310	612	1,334
Additions	550	109	778	1,437
Amounts utilized	(412)	(119)	(655)	(1,186)
Transfer to assets held for sale	–	–	(22)	(22)
Effect of foreign exchange	–	–	44	44
At June 30, 2026	\$ 550	\$ 300	\$ 757	\$ 1,607
Current portion	\$ 550	\$ 300	\$ 162	\$ 1,012
Long-term portion	\$ –	\$ –	\$ 595	\$ 595

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

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

19. LONG-TERM DEBT

As at June 30,	Note	2026	2025
Term credit facility	\$	208	\$ 519
Term loan facility		10,624	11,234
Shareholder loan	32	5,000	5,000
EDC loan		13,667	6,000
Insurance financing		277	360
Lease liabilities		5,187	5,150
Total term facilities and lease liabilities	\$	34,963	\$ 28,263
Current portion of term facilities and lease liabilities	\$	12,847	\$ 8,336
Long-term portion of term facilities and lease liabilities	\$	22,116	\$ 19,927

Term credit facility

The term credit facility is with a Canadian chartered bank. The facility is repayable in monthly installments of \$21 principal plus interest at Canadian prime rate of 4.45% (June 30, 2025 - 4.95%), expires in June 2028 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$3,792. The term credit facility is recorded at amortized cost.

Term loan facility

The term loan facility is with a Canadian chartered bank, and was amended from interest only payments to a Canadian Overnight Repo Rate Average ("CORRA") loan in fiscal 2024. The facility is repayable in monthly installments of \$51 principal plus interest at the CORRA rate of 2.25% plus 0.30% (June 30, 2025 - 2.75% plus 0.30%), expires in June 2028 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$12,200. The term loan facility is recorded at amortized cost.

EDC loan

In June 2025, the Company entered into a \$16,000 credit facility in the form of a term loan with Export Development Canada ("EDC"). The loan was made available to the Company in two tranches: (1) \$6,000 to assist in the refinancing of the Company's acquisition of Falcon and (2) \$10,000 to assist the financing of capital expenditures and working capital needs to support operational expenses and inventory expansion. Each tranche is subject to interest at the Canadian prime rate of 4.45% (June 30, 2025 - 4.95%) plus 3.00%, is collateralized by a general security agreement, and is subject to covenants similar to the Company's revolving line of credit. The Company received the first tranche in June 2025 which is repayable in monthly principal installments of \$111 plus interest over 54 months, with the first repayment paid in January 2026. In August 2025, the second tranche was received for \$10,000, which is repayable over a period of 30 months in monthly principal installments of \$333 plus interest. The first repayment of the second tranche was paid in February 2026.

Insurance financing loan

The Company finances certain of its insurance policies with short-term loans, the period of which spans the calendar year. As at June 30, 2026, the loan balance was \$277 (June 30, 2025 - \$360). The short-term insurance financing loans carry interest rates at 7.16% and are repayable in aggregate in 12 monthly installments of \$55 (June 30, 2025 - interest rates between 7.00% and 11.00%, and installments of \$73).

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Assuming that the existing payment terms are the same at the renewal date, the following are the future principal repayments, by fiscal year, for the Company's total long-term debt, excluding lease liabilities, as at June 30, 2026:

2027	\$	11,429
2028		5,943
2029		2,277
2030		1,943
2031		610
Thereafter		7,574
Total future principal repayments	\$	29,776

Lease liabilities:

The following is a reconciliation of the Company's lease liabilities as at June 30, 2026:

Years ended June 30,		2026		2025
Lease liabilities, beginning of year	\$	5,150	\$	4,789
Net additions during the year		1,469		1,658
Interest on lease liabilities		225		260
Principal repayments of lease liabilities		(1,663)		(1,597)
Transfer to assets held for sale		(88)		–
Effect of foreign exchange		94		40
Lease liabilities, end of year	\$	5,187	\$	5,150
Current portion	\$	1,418	\$	1,277
Long-term portion	\$	3,769	\$	3,873

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

As at June 30,		2026
Within one year	\$	1,608
After one year but not more than five years		3,978
Total contractual lease payments	\$	5,586

20. SHARE CAPITAL

(a) *Share capital*

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

	Number of Shares	Carrying Value
Balance July 1, 2024	24,311,594 \$	24,117
Shares issued by exercising options	3,000	35
Balance, June 30, 2025	24,314,594	24,152
Balance, June 30, 2026	24,314,594 \$	24,152

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The Company issued nil common shares through the exercise of options during the year ended June 30, 2026 (June 30, 2025 - 3,000 common shares) for cash consideration of \$nil (June 30, 2025 - \$30).

(b) Reserves

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

(c) Share-based compensation

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

Years ended June 30,	2026	2025
Stock options	\$ 23	\$ 18
Performance share units	1,625	1,837
Total share-based compensation	\$ 1,648	\$ 1,855

Stock option plan

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

Changes in the stock option plan for the years ended June 30, 2026 and 2025 are as follows:

<i>(in number of units, except prices)</i>	Number of Options	Weighted average exercise price per option
Outstanding, July 1, 2024	36,000	\$ 15.44
Granted	8,000	15.70
Exercised	(3,000)	9.88
Cancelled	(9,000)	19.93
Outstanding, June 30, 2025	32,000	15.44
Cancelled	(5,000)	8.25
Outstanding, June 30, 2026	27,000	\$ 15.97
Vested and exercisable, June 30, 2026	18,317	\$ 15.90

There were no options exercised during the year ended June 30, 2026. For the year ended June 30, 2025, the weighted average trading price for exercised options was \$17.23 per share and the weighted average exercise price was \$9.88 per share.

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At June 30, 2026, the exercise prices ranged from \$13.90 to \$17.93 per share (June 30, 2025 - \$8.25 to \$17.93). The options outstanding at June 30, 2026 have a weighted average contractual life of 2.89 years (June 30, 2025 - 3.31 years).

	Options outstanding			Options exercisable	
	Number	Weighted average remaining life	Weighted average exercise price per option	Number	Weighted average exercise price per option
\$13.90 to \$15.70	13,000	2.96	\$ 15.00	7,502	\$ 14.49
\$15.71 to \$17.93	14,000	2.81	16.87	10,815	16.88
	27,000	2.89	\$ 15.97	18,317	\$ 15.90

Stock option assumptions

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

There were no options granted during the year ended June 30, 2026. The weighted average estimated fair value for the stock options granted during the year ended June 30, 2025 was \$4.42 per option granted. Management used the following assumptions within the Black-Scholes option-pricing model:

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

Performance share unit ("PSU") plan

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

During the year ended June 30, 2026, the Company issued nil PSUs (June 30, 2025 - 205,566 PSUs) to eligible persons under the PSU plan. The PSUs issued during the year ended June 30, 2025 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. No PSUs vested during the year ended June 30, 2026 and 2025.

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A summary of PSU activity during the years ended June 30, 2026 and 2025 is as follows:

	Number of PSUs
Outstanding, July 1, 2024	368,794
Granted	205,566
Forfeited	(30,703)
Outstanding, June 30, 2025	543,657
Outstanding, June 30, 2026	543,657

PSU valuation methodology and assumptions

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

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue

In the following table, gross revenue from contracts with customers is disaggregated by reporting segment and type. Refer to Note 25 - Segmented Financial Information for additional segmented financial information.

	Video and Broadband Solutions	Content Delivery and Storage	Total
For the year ended June 30, 2026			
Product sales	\$ 231,949	\$ 20,821	\$ 252,770
Provision of services	17,950	24,238	42,188
Total sales	\$ 249,899	\$ 45,059	\$ 294,958
For the year ended June 30, 2025			
Product sales	\$ 220,665	\$ 15,939	\$ 236,604
Provision of services	17,244	24,202	41,446
Total sales	\$ 237,909	\$ 40,141	\$ 278,050

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(b) Contract assets

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

Years ended June 30,		2026		2025
Balance, beginning of year	\$	1,420	\$	2,545
Net additions arising from operations		8,996		2,073
Amounts billed during the year and reclassified as accounts receivable		(5,244)		(2,730)
Deferred costs recognized as expense in the year		(197)		(455)
Transfer to assets held for sale		(391)		–
Effect of change in foreign currency exchange rates		36		(13)
Balance, end of year	\$	4,620	\$	1,420
To be billed and reclassified to accounts receivable during next 12 months	\$	4,620	\$	941
Deferred costs to be recognized as expense during next 12 months		–		197
Current portion, contract assets		4,620		1,138
Thereafter (included in other long-term assets)	\$	–	\$	282

(c) Deferred revenue

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

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

Years ended June 30,		2026		2025
Balance, beginning of year	\$	16,981	\$	19,367
Revenue deferred in previous period and recognized in current period		(17,977)		(15,873)
Net additions arising from operations		22,789		13,468
Transfer to liabilities directly associated with assets held for sale		(337)		–
Effect of change in foreign currency exchange rates		1		19
Balance, end of year	\$	21,457	\$	16,981
Revenue to be recognized in the future				
Within one year	\$	13,325	\$	15,226
Between two to five years	\$	8,132	\$	1,755

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22. OTHER EXPENSE

Years ended June 30,	Note	2026	2025
Advisory fees	\$	131	\$ 390
Loss on sale of property, plant and equipment		12	65
Warrant expense	28	6	–
Other income		(2)	(4)
Total other expense	\$	147	\$ 451

Advisory fees incurred during the year ended June 30, 2026 are primarily related to costs associated with the Company's planned sale of its Telematics segment (see Note 34 - Subsequent Events). Advisory fees incurred during the year ended June 30, 2025 are primarily related to costs associated with the successful acquisition of Falcon (see Note 4 - Business Combinations).

23. FINANCE EXPENSE

Years ended June 30,	Note	2026	2025
Interest income	\$	(17)	\$ (24)
Operating line interest expense		1,807	3,036
Term credit facility interest expense		529	734
EDC loan interest expense		1,064	–
Shareholder loan interest expense	32	445	273
Accounts receivable factoring costs	7	4,879	5,192
Accounts payable reverse-factoring costs	17	62	224
Other expense		78	304
Finance expense before interest on lease liabilities		8,847	9,739
Interest expense on lease liabilities	19	216	247
Total finance expense	\$	9,063	\$ 9,986

24. NET INCOME (LOSS) PER SHARE

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

Years ended June 30,	2026	2025
Weighted average number of common shares outstanding:		
Basic	24,314,594	24,313,618
Dilution adjustment for stock options	–	–
Basic and diluted	24,314,594	24,313,618
Net income (loss) from continuing operations	\$ 4,865	\$ (18,495)
Net income (loss) from discontinued operations	(1,691)	733
Net income (loss)	\$ 3,174	\$ (17,762)
Net income (loss) per share:		
Continuing operations	\$ 0.20	\$ (0.76)
Discontinued operations	(0.07)	0.03
Total net income (loss) per share	\$ 0.13	\$ (0.73)

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Stock options and warrants could potentially dilute basic net income per share in the future. Dilutive stock options and warrants are calculated using the treasury stock method. For the year ended June 30, 2026, there were nil dilutive stock options (June 30, 2025 - 10,000) which resulted in a dilution adjustment of nil shares (June 30, 2025 - nil), with the remaining 27,000 outstanding options (June 30, 2025 - 22,000) being anti-dilutive. For the year ended June 30, 2026, there were 220,000 warrants outstanding (June 30, 2025 - 361,050) which resulted in a dilution adjustment of nil shares (June 30, 2025 - nil).

25. SEGMENTED FINANCIAL INFORMATION

The Company's operations are organized into business units based on how the business is managed and has two 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 majority of the Company's operations, employees and assets reside in Canada and the United States. The following tables highlight key financial information by segment and geographical region:

Segments

For the year ended June 30, 2026	Video and Broadband Solutions	Content Delivery and Storage	Total
Sales	\$ 249,899	\$ 45,059	\$ 294,958
Cost of sales:			
Cost of materials and labour	144,031	15,985	160,016
Write-downs of inventory to net realizable value	3,890	116	4,006
Total cost of sales	147,921	16,101	164,022
Gross profit	101,978	28,958	130,936
Operating expenses	65,528	20,401	85,929
Depreciation and amortization	22,377	4,651	27,028
Operating income	14,073	3,906	17,979
Finance expense			(9,063)
Foreign exchange loss			(680)
Income tax expense			(3,371)
Net income from continuing operations		\$	4,865
Total assets	\$ 288,192	\$ 37,032	\$ 325,224
Total liabilities	\$ 96,458	\$ 21,983	\$ 118,441

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		Video and Broadband Solutions		Content Delivery and Storage		Total
For the year ended June 30, 2025						
Sales	\$	237,909	\$	40,141	\$	278,050
Cost of sales:						
Cost of materials and labour		149,965		15,361		165,326
Write-downs of inventory to net realizable value		8,068		360		8,428
Total cost of sales		158,033		15,721		173,754
Gross profit		79,876		24,420		104,296
Operating expenses		72,228		22,206		94,434
Depreciation and amortization		18,297		5,020		23,317
Operating income (loss)		(10,649)		(2,806)		(13,455)
Finance expense						(9,986)
Foreign exchange loss						(2,037)
Income tax recovery						6,983
Net loss from continuing operations					\$	(18,495)
Total assets	\$	286,507	\$	33,581	\$	320,088
Total liabilities	\$	101,723	\$	15,654	\$	117,377

Sales by geographical region

Years ended June 30,		2026		2025
Sales to external customers:				
United States	\$	263,225	\$	249,945
Canada		10,818		9,553
Japan		10,976		11,084
Europe		4,990		5,233
Other		4,949		2,235
Total sales	\$	294,958	\$	278,050

Non-current assets by geographical region

As at June 30,		2026		2025
Non-current assets:				
United States	\$	91,541	\$	79,536
Canada		86,225		97,643
Japan		1,072		1,221
Europe		4,509		5,521
China		1,019		626
Total non-current assets	\$	184,366	\$	184,547

Sales to major customers

During the year ended June 30, 2026, sales to a major customer accounted for \$210,153 or 71% of total sales (June 30, 2025 - \$188,066 or 68%). Sales to this customer is with both segments.

26. FAIR VALUE HIERARCHY

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

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

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

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

During the year ended June 30, 2026, there were no transfers between Level 1 and Level 2 fair value classifications. As at June 30, 2026, the Company had customer-based warrants which are classified as Level 2. Refer to Note 28 - Customer-based Warrants for further information. As at June 30, 2026, the Company held two forward foreign exchange contracts which are classified as Level 2 liabilities and included in accounts payable and accrued liabilities.

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial risks

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

(a) Credit risk

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

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

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As at June 30, 2026, the weighted average age of customer accounts receivable was 34 days (June 30, 2025 - 32 days), and the weighted average age of past-due accounts receivable approximated 40 days (June 30, 2025 - 47 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:

		Trade	Allowance for	Net Trade
		Receivables	Doubtful	Receivables
			Accounts	
As at June 30, 2026				
Current	\$	23,704	\$ –	\$ 23,704
1 to 30 days		1,587	–	1,587
31 to 60 days		874	–	874
Over 60 days		863	(22)	841
Total	\$	27,028	\$ (22)	\$ 27,006

		Trade	Allowance for	Net Trade
		Receivables	Doubtful	Receivables
			Accounts	
As at June 30, 2025				
Current	\$	20,704	\$ –	\$ 20,704
1 to 30 days		654	–	654
31 to 60 days		1,389	–	1,389
Over 60 days		120	(60)	60
Total	\$	22,867	\$ (60)	\$ 22,807

The Company maintains allowances for lifetime expected credit losses related to the allowance for doubtful accounts. Current economic conditions, forward-looking information, historical information, and reasons for the accounts being past due are all considered when determining whether to make allowances for past due accounts. The same factors are considered when determining whether to write-off amounts charged to the allowance for doubtful accounts against the customer accounts receivable. As at June 30, 2026, the Company has an allowance for doubtful accounts of \$22 (June 30, 2025 - \$60). As at June 30, 2026, the Company had two major customers who accounted for approximately 56% of the year-end accounts receivable balance (June 30, 2025 - 50%). Customer contract assets that are not considered to be impaired within the next 12 months are \$4,620 (June 30, 2025 - \$1,138), and long-term are \$nil (June 30, 2025 - \$282).

(b) Liquidity risk

Liquidity risk arises from the Company's general funding needs and in the management of its assets, liabilities and capital. The Company manages its liquidity risk to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations in a cost-effective manner. As of June 30, 2026, the Company has access to a credit facility in the amount of \$75,000 (June 30, 2025 - \$75,000) with a Canadian chartered bank, of which the \$41,122 was available to be drawn (June 30, 2025 - \$49,997). As at June 30, 2026, the Company had drawn \$13,768 (June 30, 2025 - \$33,938), with a remaining \$27,354 available under this credit facility (June 30, 2025 - \$16,059).

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The tables below presents a maturity analysis of the Company's financial liabilities as at June 30, 2026:

As at June 30, 2026	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Thereafter
Accounts payable and accrued liabilities	\$ 46,127	\$ 46,127	\$ 46,127	\$ –	\$ –
Long-term debt	29,776	29,776	11,429	10,773	7,574
Lease liabilities	5,187	5,586	1,608	3,978	–
Warrant liability	519	519	519	–	–
Total financial liabilities	\$ 81,609	\$ 82,008	\$ 59,683	\$ 14,751	\$ 7,574

(c) Currency risk

During the year ended June 30, 2026, approximately 97% (June 30, 2025 - 96%) of the Company's sales were denominated in U.S. dollars. The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. These contracts are recognized in the consolidated statements of financial position at their fair value, with changes in fair value recorded in the consolidated statements of comprehensive income (loss) in foreign exchange loss. As at June 30, 2026, there were two forward purchase contracts in place (June 30, 2025 - nil).

For the year ended June 30, 2026, if the Canadian dollar had weakened or strengthened by 1% against the U.S. dollar with all other variables held constant, net income before income taxes would have been \$1,176 higher or lower (June 30, 2025 - \$813), and net income after income taxes would have been \$929 higher or lower (June 30, 2025 - \$642).

(d) Interest rate risk

The Company is exposed to floating interest rate risk, as the required cash flows to service its debt will fluctuate as a result of changes in market rates. This risk is limited to the line of credit and long-term debt. A 1% movement in the interest rate would have resulted in a \$582 change to net income before income taxes and a \$460 change to net income after income taxes for the year ended June 30, 2026 (June 30, 2025 - \$697 and \$558, respectively).

28. CUSTOMER-BASED WARRANTS

The Company executed a warrant agreement with one of its key customers in the first quarter of fiscal 2024 to purchase up to 361,050 common shares at an exercise price of \$17.09 with vesting conditions based on the achievement of certain multi-year spending targets. In the second quarter of fiscal 2026, the third and final tranche comprised of 141,050 warrants was cancelled as the spending targets were not met. The fair market value remeasurements from the the third quarter onwards were and will be reflected as other expense (income) in the Company's consolidated statements of comprehensive income (loss) due to the end of the vesting period tied to spending targets. The warrants are accounted for as financial liabilities due to their conversion features and will be remeasured to their fair market value at each reporting date until the earliest of settlement, cancellation or expiry. A binomial options pricing model was used to derive the fair value of customer based warrants. The fair value of warrants as at June 30, 2026 was \$519 (June 30, 2025 - \$290). The Company incurred warrant vesting expense during the year ended June 30, 2026 of \$247, of which \$241 was reflected as a reduction of revenue and \$6 was reflected as other expense in fiscal 2026 (June 30, 2025 - recovery of \$1,755 reflected as an increase in revenue).

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The following is the continuity of the contract asset related to the warrants during the year ended June 30, 2026:

At July 1, 2024	\$	602
Fair market value adjustment		(2,336)
Amortization		1,755
At June 30, 2025		21
Fair market value adjustment		229
Amortization		(247)
Effect of foreign exchange		(3)
At June 30, 2026	\$	–
Current portion	\$	–
Long-term portion	\$	–

The following is the continuity of the financial liability related to the warrants during the year ended June 30, 2026:

At July 1, 2024	\$	2,626
Fair market value adjustment		(2,336)
At June 30, 2025		290
Fair market value adjustment		229
At June 30, 2026	\$	519
Current portion	\$	519
Long-term portion	\$	–

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

Years ended June 30,		2026	2025
Weighted average share price	\$	13.09	\$ 9.22
Expected option life		4.5 years	5.5 years
Exercise price	\$	17.09	\$ 17.09
Risk-free rate of return		3.15 %	2.85 %
Dividend yield		1.70 %	2.00 %
Volatility factor		31.79 %	30.18 %

29. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility while managing its cost of optimizing access to capital. The Company defines its capital as current and long-term debt (excluding lease liabilities) and shareholders' equity. The Company's capital as at June 30, 2026 was \$245,887 (June 30, 2025 - \$236,682). The Company monitors its capital structure and based on changes in economic conditions, may adjust the structure through the repurchase of shares, the issuance of shares or the use of debt facilities. The Company manages its capital structure in order to ensure sufficient resources are available to fund the development and growth of next generation products and, to fund the expansion of its manufacturing facilities, providing an opportunity to reinforce its market position.

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Under its borrowing agreements, the Company must satisfy certain restrictive covenants including a minimum financial ratio for the working capital and maximum financial ratio for the debt/equity ratio and the purchase of property, plant and equipment. During the year ended June 30, 2026, the Company complied with all these capital requirements. The Company did not pledge cash or cash equivalents under these borrowing agreements.

30. SUPPLEMENTAL INFORMATION

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

Depreciation and amortization – operating activities

Years ended June 30,	2026	2025
Depreciation of property, plant and equipment	\$ 2,694	\$ 3,092
Depreciation of right-of-use assets	1,496	1,482
Amortization of deferred development costs	20,094	15,900
Amortization of finite-life intangible assets	2,744	2,842
Total depreciation and amortization	\$ 27,028	\$ 23,316

Net change in working capital – operating activities

Years ended June 30,	2026	2025
Accounts receivable	\$ (6,592)	\$ 46,919
Inventories	14,312	16,313
Prepaid expenses	(1,792)	(119)
Contract assets	(3,541)	617
Accounts payable and accrued liabilities	9,108	(19,919)
Deferred revenue	4,097	(1,754)
Total change in net working capital	\$ 15,592	\$ 42,057

Capital expenditures, net – investing activities

Years ended June 30,	2026	2025
Capital expenditures:		
Property, plant and equipment	\$ 3,855	\$ 2,672
Intangible assets	451	180
Proceeds of disposition:		
Property, plant and equipment	(6)	(161)
Total capital expenditures, net	\$ 4,300	\$ 2,691

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

Years ended June 30,		2026		2025
Wages and salaries	\$	95,659	\$	92,408
Health care benefits		7,447		6,872
Post-employment benefits		2,424		2,400
Total employee benefits expense	\$	105,530	\$	101,680

31. CONTRACTUAL OBLIGATIONS

As at June 30, 2026, contractual purchase obligations due within a year that are not recognized as liabilities were \$22,753 (June 30, 2025 - \$26,878). Related inventory deposits paid to contract manufacturers and classified as prepaid expenses were \$3,020 (June 30, 2025 - \$1,968).

32. RELATED PARTY TRANSACTIONS

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

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

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

The company had the following related party transactions during the year ended June 30, 2026:

Compensation of key management personnel

Years ended June 30,		2026		2025
Compensation and director fees	\$	2,922	\$	2,901
Post-employment pension		139		136
Share-based compensation - stock options and PSUs		1,305		1,645
Total compensation of key management personnel	\$	4,366	\$	4,682

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

During the year ended June 30, 2026, there were nil stock options awarded to key management personnel (June 30, 2025 - 8,000). As stock options awarded are granted for six years, with vesting based on performance and are equity settled, the expense is recognized rateably over a period of years and thus only a portion of the awards are included in the table above.

There were nil PSUs awarded to key management personnel during the year ended June 30, 2026 (June 30, 2025 - 205,566). No PSUs vested during the years ended June 30, 2026 and 2025. Each vested PSU is settled for one common share of the Company.

Building lease

The Company entered into a building lease on August 1, 2022 with one of the principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2026, total lease payments, including interest, were \$nil (June 30, 2025 - \$125). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholders and therefore, no longer subject to a related party relationship.

Shareholder loan

The Company received a shareholder loan in the second quarter of fiscal 2025 of \$5,000 from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.95% plus 4.30% and is collateralized by a general security agreement. During the year ended June 30, 2026, the Company incurred \$445 of interest expense pursuant to the shareholder loan (June 30, 2025 - \$273). The loan agreement was executed at arms length, approximates fair value and will be used by the Company to fund short-term working capital requirements. Subsequent to the year ended June 30, 2026, the Company repaid its \$5,000 shareholder loan in full, including unpaid accrued interest of \$5 (see Note 34(b) - Subsequent Events).

33. RESTRUCTURING COSTS

During the year ended June 30, 2025, the Company incurred \$2,798 of restructuring costs pursuant to its workforce reorganization announced on December 9, 2024. As at June 30, 2026, the Company had a \$300 severance provision for employees who had not signed an agreement at the reporting date (June 30, 2025 - \$310).

34. SUBSEQUENT EVENTS

- (a) On July 31, 2026, the Company completed the sale of its Telematics business for cash consideration of \$16,500, subject to customary working capital adjustments, comprised of \$14,500 received on closing and \$2,000 payable by the end of calendar 2026. The Telematics business was classified as held for sale as at June 30, 2026, as the criteria for classification as held for sale under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, were met at that date. The Company incurred advisory fees of approximately \$131, primarily consisting of legal and other transaction costs, which were recognized as other expense in the consolidated statements of comprehensive income (loss) for the year ended June 30, 2026.
- (b) On August 4, 2026, the Company repaid its \$5,000 shareholder loan in full, including unpaid accrued interest of \$5.
- (c) On September 18, 2026, the Company completed the acquisition of certain software assets and related intellectual property from Akleza, Inc.
- (d) On September 22, 2026, the Board of Directors declared a dividend of \$0.055 per common share, payable on November 9, 2026 to shareholders of record as at October 16, 2026 consistent with its previously announced dividend policy.
- (e) Subsequent to June 30, 2026, management reorganized its reportable segment structure, better reflecting the evolution of Vecima's business by aligning its reporting with its internal operating and engineering structure. As a result, the Company moved its Commercial Video product line from its VBS segment to its CDS segment effective beginning with the first quarter of fiscal 2027. Additionally, the previous VBS segment will be renamed Broadband Access Solutions ("BAS") and the previous Content Delivery and Storage segment will be renamed Content Delivery Solutions.

In accordance with IFRS 8, the segment information presented in these financial statements for the year ended June 30, 2026, reflects the organizational structure and internal reporting lines in place as of the reporting date and reviewed by the Chief Operating Decision Maker during the year. Management is currently evaluating the financial statement impact of this restructuring, including the prospective reallocation of goodwill and corporate assets between the BAS and CDS segments. It is not yet practicable to provide a reliable quantitative estimate of the financial effects of this change on the segment disclosures. The revised segment structure will be adopted and reported in the interim condensed consolidated financial statements for the period ending September 30, 2026.