

FIRST QUARTER RESULTS

Management's Discussion and Analysis

and

Interim Condensed Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the three months ended September 30, 2026 and 2025

(unaudited)

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
November 9, 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 three months ended September 30, 2026.

Our MD&A supplements, but does not form part of, our consolidated financial statements and related notes for the three months ended September 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 three months ended September 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 (“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 delivers advanced broadband access, network intelligence, and content delivery technologies that enable service providers to build, modernize, and optimize next-generation networks. Through its two operating segments, Broadband Access Solutions and Content Delivery Solutions, the Company provides innovative hardware, software, and cloud-native solutions that support the evolution of cable and fiber networks, intelligent network operations, IPTV and streaming services, and commercial video applications.

The Broadband Access Solutions segment develops and delivers next-generation cable and fiber access technologies that help service providers expand network capacity, improve operational efficiency, and evolve their networks while leveraging existing infrastructure investments. Its comprehensive portfolio includes virtualized cable access platforms, DOCSIS® 4.0 distributed access solutions, XGS-PON and emerging 50G-PON technologies, and artificial intelligence (“AI”)-powered network intelligence and automation. These solutions support residential, enterprise, and commercial broadband services, giving operators the flexibility, scalability, and performance needed to meet growing connectivity demands.

The Content Delivery Solutions segment provides advanced software and platforms for the management, protection, optimization, and delivery of video and streaming content. Its portfolio encompasses IPTV and streaming delivery, content distribution networks, media processing and optimization, edge caching, and commercial video solutions. These technologies enable service providers and content owners to deliver high-quality viewing experiences efficiently, optimize network resources, and support evolving video consumption and monetization models.

Vecima's technology portfolio combines purpose-built hardware, advanced software, cloud-native architectures, and AI-enabled intelligence, supported by the Company's internal research and development capabilities. With expertise spanning broadband access, network virtualization, intelligent automation, and content delivery, Vecima continues to invest in technologies designed to simplify network operations, improve performance and reliability, and support the long-term evolution of broadband and video infrastructure.

Operating Segment Reorganization

Beginning in fiscal 2027, we reorganized 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 (previously reported on within our Video and Broadband Solutions segment) now form a distinct, standalone reporting segment called Broadband Access Solutions ("BAS"). In parallel, the financial results of our Terrace family commercial video products (previously included within our Video and Broadband Solutions segment) were combined with the MediaScale products (previously included in our Content Delivery and Storage segment) to form a new segment called Content Delivery Solutions ("CDS"). These changes better align our reporting with our internal operating and engineering structure. The reorganization included the transfer of the associated revenues, cost of goods sold and operating expenses.

As a result of this change, comparative segment information for the three months ended June 30, 2026 and September 30, 2025 have been re-presented to conform to our current segment structure.

Broadband Access Solutions

Broadband Service Providers rely on Entra® cloud-based connectivity solutions, market-leading DAA and fiber platforms, and intelligent automation to deliver high-speed broadband.

The Broadband Access Solutions portfolio, operating under the Entra® brand, comprises Entra Fiber Access with 10G EPON, XGS-PON, and 50G-PON solutions; Entra Cable Access, including vCMTS, Remote MACPHY, and Remote-PHY solutions; and Entra Intelligence, Automation & AI, including our orchestration, test, and diagnostic tools.

- **Entra Fiber Access** features Vecima’s **Entra All-PON** portfolio, which delivers best-in-class 10G solutions across both XGS-PON and 10G-EPON, giving broadband operators the flexibility to deploy the right technology for their networks, with a clear and economical roadmap to 50G and beyond.
    - The **Entra XGS-PON Solution** combines purpose-built access hardware for both headend and remote deployments with centralized, cloud-native control. Realizing XGS-PON’s full potential requires a deployment and management framework that integrates automation, flexibility, and visibility into a single solution platform. The solution has the following core components:

    - Innovative, web-based service provisioning with **Entra vPON Manager**, purpose-built for today's PON environments, bringing automation, visibility, and control to XGS-PON deployments;
    - The **Entra EXS1610-XGS Shelf Optical Line Terminal (OLT)** is a best-in-class ITU PON platform that supports XGS-PON for 10G, GPON, and Combo PON (XGS-PON & GPON) services today, with a migration path to 50G and 100G services in the future; and
    - Vecima's **Open Network Ecosystem** of interoperable third-party ONU/ONT partners ensures no single-vendor lock-in while delivering industry-leading investment protection and interoperability.
  - **Entra EPS1650 All-PON Shelf** is a compact, modular, "pay as you grow" Optical Line Terminal (OLT) designed to help service providers deploy and scale multiple generations of PON from a single platform. Operators can start with eight PON ports and expand to 16 as demand grows. Each module provides eight 50G-capable Tri-Mode PON ports or Dual 10G PON ports with double-density SFP optics, along with flexible 40G and 100G network-side uplinks.
  - **Entra EXS1610 All-PON Shelf** is a PON OLT that supports IEEE 10G-Ethernet PON (10G EPON), CableLabs Standard DOCSIS® Provisioning of EPON (DPoE), and ITU-T XGS-PON.
  - **Entra SF-50X Remote OLT for 50G-PON** brings scalable fiber capacity closer to residential, business, and MDU subscribers. With support for 10G services today and a clear evolution path to 50G-PON, the SF-50X reduces migration risk and protects infrastructure investments. Operators can introduce 50G-PON by changing optics instead of replacing the R-OLT, aligning network upgrades with subscriber demand and business priorities.
  - **Entra SF-4X Remote OLT** is an environmentally hardened remote optical line terminal (R-OLT) with four 10 Gb/s Ethernet Passive Optical Network (EPON) ports and up to four 10 Gb/s Ethernet uplinks. With support for DOCSIS® Provisioning of EPON, the SF-4X Access Node provides cable operators with a fiber-to-the-premises (home or business) solution and is an essential component of the Entra unified cable access solution.
- **Entra Cable Access** - An open, interoperable set of software applications to centralize orchestration, management, control, and virtualized data plane across all the Entra products.
  - The cloud-native **Entra vCMTS** virtual cable access core that allows broadband service providers to transform their networks for next-generation broadband access and is designed to maximize performance while minimizing space, power, and cost through virtualization.
  - **Entra EN9000 Generic Access Platform (GAP) Node** is the world's first commercially available 3.0 GHz-capable GAP node, designed to support D3.1 R-PHY today and evolve to future technologies including DOCSIS 4.0, Remote PON OLT, and Carrier Ethernet. The **Entra EN3400** is a compact multi-services GAP node optimized for MDU and enterprise applications supporting R-PHY and 10G EPON today.
  - **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.
  - **Entra Remote MACPHY** - Multiple variants of the Entra Access Node that can operate as Remote MACPHY, providing the full next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable.
- **Entra Video Adapters and Management Devices** includes a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures.
  - **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** offers unified control software for management, service assurance, and monitoring of access nodes.
  - **Entra Video QAM Manager** allows for the integration of video in a DAA environment, leveraging existing video generation infrastructure by providing a direct pathway for video through the Entra node.
  - **Entra Legacy QAM Adapter and DV-12** provide a simple solution to adapt existing video QAM infrastructure for distributed access.
  - **Entra Interactive Video Controller** supports essential two-way network connectivity for legacy set-top boxes that are heavily deployed and in service today.

- **Entra Intelligence** is an AI-powered network operations platform built to help broadband operators troubleshoot faster, reduce operational effort, and take control of increasingly complex access networks. When an issue occurs, engineers often have to piece together the answer from alarms, telemetry, topology, configurations, tickets, and multiple network domains. Entra Intelligence does the correlation for them, bringing network data and operational context together to identify what is happening, determine the probable root cause, and recommend what to do next.

  Built to work across both cable and fiber access, Entra Intelligence combines real-time insights with an AI-assisted interface, turning reactive troubleshooting into proactive, data-informed network management.

  - **Entra Intelligence** includes **CableDiag™, a Proactive Network Maintenance (PNM) software suite** in commercial production since 2016 and used by more than 25 cable operators to monitor over five million DOCSIS® devices across North America. CableDiag acts as a real-time network analytics engine within Entra Intelligence, continuously monitoring network health to identify problems before they become service-affecting. The platform is vendor-agnostic and works with all leading CMTS, CCAP, and vCMTS platforms and deploys alongside existing infrastructure without hardware changes or capital expenditure.
- **Entra Automation** 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.
  - **Entra Access Simulators** - Through simulation of RPDs, Optical Line Terminals (OLTs), and customer premises equipment (CPE), operators can identify bottlenecks, prevent failures, make informed capacity planning decisions to ensure seamless operations, and rapidly qualify new network software releases in preparation for deployment.
  - **Entra Standalone Principal Core** represents a breakthrough in automation-driven network architecture for DAA transformation, designed to deliver interoperability, scalability, and high availability for managing thousands of Remote PHY Devices (RPDs).

Content Delivery Solutions

Broadband Service Providers use Vecima's **MediaScale™** platforms to deliver the highest quality, most efficient live, on-demand, and streaming video. MediaScale enables operators to modernize video operations while minimizing risk and maximizing reuse of existing infrastructure and expertise. With proven performance at scale, MediaScale delivers the reliability operators expect while enabling a simplified path to next-generation video services.

With the **Terrace™** portfolio of commercial video gateways, operators can deliver IP video seamlessly into hospitality and enterprise. Operators can efficiently deliver bulk video services and enable a transition from legacy video delivery to more modern technologies such as Adaptive Bitrate (ABR) delivery.

- **MediaScale**
  - The **MediaScale IPTV Solution** is a scalable, carrier-grade CDN platform that supports both VOD and Linear Live IPTV, including Start Over, Catch Up, and storage-efficient Network DVR.
    - **MediaScale Transcode** is a COTS-based software solution that leverages the latest advancements in encoding technology and CPU/GPU technology to deliver unparalleled video quality.
    - **MediaScale Origin** is a comprehensive platform that enables content service providers to ingest, package, protect, and deliver video content to any device, any time, over any network.
    - **MediaScale Storage** is a modern, cost-effective storage solution required to support the robust requirements for IP linear, timeshift, Cloud DVR and VOD catalogs.
    - **MediaScale Cache** provides high-scale, high-density streaming services on our flexible content delivery solution. The solution supports edge caching for IP ABR use cases, Origin Shield Caching, and QAM VoD Pump functionality.
    - **MediaScale Ad Monetization**, through Dynamic Content, gives operators the tools to personalize content and advertising at the edge, creating new revenue opportunities while delivering a seamless viewing experience. From linear replication to targeted dynamic ad insertion and programmer-addressable advertising, MediaScale provides a flexible path to more sophisticated monetization without requiring operators to transform their advertising business all at once.
    - **KeyFrame™ Media Optimization**, through its partner Digital Harmonic, enables Content Providers and Broadband Service Providers 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.

- **Terrace**
  - **Terrace IQ** serves commercial bulk video locations from IP-delivered content. Terrace IQ features ABR, SRT or UDP input, a high channel capacity, integrated IP output, and modular components for MPEG-4 to MPEG-2 transcoding and QAM output. Operators with Vecima's Terrace QAM platform can easily upgrade to Terrace IQ via a hardware module replacement. Terrace enables an open, flexible, and future-proof bulk video delivery product offering for Broadband Service Providers, and powers a high-quality video experience to their commercial video customers.

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 $1.9 million ($2.0 million contractual payable, less a working capital adjustment of $0.1 million) payable by the end of calendar 2026.

The results of the Telematics business segment have been classified as 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. Unless otherwise indicated, all financial information in this MD&A represents the results from continuing operations.

2. Industry Developments

Artificial intelligence is emerging as the next structural driver of broadband demand, and it is changing what operators must build. Industry forecasts now point to AI roughly doubling broadband traffic growth, while also raising the bar on latency, upstream capacity and reliability.

At the same time, competition from new fiber builders and fixed wireless providers is eroding incumbents' share of new subscribers. Together, these forces create a multi-year upgrade cycle for fixed-line access networks, the segment where Vecima operates.

AI is accelerating traffic growth

Omdia's AI network traffic forecast projects network traffic growing at a compound annual rate of approximately 27% from 2024 to 2033. AI-generated traffic is expected to account for about 60% of total traffic growth over that period, making it the single largest source of incremental demand.

Cisco reaches a similar conclusion from the consumer side. Its 2026 study of AI's impact on wide area networks projects consumer-driven traffic growing 6.6x by the mid-2030s, compared with 4x in a scenario without AI. In other words, AI adoption alone accounts for an additional 63% of growth.

This shift is already visible in real usage data. According to OpenVault:

- Average monthly household usage reached 767 GB in Q4 2025, the first time it has exceeded 700 GB.
- Upstream usage grew 21.7% year over year in 2025, its fastest rate in years.
- 5% of subscribers now use more than 2 TB per month, up from 3.7% in late 2024.

The upstream figure matters most. It signals that users are no longer only consuming content; they are increasingly sending data, a pattern which AI applications intensify.

Latency becomes a first-order requirement

For most of broadband's history, operators competed on download speed. AI is shifting the competition toward responsiveness. As Jeff Heynen of Dell'Oro Group noted in 2025, AI-driven, real-time applications raise the importance of latency, reliability, traffic intelligence and edge capabilities, creating a new investment imperative for broadband operators.

Cloud gaming, immersive AR/VR and AI agents that act in real time all depend on low and consistent delay. Sub-10 millisecond latency is quickly becoming the baseline expectation, and AI workloads reinforce that trend.

Fixed-line networks are best positioned to meet it. Median latency on fiber runs 7 to 14 ms and on cable 12 to 24 ms, compared with 40 to 45 ms for low-earth-orbit satellite and 50 to 67 ms for fixed wireless (FCC Measuring Broadband America, 13th Report; Ookla). Low Latency DOCSIS® is designed to bring cable below 5 ms, reaching parity with fiber on the existing plant.

Upstream and symmetric capacity

AI changes the shape of traffic, not just its volume. Agentic AI is estimated to generate about nine times more upstream traffic than typical web use, as agents continuously send context, images and video to cloud models. Real-time video generation and AI inference add sustained multi-gigabit demands that average speed tiers can no longer meet.

For cable operators, this puts the upstream path at the center of the upgrade agenda. Networks were historically built with far more downstream than upstream capacity, and that imbalance is now a bottleneck. DOCSIS® 4.0 and PON both support a more symmetrical multi-gigabit service, giving operators a clear technical path forward.

Reliability rises in importance alongside capacity. As AI agents become embedded in household and business workflows, connectivity becomes mission-critical: any degradation directly interrupts autonomous tasks and productivity.

Competition is forcing incumbents to reinvest

Incumbent cable operators face pressure on two fronts. Competitive fiber providers, independent builders of new fiber-to-the-home networks, account for 26% of broadband subscriber additions. Fixed wireless providers, delivering service over LTE and 5G, account for 32% (New Street Research, Q4 2025).

With more than half of new subscribers going to these challengers, incumbents cannot cost-cut their way out. Defending their footprint requires upgrading access networks to match fiber on speed and latency, and differentiating on services such as streaming video.

Preparing for 50G

The next step in fixed-line capacity is 50G-PON, and 2026 marked its move from the lab toward the field. The ITU-T standard supports 50 Gbps downstream with either 25 Gbps or a full 50 Gbps upstream, and both modes can run on the same fiber plant. That symmetric option speaks directly to the upstream demand AI creates.

The timing of mass adoption is a multi-year question. Dell'Oro expects XGS-PON to remain the primary mass-market residential technology through at least 2030, with 25G and 50G used first for targeted enterprise and strategic deployments. Large-scale 50G is predicted to ramp in China from late 2027, which should bring component costs down for the rest of the market.

That timeline is why preparation matters now. Operators placing access equipment today want platforms that support today's GPON and XGS-PON while adding 50G on the same ports and fiber when demand arrives, avoiding a second forklift upgrade. On the cable side, DOCSIS® 4.0 and distributed access architectures play the equivalent role, extending the HFC plant toward multi-gigabit symmetric service.

AI-driven demand growth, rising performance expectations and intensifying competition point to a sustained, multi-year investment cycle in fixed-line access networks. Vecima's portfolio of access and video solutions is positioned to support operators through that cycle, from DOCSIS® 4.0 and Low Latency DOCSIS today to the 50G generation ahead.

Driving Next-Generation Cable Access

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 operators 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.

DAA speeds over coaxial cable are comparable to fiber-optic connections, 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, since DOCSIS® 3.1 and 4.0 modems can coexist with older versions and build on 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 COVID-19 pandemic further increased demand for network bandwidth and accelerated the push toward distributed access solutions.

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 Broadband Service Providers 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 favored architectures and products that allow them to cohesively orchestrate both coaxial cable and fiber access networks over a common cloud management platform.

Content Delivery: Video moves to IP

Video is the largest workload on broadband networks, and its delivery is shifting decisively to IP. Global demand for IP video delivery and storage is growing as consumers move to streaming services and cable operators make large libraries of new IP video content available to subscribers.

The shift is now visible in mainstream viewing. Streaming reached a record 49.6% of U.S. TV viewing in August 2026, according to Nielsen, with YouTube alone at 15.8%. Broadcast and cable together now account for less TV time than streaming.

Live sports is the new stress test. The 2026 FIFA World Cup was the largest live-streaming event yet attempted, and streaming became a core part of how audiences watched. In the U.K., a single Champions League semi-final set an all-time traffic record on Virgin Media O2's network in May 2026. Live events concentrate millions of simultaneous streams into the same minutes, so peak capacity, latency and edge delivery, not average throughput, determine whether the experience holds up.

Two developments are reshaping how that video is delivered:

- Cloud DVR - Service providers are moving recording and storage out of set-top boxes and into the network. Cloud DVR lowers device costs, makes recordings available on any screen, and turns storage into a scalable network service; and
- Direct-to-consumer OTT - Content owners and broadcasters are using IPTV technologies to reach subscribers directly through OTT business models. That puts more premium and live content on operators' networks, carried on behalf of third parties.

For operators, efficient video delivery is both a cost lever and a competitive weapon. Edge caching consolidates traffic, reduces transit and backbone costs, and cuts latency and buffering at peak. It also creates new roles for the operator: hosting delivery for third-party streaming services and offering a better-quality experience than competitors that rely on distant CDNs.

That links directly to the competitive pressure described above, where differentiating on streaming video is one of the incumbents' main tools for defending their footprint.

Vecima participates in this shift through its content delivery and storage portfolio, whose edge caching technology operators across North America and globally use to deliver IP video to millions of subscribers.

Our Strategy

Vecima is entering a new phase of accelerated growth. It combines proven market leadership, strong broadband and AI tailwinds, a growing mix of higher-margin recurring revenue, and expanding market share, all aimed at sustained shareholder returns.

The company is a market leader addressing US$7B in serviceable broadband and content delivery markets. It is positioned at the forefront of the AI-driven broadband investment cycle. Vecima has reported record revenue and Adjusted EBITDA, and it projects 30% to 35% growth in FY2027.

Its revenue mix is shifting toward higher-margin, recurring software, AI, automation, and services. A decade of strategic investment is now driving accelerating market share gains and shareholder returns.

3. Fiscal 2027 Q1 Highlights

Financial and Corporate

- Achieved record quarterly consolidated sales results with revenue climbing 38% to $95.1 million in Q1 fiscal 2027 from $69.2 million in Q1 fiscal 2026, and 5% from $91.0 million in Q4 fiscal 2026.
- First quarter gross margin and adjusted gross margin (non-IFRS) were 41.6% and 41.9%, compared to 41.4% and 43.3%, respectively, in Q1 fiscal 2026 and 45.4% and 45.0% in Q4 fiscal 2026, reflecting changes in product mix.
- First quarter adjusted EBITDA (non-IFRS) grew 72.0% to $18.7 million, from $10.9 million in Q1 fiscal 2026, and was similar to the $18.9 million achieved in Q4 fiscal 2026.
- Increased first quarter earnings per share to $0.24, from $nil in Q1 fiscal 2026; adjusted earnings per share (non-IFRS) increased to $0.29 from $0.04 in Q1 fiscal 2026.
- Ended the quarter in a strong financial position with working capital of $67.9 million at September 30, 2026, compared to $62.6 million at June 30, 2026. Our continued focus on debt reduction significantly lowered total net debt (non-IFRS) to $24.9 million in Q1 fiscal 2027, from $40.7 million in Q4 fiscal 2026.
- On July 31, 2026, Vecima closed the sale of its Telematics business to Lantronix Inc. for total cash consideration of $16.5M, subject to customary working capital adjustments. The purchase price includes $14.5M that was paid at closing and an additional $1.9 million ($2.0 million contractual payable, less a working capital adjustment of $0.1 million) payable by the end of calendar 2026.

Broadband Access Solutions

The Broadband Access Solutions segment sales of $76.5 million in the first quarter increased 39% from $55.1 million in Q1 fiscal 2026 as cable and fiber broadband rollouts continued to ramp worldwide. First quarter segment sales were similar to the record $77.3 million achieved in Q4 fiscal 2026.

- Continued to ramp product deliveries under the multi-year agreement signed with Charter Communications in Q3 fiscal 2026. The agreement has expanded demand for Vecima's DOCSIS 4.0 Remote PHY Devices (RPD), while also broadening our longstanding partnership with Charter across fiber access.
- Achieved record quarterly cable access products revenue, led by strong Entra EN9000 sales as broad penetration of this industry-first GAP node continued to expand across North American operators. Sales of Entra ERM3 RPD modules also ramped during the quarter.
- Total DAA customer engagements grew to 162 worldwide by end of Q1, an increase of 22 customers year-over-year. Eighty-one of these customers have ordered Entra products, underscoring increased deployment of Vecima's cable and fiber access solutions.
- Achieved strong commercial momentum with vCMTS by increasing the number of committed, purchasing, and/or deployed vCMTS customers worldwide from Q4 fiscal 2026.
    - Meaningful progress towards field trials with Charter (previously announced Cox agreement to deploy Entra vCMTS), Vecima's first Tier 1 North American vCMTS customer.
    - Expanded trials with Videotron, another North American Tier 1, as this customer progresses qualification of the platform for a planned network-wide deployment.
    - Multiple customers in Europe now deployed, and agreement signed with an additional European operator in Q1.
- Continued progress with 10G/50G next-generation fiber access solutions.
    - North American Tier 1 commenced lab testing of XGS-PON during the period, with dozens of operators around the world engaged in deployments, testing, or commercial discussions.
    - The Entra XGS-PON & 50G PON platforms will open up US$3.2 billion of addressable market while building on Vecima's 10G PON R-OLT portfolio which has held a commanding global market share lead for the last five years.
    - EXS1610 All-PON momentum continued to build with new customer engagements and expanded software feature sets, allowing Telco customers to deploy FTTH services from cabinets or centralized facilities.
    - Lead Tier 1 North American operator launched a 7x7 Gbps service tier across their entire Entra PON (R-OLT, Shelf, and Chassis-based) deployed base for a new high-end broadband speed offering.
- Subsequent to the quarter-end, three of Vecima's next-generation Entra solutions were recognized with four-diamond ratings as part of Lightwave's 2026 Diamond Technology Reviews. These included the Entra vCMTS in the SDN/NFV/Cloud category, the Entra vPON Manager for XGS-PON Platform in the FTTH/ Optical Access Platforms category, and the Entra Access Simulators in the Monitoring & Analysis category.

- Launched Entra Intelligence as a new product line with the September 18th acquisition of Akleza's CableDiag proactive network maintenance platform. The platform is currently deployed in more than 25 operator networks, monitoring five million DOCSIS devices. Vecima showcased the new Entra Intelligence platform, including the CableDiag analytics engine and Entra vPON Manager service assurance, at SCTE Tech Expo 2026 in Atlanta.

Content Delivery Solutions

The CDS segment grew first quarter sales to $18.6 million, an increase of 32% from $14.1 million in Q1 fiscal 2026, and 36% higher than the $13.6 million generated in Q4 fiscal 2026.

MediaScale

- Completed a major hardware modernization for three Tier 2 customers, using MediaScale origin, storage, and CDN solutions.
- Continued to expand a Phase 2 deployment of Vecima’s targeted Dynamic Ad Insertion (DAI) solution with Hotwire Communications. 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.
- Expanded IPTV platform capacity at a large North American Tier 2 operator with ongoing increases in subscriber uptake.

Terrace Family

- Vecima's next-generation TerraceIQ commercial video solution continued to gain broad traction with customers.
  - Shipped first tranche of TerraceIQ products under agreement signed with a major Tier 1 North American operator in July, driving substantial increase in Q1 TerraceIQ sales, nearly tripling Q1 Terrace IQ sales compared to what was achieved in all of fiscal 2026.
  - Design wins for TerraceIQ now include five Tier 1s and numerous Tier 2 operators, adding to the significant market share expansion underway for this product category.
  - The broad and growing adoption amongst customers for TerraceIQ as the next-generation of Vecima’s multi-year leadership in commercial video while positioning the CDS segment to achieve annual growth rates in fiscal 2027 similar to those achieved by the Broadband Access Solutions segment.

4. Outlook

With broad-based demand coalescing across multiple product lines, we continue to anticipate fiscal 2027 consolidated revenue growth of 30% to 35%, compared to fiscal 2026, with an adjusted EBITDA margin of approximately 20% based on our projected demand profile.

As it relates to our calendar year 2026 outlook, we note that a key customer has rescheduled certain Entra DAA deliveries originally intended for late Q2 fiscal 2027, to early Q3. As a result of this shift in delivery timing into calendar 2027, we now anticipate calendar 2026 revenue growth of approximately 20% year-over-year, revised from our most recent outlook of 27% to 32%. We anticipate adjusted EBITDA margins of approximately 18% in calendar 2026.

Our outlook is supported by Vecima's portfolio strength, major customer design wins, and essential DAA-based gigabit upgrades globally, with growth estimates reflecting customer purchase orders and forecasts, which provide significant demand visibility.

In the Broadband Access Solutions segment, our lead North American BSP (Broadband Service Provider) customer is underway with its large-scale network upgrade using our next-generation DAA technologies. Our outlook for fiscal 2027 anticipates strong 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.

In the Content Delivery Solutions segment, Terrace family sales are poised to continue expanding as our lead Tier 1 U.S. customer continues its major, multi-year network upgrade using our next-generation TerraceIQ platform, and as additional operators begin their own rollouts with TerraceIQ.

In our MediaScale portfolio, we anticipate continued steady performance as we build our base of IPTV customers and continue to benefit from 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.

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, 2026.

Consolidated Statements of Comprehensive Income Data *(in thousands of dollars except common share data)*	**Three months ended September 30, 2026**		2025	
Sales	$ 95,111	100%	$ 69,170	100%
Cost of sales:				
Cost of product and services	55,302	58%	39,380	57%
Write-down of inventory to net realizable value	286	–%	1,172	2%
Total cost of sales	**55,588**	**58%**	**40,552**	**59%**
Gross profit	**39,523**	**42%**	**28,618**	**41%**
Operating expenses				
Research and development[1]	13,422	14%	11,799	17%
Sales and marketing	10,334	11%	8,481	12%
General and administrative	6,504	7%	6,114	9%
Share-based compensation	346	–%	517	1%
Other expense (income)	74	–%	(27)	–%
	30,680	**32%**	**26,884**	**39%**
Operating income	**8,843**	**10%**	**1,734**	**2%**
Finance expense	(1,698)	(2)%	(2,900)	(3)%
Foreign exchange gain	461	–%	890	1%
Income (loss) before taxes	**7,606**	**8%**	**(276)**	**–%**
Income tax expense (recovery)	1,693	2%	(346)	–%
Net income from continuing operations	**5,913**	**6%**	**70**	**–%**
Net income from discontinued operations	5,619		134	
Net income	**11,532**		**204**	
Other comprehensive income (loss)	(227)		1,162	
Comprehensive income	**$ 11,305**		**$ 1,366**	
Net income per share[2]				
Continuing operations - basic	$ 0.24		$ 0.00	
Discontinued operations - basic	0.23		0.01	
Total basic net income per share	**$ 0.47**		**$ 0.01**	
Continuing operations - diluted	$ 0.24		$ 0.00	
Discontinued operations - diluted	0.23		0.01	
Total diluted net income per share	**$ 0.47**		**$ 0.01**	
Other Data:				
Adjusted earnings per share[3]	$ 0.29		$ 0.04	
Adjusted EBITDA[4]	$ 18,740		$ 10,894	
Research and development expenditures[5]	$ 16,816		$ 14,057	
Number of employees[6]	615		570	

(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 *(in thousands of dollars except common share data)*		**September 30, 2026**		June 30, 2026
Cash and cash equivalents	$	12,128	$	2,876
Working capital[(1)]	$	67,866	$	62,588
Total assets	$	357,580	$	335,553
Total debt	$	27,861	$	34,963
Net debt[(2)]	$	24,920	$	40,668
Shareholders' equity	$	226,425	$	216,111
Number of common shares outstanding		24,314,594		24,314,594

(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.*

Adjusted Gross Margin

The following table reconciles gross margin for the period to adjusted gross margin. The term "gross margin" refers to sales less cost of sales as reported in the IFRS Accounting Standards financial statements. The term "adjusted gross margin" refers to gross margin adjusted for warrant expense, and the write-downs 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 *(in thousands of dollars)*	**Three months ended September 30,**			
		2026		2025
Sales	$	95,111	$	69,170
Cost of sales		55,588		40,552
Gross profit		**39,523**		**28,618**
Warrant expense[(1)]		–		132
Write-down of inventory to net realizable value		286		1,171
Adjusted gross profit	**$**	**39,809**	**$**	**29,921**
Adjusted gross margin		**41.9%**		**43.3%**

(1) *Reflects non-cash expense associated with warrants issued to a customer which are recorded as sales incentives under IFRS Accounting Standards. Until fully vested, warrant expense was recognized as a reduction or increase of revenues on the statement of comprehensive income. In Q2 Fiscal 2026, the final tranche was forfeited as spending target were not met, and thus warrant expense was recorded to other expense on the statement of comprehensive income thereafter.*

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 from continuing operations as reported in the consolidated financial statements, excluding any amounts included in net income from continuing operations for write-downs 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, and warrant expense, 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)*	**Three months ended September 30,**	
	2026	2025
Net income from continuing operations	$ 5,913	$ 70
Write-down of inventory to net realizable value, net of tax	1,088	879
Loss on sale of assets, net of tax	3	–
Warrant expense, net of tax	29	104
Adjusted net income	**$ 7,033**	**$ 1,053**
Net income per share from continuing operations	$ 0.24	$ 0.00
Write-down of inventory to net realizable value, net of tax	0.05	0.04
Loss on sale of assets, net of tax	0.00	0.00
Warrant expense, net of tax	0.00	0.00
Adjusted earnings per share[(1)(2)]	**$ 0.29**	**$ 0.04**

(1) *Adjusted earnings per share includes non-cash share-based compensation of $0.3 million ($0.01 per share) for the three months ended September 30, 2026, and $0.5 million ($0.02 per share) for the three months ended September 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 gain of $0.5 million ($0.02 per share) for the three months ended September 30, 2026, and a gain of $0.9 million ($0.04 per share) for the three months ended September 30, 2025.*

EBITDA and Adjusted EBITDA

The following table reconciles net income for the period to EBITDA and adjusted EBITDA. The term "EBITDA" refers to net income from continuing operations as reported in the IFRS Accounting Standards financial statements, excluding any amounts included in net income for income tax recovery, 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: write-downs of inventory to net realizable value; losses on sale of PP&E; warrant expense; and share-based compensation expense. We believe that adjusted EBITDA is useful supplemental information for management and for our investors because it provides for the analysis of our results exclusive of certain non-cash items and other items which do not directly correlate to our business of selling broadband access products 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)*	**Three months ended September 30,**	
	2026	2025
Net income from continuing operations	$ 5,913	$ 70
Income tax expense (recovery)	1,693	(346)
Interest expense	1,700	2,904
Depreciation of property, plant and equipment	659	659
Depreciation of right-of-use assets	346	385
Amortization of deferred development costs	5,844	4,793
Amortization of intangible assets	755	667
EBITDA	**16,910**	**9,132**
Write-down of inventory to net realizable value	1,441	1,113
Loss on sale of assets	4	–
Warrant expense	39	132
Share-based compensation	346	517
Adjusted EBITDA	**$ 18,740**	**$ 10,894**
Adjusted EBITDA margin (percentage of sales)	**19.7%**	**15.7%**

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)*	**September 30, 2026**	June 30, 2026
Revolving line of credit	$ 13,964	$ 13,768
Current portion of long-term debt[(1)]	7,657	12,847
Long-term debt[(1)]	20,204	22,116
	41,825	**48,731**
Less: cash and cash equivalents	(12,128)	(2,876)
Less: lease liabilities	(4,777)	(5,187)
Net debt	**$ 24,920**	**$ 40,668**

(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 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)*	**Three months ended September 30,**	
	2026	2025
R&D expense per consolidated statements of comprehensive income	$ 13,422	$ 11,799
Deferred development costs	9,238	7,051
Amortization of deferred development costs	(5,844)	(4,793)
Research and development expenditures	**$ 16,816**	**$ 14,057**
Percentage of sales	**17.7%**	**20.3%**

Discontinued Operations

Discontinued Operations Income Data *(in thousands of dollars except common share data)*	**Three months ended September 30,**	
	2026	2025
Sales	$ 569	$ 1,904
Cost of sales	$ 132	$ 617
Gross profit	$ 437	$ 1,287
Operating expenses (income)	$ (6,585)	$ 1,115
Operating income	$ 7,022	$ 172
Net income	$ 5,619	$ 134
Net income per share – basic and diluted	$ 0.23	$ 0.01
Other Data:		
Adjusted income (loss) per share	$ (0.00)	$ 0.01
Adjusted EBITDA	$ 74	$ 589
Research and development expenditures	$ 149	$ 349

6. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the three months ended September 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 2027**	Fiscal 2026				Fiscal 2025		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	$ 95,111	$ 90,969	$ 62,940	$ 71,879	$ 69,170	$ 66,668	$ 61,733	$ 69,476
Cost of sales	55,588	49,700	33,669	40,101	40,552	49,112	32,666	44,722
Gross profit	**39,523**	**41,269**	**29,271**	**31,778**	**28,618**	**17,556**	**29,067**	**24,754**
Operating expenses								
Research and development	13,422	12,565	13,175	12,887	11,799	11,723	11,240	11,002
Sales and marketing	10,334	9,197	8,360	9,062	8,481	9,422	7,855	6,957
General and administrative	6,504	6,724	6,493	6,305	6,114	6,217	6,508	6,886
Impairment expense	–	–	–	–	–	6,949	–	–
Restructuring costs	–	–	–	–	–	–	–	2,798
Share-based compensation	346	337	360	434	517	361	486	462
Other expense (income)	74	129	27	18	(27)	3	(2)	182
	30,680	**28,952**	**28,415**	**28,706**	**26,884**	**34,675**	**26,087**	**28,287**
Operating income (loss)	**8,843**	**12,317**	**856**	**3,072**	**1,734**	**(17,119)**	**2,980**	**(3,533)**
Finance expense	(1,698)	(2,215)	(1,816)	(2,132)	(2,900)	(3,242)	(2,032)	(2,335)
Foreign exchange gain (loss)	461	(421)	213	(1,362)	890	1,469	253	(4,271)
Income (loss) before income taxes	**7,606**	**9,681**	**(747)**	**(422)**	**(276)**	**(18,892)**	**1,201**	**(10,139)**
Income tax expense (recovery)	1,693	4,299	(235)	(347)	(346)	(5,596)	307	(2,161)
Net income (loss) from continuing operations	**5,913**	**5,382**	**(512)**	**(75)**	**70**	**(13,296)**	**894**	**(7,978)**
Net income (loss) from discontinued operations	5,619	(2,279)	266	188	134	92	288	93
Net income (loss)	**11,532**	**3,103**	**(246)**	**113**	**204**	**(13,204)**	**1,182**	**(7,885)**
Other comprehensive income (loss)	(227)	1,686	1,394	(1,173)	1,162	(4,464)	(786)	6,001
Comprehensive income (loss)	**$ 11,305**	**$ 4,789**	**$ 1,148**	**$ (1,060)**	**$ 1,366**	**$ (17,668)**	**$ 396**	**$ (1,884)**
Net income (loss) per share – basic and diluted								
Continuing operations	$ 0.24	$ 0.22	$ (0.02)	$ 0.00	$ 0.00	$ (0.55)	$ 0.04	$ (0.33)
Discontinued operations	0.23	(0.09)	0.01	0.00	0.01	0.00	0.01	0.01
Total	**$ 0.47**	**$ 0.13**	**$ (0.01)**	**$ 0.00**	**$ 0.01**	**$ (0.55)**	**$ 0.05**	**$ (0.32)**
Adjusted EBITDA	**$ 18,740**	**$ 18,922**	**$ 10,645**	**$ 9,952**	**$ 10,894**	**$ 6,196**	**$ 9,587**	**$ (744)**

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 BAS products as customers complete their digital networks and migrate their focus to distributed access architecture.

Our CDS 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

	Three months ended September 30,	
Segment	**2026**	2025
Broadband Access Solutions	$ 76,511	$ 55,072
Content Delivery Solutions	18,600	14,098
Sales	**$ 95,111**	**$ 69,170**

Three-Month Results

Total sales climbed to a record $95.1 million in the first quarter of fiscal 2027, an increase of 38% from $69.2 million in Q1 fiscal 2026, and 5% higher than the $91.0 million generated in Q4 fiscal 2026. The significant year-over-year increase primarily reflects higher Broadband Access Solutions (BAS) segment sales, driven by the continued acceleration in large-scale DAA network deployments, together with substantially higher sales in the Content Delivery Solutions (CDS) segment.

The BAS segment, formerly called Video and Broadband Solutions, increased first quarter revenue by 39% to $76.5 million, from $55.1 million in Q1 fiscal 2026. On a sequential quarterly basis, BAS segment sales were a slight 1% lower than the record $77.3 million generated in Q4 fiscal 2026. The significant year-over-year increase primarily reflects the 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 GAP node deployments and initial commercial shipments of our EN3400 node.

In the CDS segment, which now includes MediaScale IPTV products as well as Terrace family commercial video products, first quarter revenue of $18.6 million grew 32% from $14.1 million in Q1 fiscal 2026, and 36% from $13.6 million in Q4 fiscal 2026. The year-over-year and quarter-over-quarter increases reflect the commencement of TerraceIQ shipments to a Tier 1 customer during the quarter. CDS segment sales for the first quarter of fiscal 2027 included $12.0 million of product sales (Q1 fiscal 2026 - $7.4 million) and $6.6 million of services revenue (Q1 fiscal 2026 - $6.7 million). As always, we note that quarterly sales fluctuations are typical for the CDS segment.

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 BAS 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 CDS 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.

	Three months ended September 30,	
Segment	**2026**	2025
Broadband Access Solutions	$ 47,082	$ 35,510
Content Delivery Solutions	8,506	5,042
Cost of sales	**55,588**	**40,552**
Write-down of inventory to net realizable value	(286)	(1,172)
Cost of sales before net realizable value adjustments[(1)]	**$ 55,302**	**$ 39,380**

(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 September 30, 2026, total cost of sales was $55.6 million, a 37% increase from $40.6 million in Q1 fiscal 2026 and 12% higher than $49.7 million in Q4 fiscal 2026. The year-over-year increase primarily reflects the 38% increase in sales. Cost of sales in the current quarter included a net writedown of inventory to net realizable value of $0.3 million, compared to a write-down of $1.2 million in Q1 fiscal 2026. Excluding the adjustments to inventory net realizable value, cost of sales increased 40%, modestly ahead of sales growth, reflecting a smaller proportion of higher-margin CDS revenues in the sales mix, as well as higher CDS segment costs relative to sales.

In the BAS segment, first quarter cost of sales of $47.1 million increased 33% from $35.5 million in Q1 fiscal 2026 and were 5% higher than the $44.8 million recorded in Q4 fiscal 2026. The year-over-year increase primarily reflects the 39% increase in segment sales, partially offset by a smaller $0.3 million write-down of inventory to net realizable value in the current quarter, compared to $1.1 million in Q1 fiscal 2026.

In the CDS segment, first quarter cost of sales increased by 69% to $8.5 million, from $5.0 million in Q1 fiscal 2026, and were 74% higher than the $4.9 million recorded in Q4 fiscal 2026. The year-over-year increase reflects the 32% increase in segment sales, as well as a significantly higher percentage of product sales relative to services sales in the revenue mix.

Gross Profit and Gross Margin

	Three months ended September 30,	
Segment	**2026**	2025
Gross profit		
Broadband Access Solutions	$ 29,429	$ 19,562
Content Delivery Solutions	10,094	9,056
Total gross profit	**$ 39,523**	**$ 28,618**
Gross margin		
Broadband Access Solutions	38.5 %	35.5 %
Content Delivery Solutions	54.3 %	64.2 %
Total gross margin	**41.6 %**	**41.4 %**
Adjusted gross margin		
Broadband Access Solutions	38.9 %	37.7 %
Content Delivery Solutions	54.1 %	64.9 %
Total adjusted gross margin	**41.9 %**	**43.3 %**

Three-Month Results

For the three months ended September 30, 2026, we generated total gross profit of $39.5 million, an increase of 38% from $28.6 million in Q1 fiscal 2026 and 4% lower than the $41.3 million achieved in Q4 fiscal 2026. The year-over-year increase in gross profit dollars reflects significantly higher BAS segment sales and gross profit, together with lower inventory write-downs to net realizable value, partially offset by lower gross profit from the CDS segment. The quarter-over-quarter change in gross profit dollars reflects a lower margin percentage, partially offset by higher sales volume in the current quarter.

First quarter gross margin increased to 41.6% (adjusted gross margin of 41.9%), from 41.4% (adjusted gross margin of 43.3%) in Q1 fiscal 2026, and decreased from 45.4% (adjusted gross margin of 45.0%) in Q4 fiscal 2026. The slight year-over-year increase in gross margin reflects the absence of the $1.2 million inventory write-down recorded in Q1 fiscal 2026. The year-over-year decrease in adjusted gross margin primarily reflects lower CDS segment margins and a smaller proportion of higher-margin CDS sales in the consolidated sales mix, partially offset by a modest improvement in BAS adjusted gross margin. The quarter-over-quarter decrease in gross margin reflects a less favourable product mix within BAS and lower CDS segment margins as compared to Q4 fiscal 2026.

BAS segment gross profit for the first quarter grew 50% to $29.4 million (gross margin of 38.5%; adjusted gross margin of 38.9%), from $19.6 million (gross margin of 35.5%; adjusted gross margin of 37.7%) in Q1 fiscal 2026. The year-over-year increase in gross profit dollars primarily reflects substantially higher sales, together with a smaller inventory write-down to net realizable value and the absence of the Charter warrant expense recorded against revenue in Q1 fiscal 2026. Excluding these items, adjusted gross margin was broadly consistent with the prior-year period. On a sequential quarterly basis, BAS segment gross profit decreased 9% from $32.5 million in Q4 fiscal 2026 (gross margin of 42.0%; adjusted gross margin of 41.7%), reflecting a lower gross margin percentage resulting from a less favourable product mix.

In the CDS segment, first quarter gross profit increased to $10.1 million (gross margin of 54.3%; adjusted gross margin of 54.1%), from $9.1 million (gross margin of 64.2%; adjusted gross margin of 64.9%) in the same period last year and from $8.7 million (gross margin of 64.2%; adjusted gross margin of 63.4%) in Q4 fiscal 2026. The 11% year-over-year increase in CDS gross profit reflects higher segment sales, partially offset by a lower margin percentage resulting from a less favourable product and service mix.

Operating Expenses

	Three months ended September 30,	
Segment	**2026**	2025
Broadband Access Solutions	$ 23,308	$ 20,242
Content Delivery Solutions	7,372	6,642
Operating expenses	**$ 30,680**	**$ 26,884**

Three-Month Results

For the three months ended September 30, 2026, total operating expenses were $30.7 million, compared to $26.9 million in Q1 fiscal 2026 and $29.0 million in Q4 fiscal 2026. As a percentage of sales, first quarter operating expenses decreased to 32%, from 39% in Q1 fiscal 2026, reflecting operating leverage on the 38% increase in sales.

BAS operating expenses were $23.3 million, compared to $20.2 million in Q1 fiscal 2026 and $22.4 million in Q4 fiscal 2026. The year-over-year increase primarily reflects higher sales and marketing costs, including a provision for slow-moving finished goods inventory and higher commissions on increased sales, together with higher compensation and deferred development cost amortization within research and development, and higher general and administrative costs.

CDS operating expenses increased to $7.4 million in Q1 fiscal 2027, from $6.6 million in the same period of fiscal 2026 and $6.6 million in Q4 fiscal 2026. The year-over-year increase primarily reflects higher research and development spending, including continued investment in Dynamic Ad Insertion and Open CDN development, partially offset by lower sales and marketing and general and administrative costs.

Research and development expenses for Q1 fiscal 2027 were $13.4 million, or 14% of sales, compared to $11.8 million, or 17% of sales in the same period of fiscal 2026. The year-over-year increase primarily reflects higher salaries, wages and benefits, together with higher deferred development cost amortization as more of our historical development investments, including those related to our EN3400 and vCMTS products, moved into commercial production. This was 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 increased to $10.3 million, or 11% of sales in Q1 fiscal 2027, from $8.5 million, or 12% of sales in the same period last year. The year-over-year increase primarily reflects a $1.1 million provision for slow-moving finished goods inventory and higher commissions associated with the 38% increase in first quarter sales, partially offset by lower trade show and advertising spending. The decrease as a percentage of sales reflects the operating leverage in our sales and marketing cost base and continued discipline in variable selling costs.

General and administrative expenses increased to $6.5 million, or 7% of sales, from $6.1 million, or 9% of sales in Q1 fiscal 2026. The year-over-year increase primarily reflects higher salaries, wages and benefits, including higher commissions expense pursuant to the 38% increase in first quarter sales, together with higher software licensing costs, partially offset by lower subcontractor costs.

Stock-based compensation expense decreased to $0.3 million in Q1 fiscal 2027, from $0.5 million in Q1 fiscal 2026. 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 Q1 fiscal 2027, compared to other income of less than $0.1 million in Q1 fiscal 2026, primarily reflecting the classification of warrant expense in the current year period.

Operating Income (Loss)

	Three months ended September 30,	
Segment	**2026**	2025
Broadband Access Solutions	$ 6,121	$ (680)
Content Delivery Solutions	2,722	2,414
Operating income	**$ 8,843**	**$ 1,734**

Three-Month Results

Operating income grew 410% to $8.8 million in Q1 fiscal 2027, from $1.7 million in Q1 fiscal 2026. The $7.1 million improvement primarily reflects higher BAS segment gross profit on substantially higher sales, partially offset by higher operating expenses.

The BAS segment grew first quarter operating income to $6.1 million, from an operating loss of $0.7 million in Q1 fiscal 2026. The significant year-over-year improvement primarily reflects the acceleration in large-scale DAA network deployments and the resulting $9.9 million increase in segment gross profit, partially offset by higher operating expenses.

The CDS segment grew operating income 13% to $2.7 million in the first quarter of fiscal 2027, from $2.4 million in the same period of fiscal 2026. The year-over-year increase reflects the higher CDS sales, partially offset by a lower gross margin and higher operating costs.

Finance expense decreased considerably to $1.7 million in the first quarter, from $2.9 million in Q1 fiscal 2026. This improvement was primarily tied to lower factoring costs and decreased interest on our revolving line of credit.

Foreign exchange gain for the first quarter was $0.5 million, compared to a gain of $0.9 million in the same period of fiscal 2026. The year-over-year change reflects the impact of movements in the Canadian dollar relative to the U.S. dollar on outstanding U.S.-denominated working capital balances.

Income tax expense increased to $1.7 million in Q1 fiscal 2027, from an income tax recovery of $0.3 million in Q1 fiscal 2026.

Net income for Q1 fiscal 2027 grew to $5.9 million or $0.24 per share, from $0.1 million or $nil per share in Q1 fiscal 2026.

Other comprehensive loss was $0.2 million in Q1 fiscal 2027, compared to an income of $1.2 million in the same period in fiscal 2026. The change reflects the impact of movements in the Canadian dollar on U.S. net assets.

Comprehensive income for Q1 fiscal 2027 grew to $11.3 million, from $1.4 million in Q1 fiscal 2026, reflecting 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 September 30, 2026, cash flow provided by operating activities grew to $13.2 million, from $6.8 million in the three months ended September 30, 2025. The $6.4 million increase reflects a $10.4 million increase in operating cash flow, offset by a $4.0 million decrease in net working capital.

Investing Activities

For the three months ended September 30, 2026, cash flow provided by investing activities increased to $3.4 million, from cash flows used in investing activities of $8.0 million in the same period last year. This increase reflects the disposal of the Telematics business unit for proceeds of $14.5 million in the current year period, offset by increased deferred development expenditures of $8.6 million (Q1 fiscal 2026 - $7.1 million), the purchase of property, plant and equipment of $1.7 million (Q1 fiscal 2026 - $0.7 million), and the Akleza asset acquisition for $0.7 million.

Financing Activities

For the three months ended September 30, 2026, cash flow used in financing activities increased to $7.0 million, from cash flows provided by financing activities of $7.0 million in Q1 fiscal 2026. The increase in net outlays reflects the repayment of the the Shareholder and EDC loans of $5.0 million and $1.3 million, respectively (Q1 fiscal 2026 - $nil and $nil, respectively), while the prior year period had EDC loan proceeds of $10.0 million.

Working Capital

Working capital represents current assets less current liabilities. Our working capital increased to $67.9 million at September 30, 2026, from $62.6 million at June 30, 2026. 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.

Cash and cash equivalents balance increased to $12.1 million at September 30, 2026, from $2.9 million at June 30, 2026.

Accounts receivable balance increased to $45.0 million at September 30, 2026, from $30.8 million at June 30, 2026.

Inventories increased by $7.0 million to $99.3 million at September 30, 2026, from $92.4 million as at June 30, 2026. Finished goods inventories increased to $30.3 million at September 30, 2026, from $27.5 million at June 30, 2026. Raw material inventory increased to $57.5 million at September 30, 2026, from $50.6 million at June 30, 2026. Work-in-progress inventories decreased to $11.5 million as at September 30, 2026, from $14.3 million at June 30, 2026. 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 decreased to $7.0 million at September 30, 2026, from $8.5 million at June 30, 2026.

Investment tax credits increased to $21.1 million at September 30, 2026, from $20.7 million at June 30, 2026. For every dollar we spend on eligible research and development in Canada, we generate approximately 15 cents in income tax credits. These credits are used to offset our income tax payable.

Accounts payable and accrued liabilities increased to $60.3 million at September 30, 2026, from $46.1 million at June 30, 2026.

Financial liabilities, including the current portion, were $4.2 million at September 30, 2026, as compared to $0.5 million as at June 30, 2026, reflecting the deferred and contingent payments pursuant to the Akleza acquisition.

Long-term debt, including the current portion and lease liabilities, decreased to $27.9 million at September 30, 2026, from $35.0 million at June 30, 2026, reflecting the repayment of the $5.0 million third-party shareholder loan in the first quarter of fiscal 2027.

Revolving Line of Credit

As at September 30, 2026, we had an authorized line of credit of $75.0 million (June 30, 2026 - $75.0 million), subject to a general security agreement limit as described below, of which $55.2 million was available and $14.0 million was drawn (June 30, 2026 - $41.1 million available and $13.8 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 $42.5 million, 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 September 30, 2026 was 4.45% (June 30, 2026 - 4.45%) while the U.S. prime rate was 7.00% (June 30, 2026 - 6.75%).

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 September 30, 2026, we were in compliance with all covenants related to the line of credit.

Factoring Programs

Accounts Receivable

As at September 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. During the three months ended September 30, 2026, we recognized an accounts receivable factoring cost of $1.0 million (September 30, 2025 - $1.8 million) in accordance with the factoring arrangement. As at September 30, 2026, $1.4 million of outstanding accounts receivable were selected for factoring and were received in October 2026 (June 30, 2026 - $3.8 million received in July 2026). These amounts were included in accounts receivable as at September 30, 2026 and June 30, 2026.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
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
November 9, 2026	$0.055	November 27, 2026	December 21, 2026

Contractual Obligations

As at September 30, 2026, lease liabilities reported in our consolidated statements of financial position were $4.8 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 September 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 $3.5 million.

As at September 30, 2026, contractual purchase obligations to certain contract manufacturers due within a year that are not recognized as liabilities were $46.7 million (June 30, 2026 - $50.4 million). Related inventory deposits paid to these contract manufacturers and classified as prepaid expenses were $3.0 million (June 30, 2026 - $3.0 million).

Foreign Exchange

Approximately 99% 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 September 30, 2026, the exchange rate on the Canadian dollar relative to the U.S. dollar strengthened to $1.419 from $1.421 as at June 30, 2026. This $0.002 exchange difference decreased the value of our $54.4 million U.S. dollar net assets by approximately $0.1 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 September 30, 2026, we did not have any forward contracts (June 30, 2026 - 2 contracts in a liability position).

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 2027:

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 4.45% plus 4.30% and is collateralized by a general security agreement. During the first quarter ended September 30, 2026, we incurred less than $0.1 million of interest expense pursuant to the shareholder loan (September 30, 2025 - $0.1 million). The loan agreement was executed at arms length, approximates fair value and was used to fund short-term working capital requirements. The Company repaid the $5.0 million shareholder loan in full, plus accrued interest, in the first quarter of fiscal 2027.

There were no other related party transactions in the first quarter of fiscal 2027.

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 August 1, 2026, we closed the sale of our Telematics mobile and fixed-asset tracking business, including the Nero Global Tracking software, to Lantronix, Inc. for total cash consideration of $16.5 million, subject to customary working capital adjustments, comprised of $14.5 million received on closing and an additional $1.9 million ($2.0 million contractual payable, less a working capital adjustment of $0.1 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 results of operations have been presented accordingly in our consolidated financial statements as at and for the three months ended September 30, 2026 and 2025. See Note 3 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 Entra Intelligence product portfolio. See Note 4 of the consolidated financial statements for additional information.

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

12. Critical Accounting Estimates

See our 2026 annual MD&A and our 2026 annual audited consolidated financial statements and notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of our business operations and results of our operations.

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 2027:

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 have evaluated the amendments and concluded there is minimal impact on the consolidated financial statements.

Recent accounting pronouncements

The following new and amended standards and interpretations issued by the IASB is effective after our June 30, 2027 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 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.

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 September 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 September 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 September 30, 2026. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2026 and ended on September 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 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 dated September 24, 2026 for the year ended June 30, 2026 (the “AIF”), which are incorporated by reference herein. The risk factors described below update and supplement, and should be read together with, the risk factors described in the AIF. 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 defence 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.

Our products and software are also subject to evolving cybersecurity, product security and supply-chain requirements imposed by customers, regulators and industry standards, including recently enacted legislation in Canada and the European Union. These requirements may include secure development practices, component transparency, vulnerability management and disclosure, security updates, incident reporting and extended product support. Compliance may require additional investment, and failure to satisfy applicable requirements could result in contractual claims, delayed or restricted product deployments or market access, regulatory action, fines or reputational harm.

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-labour 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. Following the first joint review of CUSMA on July 1, 2026, at which the United States did not confirm its wish to extend the agreement, CUSMA is now subject to annual joint reviews, which may prolong uncertainty regarding the terms of trade among Canada, the United States and Mexico. In addition, U.S. tariffs imposed under Section 232 of the Trade Expansion Act of 1962, including duties on semiconductors and certain derivative products, remain in effect and may be expanded to additional products. To date, trade actions have not had a material impact on our revenues or gross margins. 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. The ongoing armed conflict in the Middle East involving Iran has significantly disrupted commercial shipping through the Strait of Hormuz and has contributed to increased volatility in energy prices, shipping and logistics costs, insurance costs, commodity prices, inflation, interest rates and foreign exchange rates. To date, these developments have not had a material impact on our operations or financial results. A continuation or escalation of this conflict, or conflicts or instability in other regions, could further increase energy, shipping, logistics, insurance and supplier costs, heighten customer capital spending uncertainty, 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, regulatory restrictions on components produced by designated entities (such as entities on the U.S. Federal Communications Commission's Covered List), forced labour 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 significantly and may continue to increase due to the rapid growth of artificial intelligence infrastructure, data centres and related computing applications. This demand has contributed to significant increases in market prices for memory components and may further 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. These conditions have increased our procurement costs for certain memory components. Our ability to recover such cost increases from customers may be limited by existing pricing commitments, including under multi-year or fixed-price agreements. Continued shortages, allocation, price increases or an inability to secure memory components on acceptable terms could increase our costs, delay production or shipments and materially adversely affect our gross 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 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 use, and continue to evaluate, develop and integrate, AI-enabled tools and capabilities across our operations, products and support functions, including AI-enabled network analytics and operational intelligence capabilities in our Entra Intelligence portfolio, which we expanded through our acquisition of the CableDiag platform in September 2026.

The integration of AI into our business carries operational, legal, technical, regulatory and reputational risks. There can be no assurance that AI initiatives, including AI-enabled products and acquired technologies, will perform as intended, be cost effective, achieve market acceptance 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 Canada's Corruption of Foreign Public Officials Act, Canada's sanctions and export control regimes, the U.S. Foreign Corrupt Practices Act, U.S. economic sanctions administered by the Office of Foreign Assets Control, the U.S. Export Administration Regulations, 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 November 9, 2026, we had 24,314,594 common shares outstanding as well as stock options outstanding that are exercisable for an additional 47,000 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 September 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: our goal is to provide the market's most flexible and complete portfolio of broadband access infrastructure products; the remaining $1.9 million of consideration from the sale of our Telematics business is expected to be received by the end of calendar 2026; 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; global cable

operators expect to benefit from a flexible migration to DOCSIS 3.1 and 4.0; we will continue to pursue profitable growth both organically and, when appropriate, through value-enhancing strategic acquisitions; we anticipate upcoming field trials of our Entra vCMTS solution with our first Tier 1 North American vCMTS customer; Videotron is progressing qualification of our vCMTS platform for a planned network-wide deployment; our Entra XGS-PON and 50G PON platforms will open up US$3.2 billion of addressable market; we anticipate fiscal 2027 consolidated revenue growth of 30% to 35% compared to fiscal 2026, with an adjusted EBITDA margin of approximately 20%; certain Entra DAA deliveries rescheduled by a key customer from Q2 fiscal 2027 are expected to occur in early Q3 fiscal 2027; we anticipate calendar 2026 revenue growth of approximately 20% year-over-year, with an adjusted EBITDA margin of approximately 18%; we anticipate strong fiscal 2027 contributions from our Remote PHY device solutions, EN9000 and EN8400 platforms and Entra Optical fiber access portfolio, together with the continued rollout of our EN3400, EEM210 and Power Holdover Module products; our longer-term outlook is enhanced by our agreement with Charter Communications' Spectrum, including the expected deployment of our ERM422 DOCSIS 4.0 RPD and continued fiber-to-the-home deployment of our Entra SF-4X Remote OLT; rollouts of our vCMTS solution with an expanding range of customers are expected to further support our growth; adoption of TerraceIQ is expected to position the CDS segment to achieve fiscal 2027 annual growth rates similar to those of the BAS segment; Terrace family sales are expected to continue expanding as our lead Tier 1 U.S. customer continues its multi-year network upgrade using TerraceIQ and as additional operators begin their own rollouts; we anticipate continued steady performance in our MediaScale portfolio and increasing contribution from our Dynamic Ad Insertion technology as customer adoption increases; we remain prepared to adjust operations as necessary in response to developments in the trade environment; our cloud-native portfolio will prepare customers for the 50G future; the software assets and related intellectual property acquired from Akleza, Inc. are expected to complement and enhance our Entra Intelligence product portfolio; 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; and the quarterly dividend of $0.055 per share declared on November 9, 2026 is expected to be paid on December 21, 2026. 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.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

As at	Note	September 30, 2026	June 30, 2026
Assets			
Current assets			
Cash and cash equivalents		$ 12,128	$ 2,876
Accounts receivable	5	45,039	30,821
Income tax receivable		358	1,629
Inventories	6	99,344	92,382
Prepaid expenses and other current assets	7	7,005	8,530
Contract assets		4,931	4,620
Assets held for sale		–	10,329
Total current assets		**168,805**	**151,187**
Non-current assets			
Property, plant and equipment	8	11,814	10,974
Right-of-use assets		4,439	4,773
Goodwill		10,769	10,812
Intangible assets	9	116,428	109,859
Investment tax credits		21,084	20,694
Deferred tax assets		23,986	27,004
Other long-term assets		255	250
Total assets		**$ 357,580**	**$ 335,553**
Liabilities and shareholders' equity			
Current liabilities			
Revolving line of credit	10	$ 13,964	$ 13,768
Accounts payable and accrued liabilities		60,324	46,127
Provisions		1,646	1,012
Deferred revenue		13,643	13,325
Current portion of financial liability		2,368	519
Current portion of long-term debt	11	7,657	12,847
Dividends payable		1,337	–
Liabilities directly associated with assets held for sale		–	1,001
Total current liabilities		**100,939**	**88,599**
Non-current liabilities			
Provisions		337	595
Deferred revenue		7,856	8,132
Long-term portion of financial liability		1,819	–
Long-term debt	11	20,204	22,116
Total liabilities		**131,155**	**119,442**
Shareholders' equity			
Share capital	12	24,152	24,152
Reserves		7,960	7,614
Retained earnings		189,877	179,682
Accumulated other comprehensive income		4,436	4,663
Total shareholders' equity		**226,425**	**216,111**
Total liabilities and shareholders' equity		**$ 357,580**	**$ 335,553**

Contractual Obligations - Note 21; Subsequent Event - Note 23
The accompanying notes are an integral part of these consolidated financial statements.

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

Three months ended September 30,	Note		**2026**		2025
Sales	13	$	95,111	$	69,170
Cost of sales:					
Cost of product and services			55,302		39,380
Write-down of inventory to net realizable value	6		286		1,172
Total cost of sales			**55,588**		**40,552**
Gross profit			**39,523**		**28,618**
Operating expenses					
Research and development			13,422		11,799
Sales and marketing			10,334		8,481
General and administrative			6,504		6,114
Share-based compensation	12		346		517
Other expense (income)	14		74		(27)
Total operating expenses			**30,680**		**26,884**
Operating income			**8,843**		**1,734**
Finance expense	15		(1,698)		(2,900)
Foreign exchange gain			461		890
Income (loss) before income taxes			**7,606**		**(276)**
Income tax expense (recovery)			1,693		(346)
Net income from continuing operations			**5,913**		**70**
Net income from discontinued operations	3		5,619		134
Net income		**$**	**11,532**	**$**	**204**
Other comprehensive income (loss)					
Item that may be subsequently reclassified to net income					
Exchange differences on translation of foreign operations		$	(227)	$	1,162
Comprehensive income		**$**	**11,305**	**$**	**1,366**
Net income per share - basic and diluted					
Continuing operations	16	$	0.24	$	0.00
Discontinued operations	16		0.23		0.01
Total net income per share - basic and diluted	16	**$**	**0.47**	**$**	**0.01**
Weighted average number of common shares outstanding					
Basic	16		24,314,594		24,314,594
Diluted	16		24,314,756		24,315,495

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, 2025		$ 24,152	$ 5,966	$ 181,857	$ 1,594	$ 213,569
Net income		–	–	204	–	204
Other comprehensive income		–	–	–	1,162	1,162
Dividends		–	–	(1,337)	–	(1,337)
Share-based payment expense	12	–	517	–	–	517
Balance as at September 30, 2025		**$ 24,152**	**$ 6,483**	**$ 180,724**	**$ 2,756**	**$ 214,115**
Balance as at June 30, 2026		$ 24,152	$ 7,614	$ 179,682	$ 4,663	$ 216,111
Net income		–	–	11,532	–	11,532
Other comprehensive loss		–	–	–	(227)	(227)
Dividends		–	–	(1,337)	–	(1,337)
Share-based payment expense	12	–	346	–	–	346
Balance as at September 30, 2026		**$ 24,152**	**$ 7,960**	**$ 189,877**	**$ 4,436**	**$ 226,425**

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)

Three months ended September 30,	Note	**2026**	2025
OPERATING ACTIVITIES			
Net income from continuing operations		$ 5,913	$ 70
Adjustments for non-cash items:			
Loss on sale of property, plant and equipment		4	–
Depreciation and amortization	20	7,604	6,504
Share-based compensation	12	346	517
Warrant expense	19	39	132
Write-down of inventory to net realizable value	6	1,441	1,113
Income tax expense		–	1,471
Deferred income tax expense (recovery)		1,693	(1,817)
Interest expense		1,700	2,904
Interest income	15	(2)	(4)
Net change in working capital	20	(5,821)	(1,837)
Increase in other long-term assets		(5)	(28)
Increase in provisions		376	4
Income tax received (paid)		1,271	(3)
Interest received		2	6
Interest paid		(1,689)	(2,935)
Cash provided by discontinued operations		281	665
Cash provided by operating activities		**13,153**	**6,762**
INVESTING ACTIVITIES			
Deferred development costs	9	(8,594)	(7,051)
Capital expenditures	20	(1,696)	(722)
Asset acquisition	4	(700)	–
Proceeds from disposal of business unit	3	14,500	–
Cash used by discontinued operations		(73)	(243)
Cash provided by (used in) investing activities		**3,437**	**(8,016)**
FINANCING ACTIVITIES			
Net draw on (repayment of) revolving line of credit		196	(2,190)
Principal repayments of lease liabilities	11	(476)	(396)
Repayment of term credit and loan facilities		(194)	(245)
Repayment of insurance financing		(163)	(175)
Repayment of EDC loan		(1,333)	–
Repayment of shareholder loan	22	(5,000)	–
Proceeds from EDC loan		–	10,000
Cash used by discontinued operations		(4)	(21)
Cash provided by (used in) financing activities		**(6,974)**	**6,973**
Net increase in cash and cash equivalents		**9,616**	**5,719**
Effect of change in exchange rates on cash		(364)	(594)
Cash and cash equivalents, beginning of period		2,876	3,441
Cash and cash equivalents, end of period		**$ 12,128**	**$ 8,566**

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".

Vecima develops and delivers advanced broadband access, network intelligence, and content delivery technologies for service providers worldwide. The Company's hardware, software, and cloud-native solutions enable operators to modernize networks, improve operational efficiency, and deliver reliable broadband and video services.

At the beginning of the first quarter of fiscal 2027 ended September 30, 2026, the Company reorganized its business segments, resulting in a change to the composition of its reportable segments. Comparative segment information has been re-presented to reflect the revised segment structure, as outlined in Note 17 - Segmented Financial Information.

The Company operates through two reportable segments. Broadband Access Solutions provides next-generation cable and fiber access technologies, including virtualized networks, distributed access, and intelligent network automation, supporting residential and commercial connectivity. Content Delivery Solutions provides software and platforms for managing, protecting, optimizing, and delivering IPTV, streaming, and commercial video content.

Additionally, the Company's Telematics business was sold on July 31, 2026, as outlined in Note 3 - Discontinued Operations.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") under International Accounting Standard 34 - Interim Financial Reporting (IAS 34). These interim condensed consolidated financial statements do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2026.

(b) Basis of presentation

These interim condensed consolidated financial statements have been prepared using the same basis of presentation, accounting policies and methods of computation as outlined in Note 2 - Material Accounting Policies in our consolidated financial statements for the year ended June 30, 2026, except as noted below.

The interim condensed consolidated financial statements of the Company were approved by the Board of Directors and authorized for issue on November 9, 2026.

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

The following amended standards and interpretations issued by the IASB were adopted in fiscal 2027:

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 has evaluated the amendments and concluded there is minimal impact on the consolidated financial statements.

(d) 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, 2027 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 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.

3. DISCONTINUED OPERATIONS

On July 31, 2026 the Company closed the sale of the assets of its Telematics business to Lantronix Inc. 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 $1,893 ($2,000 contractual payable, less a working capital adjustment of $107) payable by the end of calendar 2026. The business was classified as held for sale and presented as a discontinued operation in the Company's consolidated financial statements as at June 30, 2026. The disposal resulted in a gain of $7,043 before income taxes, and $5,643 after income taxes, which has been included in income from discontinued operations for the three months ended September 30, 2026.

The comparative consolidated statements of comprehensive income 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 the consolidated statements of cash flows.

The following table summarizes the carrying value of the assets and liabilities sold:

		July 31, 2026
Assets		
Accounts receivable	$	281
Inventory		362
Prepaid expenses		60
Contract assets		166
Property, plant and equipment		1,038
Right-of-use assets		76
Goodwill		6,111
Intangible assets		1,884
Other long-term assets		241
Total assets sold		**10,219**
Liabilities		
Accounts payable and accrued liabilities		242
Provisions		25
Deferred revenue		346
Deferred tax liability		335
Long-term debt		84
Total liabilities sold		**1,032**
Net assets sold	**$**	**9,187**

The results of the Telematics discontinued operations for the three months ended September 30, 2026 and 2025 are presented below:

Three months ended September 30,		**2026**		2025
Sales	$	569	$	1,904
Cost of sales		132		617
Gross profit		**437**		**1,287**
Operating expenses				
Research and development		140		333
Sales and marketing		124		326
General and administrative		194		443
Other expense		–		13
Total operating expenses		**458**		**1,115**
Operating income (loss)		**(21)**		**172**
Finance expense		–		(1)
Foreign exchange loss		(3)		(1)
Income (loss) from operations before income taxes		**(24)**		**170**
Gain on disposal of Telematics		7,043		–
Net income from discontinued operations before income taxes		**7,019**		**170**
Income tax expense		1,400		36
Net income from discontinued operations	**$**	**5,619**	**$**	**134**

The calculation of the gain on disposal is as follows:

Cash proceeds received	$	14,500
Cash proceeds deferred, net of working capital adjustments		1,893
Total cash proceeds		**16,393**
Less: Carrying value of net assets sold		(9,187)
Less: Directly attributable transaction costs		(163)
Gain on disposal before income taxes		**7,043**
Income tax expense		1,400
Gain on disposal after income taxes	**$**	**5,643**

4. ASSET ACQUISITION

On September 18, 2026, the Company acquired the CableDiag proactive network maintenance software platform and related assets from Akleza, Inc. ("Akleza") for total consideration of $4,266, including contingent consideration. The acquisition included software, intellectual property, customer contracts and related customer records.

The Company determined that the acquired set did not constitute a business under IFRS 3 - Business Combinations and accounted for the transaction as an asset acquisition. Accordingly, the acquisition cost was allocated to the identifiable assets acquired based on their relative fair values, and no goodwill was recognized. Payment was made with the Company's available cash.

The consideration consisted of:

Cash paid at closing	$	700
Deferred cash payments (at present value)		2,546
Contingent consideration (at expected value)		1,020
Total consideration	**$**	**4,266**

The deferred consideration comprises two $1,399 installments payable 12 and 24 months after closing, discounted at 6.5%. The contingent consideration is based on achieving revenue targets from the acquired products in fiscal 2027 and 2028, with maximum annual payments of $560 and $700, respectively, discounted at 6.5% and includes a probability of achievement.

The acquisition cost was allocated to the following finite-life intangible assets:

		Allocation	Estimated Useful Life
Non-compete agreement	$	194	3 years
Customer contracts		1,430	10 years
Intellectual property		2,642	3 to 7 years
Total cost of assets acquired	**$**	**4,266**	

5. ACCOUNTS RECEIVABLE

As at	September 30, 2026	June 30, 2026
Trade receivables	$ 39,993	$ 27,028
Less: allowance for doubtful accounts	(4)	(22)
Total trade receivables	**39,989**	**27,006**
Goods and services tax	1,541	2,192
Other receivables	3,509	1,623
Total accounts receivable	**$ 45,039**	**$ 30,821**

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

During the three months ended September 30, 2026, the Company recognized an accounts receivable factoring cost of $1,018 (September 30, 2025 - $1,827) in accordance with its factoring arrangement with a major customer and U.S. chartered bank. As at September 30, 2026, $1,388 of outstanding accounts receivable were selected for factoring and were received in October 2026 (June 30, 2026 - $3,777 received in July 2026). These amounts were included in accounts receivable as at September 30, 2026 and June 30, 2026.

6. INVENTORIES

As at	September 30, 2026	June 30, 2026
Raw materials	$ 57,496	$ 50,615
Work-in-progress	11,500	14,290
Finished goods	30,348	27,477
Total inventory	**$ 99,344**	**$ 92,382**

Net write-downs of inventory that were included in the cost of sales for the three months ended September 30, 2026 were $286 (September 30, 2025 - $1,172). Net write-downs of inventory that were included in sales and marketing for the three months ended September 30, 2026 were $1,155 (September 30, 2025 - recoveries of $59). Disposals of inventory for the three months ended September 30, 2026 were $369 (September 30, 2025 - $nil). As at September 30, 2026, the carrying amount of inventory recorded at net realizable value was $3,059 with the remaining inventory recorded at cost (June 30, 2026 - $2,631).

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at	September 30, 2026	June 30, 2026
Payments for contract manufacturer inventory purchases and expedite fees	$ 3,283	$ 3,307
Software licenses	1,681	1,922
Salaries, wages and benefits	–	1,112
Insurance	382	605
Other	1,659	1,584
Total prepaid expenses and other current assets	**$ 7,005**	**$ 8,530**

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements & Building	Lab, Operating & Production Equipment	Other Equipment[1]	Total
At cost					
At July 1, 2026	$ 321	$ 8,574	$ 30,170	$ 15,354	$ 54,419
Additions	–	17	1,163	276	1,456
Disposals	–	(12)	–	–	(12)
Writedown, fully depreciated	–	–	–	(216)	(216)
Effect of foreign exchange	–	3	61	6	70
At September 30, 2026	**$ 321**	**$ 8,582**	**$ 31,394**	**$ 15,420**	**$ 55,717**
Accumulated depreciation					
At July 1, 2026	$ –	$ 3,899	$ 24,895	$ 14,651	$ 43,445
Depreciation	–	62	476	121	659
Disposals	–	(9)	–	–	(9)
Writedown, fully depreciated	–	–	–	(216)	(216)
Effect of foreign exchange	–	2	17	5	24
At September 30, 2026	**$ –**	**$ 3,954**	**$ 25,388**	**$ 14,561**	**$ 43,903**
Net book value					
At June 30, 2026	$ 321	$ 4,675	$ 5,275	$ 703	$ 10,974
At September 30, 2026	**$ 321**	**$ 4,628**	**$ 6,006**	**$ 859**	**$ 11,814**

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

Property, plant and equipment additions for the three months ended September 30, 2026 were $1,456 (September 30, 2025 - $688), of which $1,427 were acquired for cash consideration (September 30, 2025 - $688) and the remaining $29 was included in accounts payable and accrued liabilities as at September 30, 2026. Additionally, $187 remaining in accounts payable and accrued liabilities as at June 30, 2026 was paid for during three months ended September 30, 2026.

9. INTANGIBLE ASSETS

	Indefinite-life Intangible Assets	Finite-life Intangible Assets					
	Spectrum and Other Licenses	Customer Contracts	Non-compete Agreement	Patents	Intellectual Property	Deferred Development Costs	Total
At cost							
At July 1, 2026	$ 59	$ 19,030	$ –	$ 1,966	$ 10,569	$ 165,316	$ 196,940
Additions	–	–	–	78	4	9,238	9,320
Asset acquisition[1]	–	1,430	194	–	2,642	–	4,266
Investment tax credits	–	–	–	–	–	(391)	(391)
Effect of foreign exchange	–	(47)	–	(3)	(3)	(19)	(72)
At September 30, 2026	**$ 59**	**$ 20,413**	**$ 194**	**$ 2,041**	**$ 13,212**	**$ 174,144**	**$ 210,063**
Accumulated amortization							
At July 1, 2026	$ –	$ 15,694	$ –	$ 1,233	$ 9,475	$ 60,679	$ 87,081
Amortization	–	581	5	72	97	5,844	6,599
Effect of foreign exchange	–	(41)	–	(2)	(18)	16	(45)
At September 30, 2026	**$ –**	**$ 16,234**	**$ 5**	**$ 1,303**	**$ 9,554**	**$ 66,539**	**$ 93,635**
Net book value							
At June 30, 2026	$ 59	$ 3,336	$ –	$ 733	$ 1,094	$ 104,637	$ 109,859
At September 30, 2026	**$ 59**	**$ 4,179**	**$ 189**	**$ 738**	**$ 3,658**	**$ 107,605**	**$ 116,428**

[1] *Akleza assets (see Note 4 - Asset Acquisition).*

As at September 30, 2026, the Company's total deferred development costs consisted of $39,891 in projects that had not yet begun amortizing, as the associated products had not commenced sales (June 30, 2026 - $45,554). These projects are classified internally as work-in-progress ("WIP"). During the three months ended September 30, 2026, $31,401 of WIP projects transferred to in-use and began amortizing, as the associated products commenced sales during the period.

Deferred development additions for the three months ended September 30, 2026 were $9,238 (September 30, 2025 - $7,051), of which $8,152 were acquired for cash consideration (September 30, 2025 - $7,051). The remaining $1,086 was included in accounts payable and accrued liabilities as at September 30, 2026. Additionally, $442 remaining in accounts payable and accrued liabilities as at June 30, 2026 was paid for during three months ended September 30, 2026.

Intangible asset additions for the three months ended September 30, 2026 were $82 (September 30, 2025 - $34), all of which were acquired for cash consideration (September 30, 2025 - $34).

10. REVOLVING LINE OF CREDIT

As at September 30, 2026, the Company had an authorized line of credit of $75,000 (June 30, 2026 - $75,000), subject to a general security agreement limit as described below, of which $55,195 was available (June 30, 2026 - $41,122) and $13,964 was drawn (June 30, 2026 - $13,768). 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 Canadian and US denominated balances. The Canadian prime rate as at September 30, 2026 was 4.45% (June 30, 2026 - 4.45%) while the US prime rate was 7.00% (June 30, 2026 - 6.75%).

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 September 30, 2026, the Company was in compliance with all covenants related to the line of credit.

11. LONG-TERM DEBT

As at	Note	**September 30, 2026**	June 30, 2026
Term credit facility		$ 167	$ 208
Term loan facility		10,472	10,624
Shareholder loan	22	–	5,000
EDC loan		12,333	13,667
Insurance financing		112	277
Lease liabilities		4,777	5,187
Total term facilities and lease liabilities		**$ 27,861**	**$ 34,963**
Current portion of term facilities and lease liabilities		$ 7,657	$ 12,847
Long-term portion of term facilities and lease liabilities		$ 20,204	$ 22,116

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, 2026 - 4.45%), 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 2.31% plus 0.30% (June 30, 2026 - 2.25% 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, 2026 - 4.45%) 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 polices with short-term loans, the period of which spans the calendar year. As at September 30, 2026, the loan balance was $112 (June 30, 2026 - $277). 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, 2026 - interest rates at 7.16%, and installments of $55).

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 September 30, 2026:

2027	$	4,888
2028		5,943
2029		3,610
2030		610
2031		610
Thereafter		7,423
Total future principal repayments	**$**	**23,084**

Lease liabilities:

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

At July 1, 2026	$	5,187
Interest on lease liabilities		56
Principal repayments of lease liabilities		(476)
Effect of foreign exchange		10
At September 30, 2026	**$**	**4,777**
Current portion	$	1,435
Long-term portion	$	3,342

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

As at		September 30, 2026
Within one year	$	1,608
After one year but not more than five years		3,512
Total contractual lease payments	**$**	**5,120**

12. 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 Company had 24,314,594 common shares outstanding with a carrying value $24,152 as at September 30, 2026 and June 30, 2026. There were no common shares issued during the three months ended September 30, 2026.

(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:

Three months ended September 30,		**2026**		2025
Stock options	$	4	$	8
Performance share units		342		509
Total share-based compensation	**$**	**346**	**$**	**517**

Stock options

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

Changes in the stock option plan for the three months ended September 30, 2026 are as follows:

(in number of units, except prices)	**Number of Options**		**Weighted Average Exercise Price Per Option**
Outstanding, July 1, 2026	27,000	$	15.97
Granted	20,000		12.74
Outstanding, September 30, 2026	**47,000**	**$**	**14.60**
Vested and exercisable, September 30, 2026	**19,625**	**$**	**15.94**

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 three months ended September 30, 2026 and September 30, 2025, the Company did not issue any PSUs to eligible persons under the PSU plan, and no PSUs vested during both periods.

As at September 30, 2026 and June 30, 2026 the Company had 543,657 PSUs outstanding.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue

In the following table, gross revenue from contracts with customers is disaggregated by reporting segment and type. Refer to Note 17 - Segmented Financial Information for additional segmented financial information.

	Broadband Access Solutions	Content Delivery Solutions	Total
For the three months ended September 30, 2026			
Product sales	$ 73,055	$ 12,020	$ 85,075
Provision of services	3,456	6,580	10,036
Total sales	**$ 76,511**	**$ 18,600**	**$ 95,111**
For the three months ended September 30, 2025			
Product sales	$ 51,193	$ 7,363	$ 58,556
Provision of services	3,879	6,735	10,614
Total sales	**$ 55,072**	**$ 14,098**	**$ 69,170**

14. OTHER EXPENSE (INCOME)

Three months ended September 30,	**2026**	2025
Loss on sale of property, plant and equipment	$ 4	$ –
Warrant expense	39	–
Other expense (income)	31	(27)
Total other expense (income)	**$ 74**	**$ (27)**

15. FINANCE EXPENSE

Three months ended September 30,	Note		**2026**		2025
Interest income		$	(2)	$	(4)
Operating line interest expense			204		493
Term credit facility interest expense			123		145
EDC loan interest expense			245		208
Shareholder loan interest expense	22		42		116
Accounts receivable factoring costs	5		1,018		1,827
Accounts payable reverse-factoring costs			–		36
Other finance expense			12		21
Finance expense before interest on lease liabilities			**1,642**		**2,842**
Interest expense on lease liabilities	11		56		58
Total finance expense		**$**	**1,698**	**$**	**2,900**

16. NET INCOME PER SHARE

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

Three months ended September 30,		**2026**		2025
Weighted average number of common shares outstanding:				
Basic		24,314,594		24,314,594
Dilution adjustment for stock options		162		901
Basic and diluted		**24,314,756**		**24,315,495**
Net income from continuing operations	$	5,913	$	70
Net income from discontinued operations		5,619		134
Net Income	**$**	**11,532**	**$**	**204**
Net income per share - basic and diluted:				
Continuing operations	$	0.24	$	0.00
Discontinued operations		0.23		0.01
Total net income per share - basic and diluted	**$**	**0.47**	**$**	**0.01**

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 three months ended September 30, 2026, there were 8,587 weighted average dilutive stock options outstanding (September 30, 2025 - 4,620) which resulted in a dilution adjustment of 162 shares (September 30, 2025 - 901), with the remaining 27,218 weighted average outstanding options (September 30, 2025 - 22,380) being anti-dilutive. For the three months ended September 30, 2026, there were 220,000 warrants outstanding (September 30, 2025 - 361,050) which resulted in a dilution adjustment of nil shares (September 30, 2025 - nil).

17. 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 Broadband Access Solutions segment designs, develops and distributes electronic communications products to cable and telecommunications markets. The Content Delivery Solutions 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 three months ended September 30, 2026	Broadband Access Solutions	Content Delivery Solutions	Total
Sales	$ 76,511	$ 18,600	$ 95,111
Cost of sales:			
Cost of materials and labour	46,771	8,531	55,302
Write-downs (recovery) of inventory to net realizable value	311	(25)	286
Total cost of sales	**47,082**	**8,506**	**55,588**
Gross profit	**29,429**	**10,094**	**39,523**
Operating expenses	17,261	5,815	23,076
Depreciation and amortization	6,047	1,557	7,604
Operating income	**6,121**	**2,722**	**8,843**
Finance expense			(1,698)
Foreign exchange gain			461
Income tax expense			(1,693)
Net income from continuing operations			**$ 5,913**

For the three months ended September 30, 2025	Broadband Access Solutions	Content Delivery Solutions	Total
Sales	$ 55,072	$ 14,098	$ 69,170
Cost of sales:			
Cost of materials and labour	34,422	4,958	39,380
Write-downs of inventory to net realizable value	1,088	84	1,172
Total cost of sales	**35,510**	**5,042**	**40,552**
Gross profit	**19,562**	**9,056**	**28,618**
Operating expenses	14,964	5,416	20,380
Depreciation and amortization	5,278	1,226	6,504
Operating income (loss)	**(680)**	**2,414**	**1,734**
Finance expense			(2,900)
Foreign exchange gain			890
Income tax recovery			346
Net income from continuing operations			**$ 70**

Sales by geographical region

Three months ended September 30,	2026	2025
Sales to external customers:		
United States	$ 85,864	$ 59,113
Canada	4,167	2,664
Japan	3,658	6,121
Europe	450	525
Other	972	747
Total sales	**$ 95,111**	**$ 69,170**

Non-current assets by geographical region

As at	September 30, 2026	June 30, 2026
Non-current assets:		
United States	$ 99,004	$ 91,541
Canada	83,588	86,225
Japan	1,053	1,072
Europe	4,150	4,509
China	980	1,019
Total non-current assets	**$ 188,775**	**$ 184,366**

Sales to major customers

During the three months ended September 30, 2026, sales to a major customer accounted for $71,030 or 75% of total sales (September 30, 2025 - $45,618 or 66%).

18. 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 three months ended September 30, 2026, there were no transfers between Level 1 and Level 2 fair value classifications. As at September 30, 2026, the Company had customer-based warrants which are classified as Level 2. Refer to Note 19 - Financial Instruments Risk Management for further information. As at September 30, 2026, the Company did not have any forward foreign exchange contracts which are classified as Level 2 liabilities (June 30, 2026 - held 2 contracts which were included in accounts payable and accrued liabilities).

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Accounts receivable

As at September 30, 2026, the weighted average age of customer accounts receivable was 34 days (June 30, 2026 - 32 days), and the weighted average age of past-due accounts receivable approximated 39 days (June 30, 2026 - 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:

As at September 30, 2026	Trade Receivables	Allowance for Doubtful Accounts	Net Trade Receivables
Current	$ 36,347	$ –	$ 36,347
1 to 30 days	393	–	393
31 to 60 days	2,852	–	2,852
Over 60 days	401	(4)	397
Total	**$ 39,993**	**$ (4)**	**$ 39,989**

As at June 30, 2026	Trade Receivables	Allowance for Doubtful Accounts	Net Trade Receivables
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**

Currency exposure

The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. Forward contracts are entered into based on projected requirements for converting U.S. to Canadian dollars. The Company does not recognize these contracts in the consolidated financial statements when they are entered into, nor accounts for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes in fair value are recorded in the interim condensed consolidated statements of comprehensive income in foreign exchange gain. 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 September 30, 2026, the Company did not have any forward contracts (June 30, 2026 - 2 contracts in a liability position).

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 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 September 30, 2026 was $559 (June 30, 2026 - $519). The Company incurred warrant vesting expense during the three months ended September 30, 2026 of $39, which was reflected as other expense (September 30, 2025 - $132 reflected as a decrease in revenue).

Acquisition consideration

The Company acquired certain assets of Akleza on September 18, 2026, with consideration including deferred cash payments and contingent consideration based on revenue generated by the acquired products in fiscal 2027 and 2028. The deferred consideration consists of two installments payable 12 and 24 months after closing and was discounted at 6.5%. The contingent consideration is based on the achievement of specified revenue targets, with maximum annual payments of $560 and $700, respectively. The outstanding acquisition-related consideration is recognized as a financial liability. The discount on deferred consideration is accreted over the deferral period, with $8 of interest expense recognized during the three months ended September 30, 2026. The carrying value of the acquisition-related financial liability as at September 30, 2026 was $3,628 (current portion of $1,809 and non-current portion of $1,819).

20. SUPPLEMENTAL INFORMATION

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

Depreciation and amortization – operating activities

Three months ended September 30,		**2026**		2025
Depreciation of property, plant and equipment	$	659	$	659
Depreciation of right-of-use assets		346		385
Amortization of deferred development costs		5,844		4,793
Amortization of finite-life intangible assets		755		667
Total depreciation and amortization	**$**	**7,604**	**$**	**6,504**

Net change in working capital – operating activities

Three months ended September 30,		**2026**		2025
Accounts receivable	$	(11,892)	$	3,960
Inventories		(8,428)		1,813
Prepaid expenses		1,500		(91)
Contract assets		(299)		(1,518)
Accounts payable and accrued liabilities		13,287		(1,453)
Deferred revenue		11		(4,548)
Total change in net working capital	**$**	**(5,821)**	**$**	**(1,837)**

Capital expenditures, net – investing activities

Three months ended September 30,		**2026**		2025
Capital expenditures:				
Property, plant and equipment	$	1,614	$	688
Intangible assets		82		34
Total capital expenditures, net	**$**	**1,696**	**$**	**722**

21. CONTRACTUAL OBLIGATIONS

As at September 30, 2026, contractual purchase obligations due within a year that are not recognized as liabilities were $46,731 (June 30, 2026 - $50,373). Related inventory deposits paid to contract manufacturers and classified as prepaid expenses were $3,016 (June 30, 2026 - $3,020).

22. RELATED PARTY TRANSACTIONS

The company had the following related party transactions during the three months ended September 30, 2026:

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 4.45% plus 4.30% and is collateralized by a general security agreement. During the three months ended September 30, 2026, the Company incurred $42 of interest expense pursuant to the shareholder loan (September 30, 2025 - $116). The loan agreement was executed at arms length, approximates fair value and was used by the Company to fund short-term working capital requirements. During the three months ended September 30, 2026, the Company repaid its $5,000 shareholder loan in full including any accrued interest.

23. SUBSEQUENT EVENT

On November 9, 2026, the Board of Directors declared a dividend of $0.055 per common share, payable on December 21, 2026 to shareholders of record as at November 27, 2026 consistent with its previously announced dividend policy.