



Management's Discussion and Analysis of

VECIMA NETWORKS INC.

For the years ended June 30, 2021 and 2020



Dear Fellow Shareholders,

Fiscal 2021 was the breakout year we have long envisioned for Vecima. Following multiple years of investment, innovation, and persistence, our next-generation products are capturing the first wave of our industry's widescale migration to distributed access architecture, or DAA, and Vecima has emerged as a global industry leader in the rapidly growing DAA market. We now boast the industry's single strongest portfolio of high-speed data access network products for cable and fiber, which we are deploying with a large and rapidly growing global base of Tier 1, 2, and 3 customers. And while we are still in the early days of what we expect will be an extraordinary growth trajectory for DAA, our financial results are clearly beginning to reflect our momentum.

A Record Year for Vecima

I am very proud to report that we achieved the single highest sales results in Vecima's 33-year history in fiscal 2021, with annual sales climbing 31% year-over-year to \$124.2 million. This record topline growth was led by our Entra portfolio, which is supporting a number of the world's largest cable operators that are using Vecima's DAA to build their networks of the future. It also reflects the resounding success of our landmark acquisition of the Nokia Distributed Access Architecture (DAA) and Fiber-to-the-Home (FTTH) portfolio, a transaction we completed early in this pivotal fiscal year.

The acquisition dramatically accelerated a key component of our strategy to lead the cable industry's evolution to DAA just as the market was beginning its strong trajectory of wide adoption. Specifically, it built on our earlier successful efforts in Remote-PHY technology and saved years of planned further investment by immediately expanding our Entra portfolio with market-ready 10G fiber-to-the-home access capabilities and Remote MACPHY cable access solutions, the last two highly important, additional pieces of the cable DAA ecosystem.

With our portfolio significantly expanded and Vecima able to address the widest possible range of our customers' DAA needs, our sales accelerated quarter-over-quarter throughout the year, culminating in full-year Entra revenue of \$42.6 million, seven times higher than what we achieved in fiscal 2020. Buoyed by this momentum, our Video and Broadband Solutions segment went on to outperform in fiscal 2021, with segment sales growing by 110% to \$75.3 million. Approximately 57% of these sales came from our next-generation DAA products, a remarkable achievement given that DAA represented less than 15% of VBS segment sales a year ago. The balance of our VBS revenue was supported by continued solid performance from our commercial video product families, Terrace and TerraceQAM, which together contributed \$31.4 million of revenue in fiscal 2021.



Succeeding Under Challenging Conditions

I want to note that we achieved our record fiscal 2021 results amidst the global COVID-19 pandemic. On a positive note, the pandemic demonstrated the importance and necessity of a digitally connected world and our own critical role in helping our cable access and IPTV network customers meet the insatiable and ever-growing demand for data. It also highlighted the resilience of our employees, who adapted quickly to remote work and maintained their professionalism and dedication to advancing our objectives every step of the way. As our results and achievements attest, Vecima's execution was very strong this year, irrespective of the pandemic.

But the pandemic brought operating challenges as well.

Global supply chain constraints for certain components delayed lead times and weighed on our gross profit margins. And in our Content Delivery and Storage segment, Covid-19 restrictions at some of our customers' operations slowed the integration and expansion of the record new business wins of the prior year, constraining this segment's growth potential in fiscal 2021. Despite these impacts, our Content Delivery and Storage segment achieved solid annual revenues of \$43.4 million. It also fulfilled the largest-ever contract for MediaScaleX solutions with a Tier 1 customer in the Asia Pacific region and went on to win an additional five new customers during the year.

Ultimately, the pandemic has highlighted several of Vecima's core strengths, including our essential position in a market with an ever-increasing appetite for faster speeds and more content. This was supported by our ability to adapt rapidly to a changing macro environment and our rock-solid foundation, including a very strong financial position and excellent customer and supplier relationships, which enabled us to strategically manage through a difficult supply situation.

I am pleased to report that we ended the year with \$28.9 million in cash, working capital of \$44.8 million, and virtually no debt, even after investing in organic and acquisitions-based growth and continuing to reward investors with dividends of \$0.22 per share in fiscal 2021. We will continue to leverage this financial strength to increase inventories and manage supply chain challenges as we respond to the significant growth in demand we are anticipating in fiscal 2022.

An Inflection Point in Our 33-year History

As we look forward, we recognize that Vecima is now at an inflection point. We have captured a clear leadership position in a market estimated in the billions of dollars, and we are positioned to maintain and build on our lead. We have the world's most complete DAA portfolio, based on



technologies pioneered by us and backed by our 33-year track record as a trusted and proven supplier to some of the world's largest MSOs.

We are currently engaged with 71 customers for our DAA products worldwide, including 38 customers that have already placed orders. Many of these customers are now transitioning to scale deployments as they build out their DAA networks, which in turn will fuel strong demand for our Entra products in fiscal 2022 and beyond. Our remaining 33 customer engagements represent additional near-term opportunities for design wins and follow-on deployments, adding to the projected demand. At the same time, we are steadily adding new customer engagements as additional MSOs initiate their own DAA transitions and turn to Vecima as a potential technology partner.

This is a true technology wave that will only gain momentum. And those that capture the first wave are exceptionally well positioned to benefit from not just the initial network build-outs but the years of augmentation and upgrades that follow. Vecima has successfully captured the first wave and is emerging as a leading, global Tier 1 broadband network solutions provider in the DAA space.

Keep in mind that this is just one of our growth engines.

Our Content Delivery and Storage segment represents significant additional opportunities for Vecima as we address the rapidly growing managed IPTV and "over the top" (OTT) markets for streaming services like video on demand and cloud DVR. The global IPTV market is on pace to nearly double in size by 2026 and will depend on reliable and scalable solutions like those provided by our MediaScaleX portfolio.

Overall, we anticipate the year ahead will be an exciting one for Vecima as the DAA market takes off and IPTV demand continues to build. While we anticipate that ongoing global supply chain challenges could temper our growth and margin potential, particularly in the near term, we are extremely confident in our market position and in Vecima's ability to capture the major opportunities ahead of us.

For many years now, we have remained steadfast in our vision for the networks of tomorrow while bringing them to life today. Through a combination of invention, development, and curation via successful consolidation, we have assembled the best technology in the industry. This has put us in an extremely advantageous position, and I can think of no other time in Vecima's 33-year history that the opportunity has been so great or so immediately upon us. The industry has taken notice and is



embracing our DAA and IPTV leadership. In the weeks, months, and years to come, I look forward to demonstrating how this will translate into results.

In closing, I want to sincerely thank all of our Vecima employees for their work in bringing in another remarkable year and for continuing to outperform during these challenging times. As always, I am honoured by their dedication and commitment to our success.

On behalf of the Board of Directors, I also want to thank you, our shareholders, for your continued support. We are highly energized about what lies ahead for Vecima and looking forward to exciting new achievements in fiscal 2022. I am truly honoured to be your representative as Vecima embarks on this exciting trajectory of growth.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sumit Kumar".

Sumit Kumar
President and CEO

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 21, 2021

This Management's Discussion and Analysis (MD&A) provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the year ended June 30, 2021.

Our MD&A supplements, but does not form part of, our audited consolidated financial statements and related notes for the years ended June 30, 2021 and 2020. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended June 30, 2021 and 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Our MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes.

The content of this MD&A contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements include, but are not limited to, our expectations related to general economic conditions and market trends and their anticipated effects on our business segments, our expectations related to customer demand and the impacts of the novel coronavirus pandemic ("COVID-19"). For additional information related to forward-looking statements and material risks associated with them, please see the "Additional Information - Forward-Looking Information" section of this MD&A.

Additional information regarding Vecima, including our Annual Information Form, can be found on SEDAR at www.sedar.com.

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1. Company Overview

Vecima Networks Inc. (TSX: VCM) is a Canadian company founded in 1988 in Saskatoon, Saskatchewan. Today, Vecima has a global presence with offices in Vancouver, Atlanta, Raleigh, San Jose, Qingdao, Shanghai, Tokyo, Amsterdam, and a manufacturing facility in Saskatoon. Vecima's corporate head office is located in Victoria, British Columbia.

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

Vecima's business is organized into three segments:

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

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

The Entra Distributed Access Architecture (DAA) family of products is divided into five core categories:

- EntraPHY - Multiple variants of the Entra Access Node that can operate as Remote PHY, providing a modular highly interoperable platform for deployment of access technologies, leveraging billions of dollars of investment in coaxial cable;
- EntraMAC - Multiple variants of the Entra Access Node that can operate as Remote MAC-PHY, providing the full next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable;
- EntraOptical - Consists of both chassis and node based FTTH access technologies in areas of the service provider network where FTTH is practical and advantageous;
- EntraControl – a virtual cloud-based platform with centralized orchestration and control across all Entra products:
 - The Entra Remote PHY Monitor (RPM), which offers unified control software for management, service assurance and monitoring of access nodes;
 - The Entra Video QAM Manager (VQM), which allows for the integration of video in a DAA environment, leveraging existing video generation infrastructure by providing a direct pathway for video through to the Entra node; and
 - The Entra Access Controller (EAC) virtualizes all of the control components allowing for the distribution of the data processing to the edge and into the Entra MAC and Entra Optical nodes; and
- EntraVideo – a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures:
 - The Entra Legacy QAM Adapter (LQA) and DV-12, which provide a simple solution to adapt existing video QAM infrastructure for distributed access; and
 - The Entra Interactive Video Controller (IVC), which supports essential two-way network connectivity for legacy set-top boxes that are heavily deployed and in service today.
- b. Our Terrace and TerraceQAM product families meet the unique needs of the business services vertical, including MDU (multi-dwelling units) and hospitality (including hotels, motels and resorts) by adapting video services to the individual business requirements and leveraging existing televisions in rooms.

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

MediaScaleX™

- Transcode: transforms live and OnDemand content utilizing state-of-the-art GPU technology, creating beautiful, cost-effective content for any device;
- Origin: packages and secures video for streaming over-the-top (OTT) or through a service provider managed network, regardless of network technology;
- Storage: captures live, OnDemand, and DVR content, holds it indefinitely, and allows for future streaming, rewind, fast-forward and pause; and

- Cache: highly scalable, streaming platform, providing the ability to serve content to all IP and legacy devices, including Streaming Video Alliance Open Cache technology to allow operators to cache and monetize OTT content. Strategically geographically located to minimize network latency and optimize the end user streaming experience.
- 3) **Telematics** provides fleet managers with the key information and analytics they require to optimally manage their mobile and fixed assets under the Contigo and Nero Global Tracking brands. Vecima's Telematics solutions allow fleets and high value assets to be tracked, managed, reported on and optimized over a subscription-based cloud portal serving commercial and municipal government customers.

2. Industry Developments

Video and Broadband Solutions

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

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

In 2020, Cable Television Laboratories or CableLabs, a not-for-profit innovation and research and development lab that works in cooperation with cable companies and cable equipment manufacturers, released the DOCSIS 4.0 specifications which includes full duplex DOCSIS (FDX) and extended spectrum DOCSIS (ESD), allowing multi-system operators (MSO) to significantly increase their total capacity while leveraging their past coaxial infrastructure investment.

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 widescale fiber network buildouts with an emphasis on rural areas that are currently underserved. Operators have favoured architectures and products that allow them to cohesively orchestrate both coaxial and fiber access networks over a common cloud management platform.

Content Delivery and Storage

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

According to the latest industry analysis in the Cisco Visual Networking Index™, consumer Video on Demand traffic is expected to double by 2022 with IP video comprising 82% of all IP traffic. Content owners and broadcasters are also leveraging IPTV technologies to deliver services directly to subscribers using over the top (OTT) business models. Open cache technology, such as that being standardized by the streaming video alliance is aimed at consolidating IPTV traffic utilizing strategically placed cache capacity that reduces cost and network latency.

Telematics

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

Our Strategy

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

3. Fiscal 2021 Full-Year and Q4 Highlights

Financial and Corporate Highlights

- Achieved the best annual and quarterly revenue results in Vecima's history, with fiscal 2021 consolidated sales climbing 31% year-over-year to \$124.2 million; and, fourth quarter consolidated sales increasing 37% to \$35.3 million
- Generated full-year gross profit of \$56.6 million and Q4 gross profit of \$15.0 million, up 10% and 20%, respectively, from same periods in fiscal 2020
- Full-year gross profit margin of 46% and Q4 gross profit margin of 42% were below our targeted range of 49% to 53%, primarily reflecting pandemic-related delays in rollout schedules in the CDS segment, the impact of global supply chain constraints, and the negative foreign exchange impact of a stronger Canadian dollar
- Generated full-year adjusted EBITDA of \$12.3 million, compared to \$18.3 million in fiscal 2020. Grew fourth quarter adjusted EBITDA by 48% to \$5.7 million, from \$3.8 million last year
- Recorded adjusted full-year EPS of \$(0.10) per share, from \$0.06 per share in fiscal 2020. Increased fourth quarter adjusted EPS to \$0.06 per share, from \$(0.06) per share in Q4 fiscal 2020
- Ended the fiscal year in strong financial position with \$28.9 million in cash and working capital of \$44.8 million at June 30, 2021, compared to \$34.5 million and \$55.3 million, respectively, at December 31, 2020
- Declared annual dividends of \$0.22 per share, including a fourth quarter dividend of \$0.055 per share payable on November 1, 2021 to shareholders of record on October 8, 2021. This represents a cumulative \$34.9 million returned to shareholders through regular dividends since we initiated our dividends in October 2014

Video and Broadband Solutions (VBS)

- Generated strong segment sales with annual VBS revenue increasing 110% to \$75.3 million and Q4 VBS sales growing 124% to \$23.5 million year-over-year

Entra Family

- Deployments of next-generation Entra products accelerated to \$42.6 million in fiscal 2021 and \$16.6 million in the fourth quarter, a sevenfold increase for both, from the same periods in fiscal 2020
- Successfully acquired, integrated and operated the Nokia cable access portfolio, expanding Vecima's next-generation product offering with market-leading DAA and 10Gig FTTH solutions. The new portfolio significantly exceeded expectations, contributing strong sales of \$19.7 million in fiscal 2021 and \$9.2 million in the fourth quarter
- Increased total customer engagements for Entra to 71 MSOs worldwide, compared to 25 at the beginning of the year. Thirty-eight of these customers, including multiple Tier 1 operators, have ordered Entra products (versus three at the beginning of fiscal 2021), setting the stage for multi-year product, support and capacity increases with these customers
- Carried out multiple Tier 1 customer deployments for Entra Remote PHY nodes, Remote MAC-PHY nodes, and 10G EPON FTTH solutions, including the delivery of over 4,900 cable and fiber access nodes combined, covering over 8,900 next-generation service groups and passing 12.5 million homes
- Delivered multiple new DAA product and software releases during the year, including the industry's first fully segmentable, double-density Remote PHY node
- Significantly enhanced Vecima's industry-leading DAA cable access nodes (EntraPHY and EntraMAC) with numerous leading features including:
 - even higher download and upload capacity, over the multigigabit speeds already offered, driving significant cost savings by leveraging pre-existing and widely deployed coaxial cable access networks;
 - localized regional variants matching unique customer needs in multiple geographies;
 - increased interoperability with network ecosystem technologies (an area that Vecima has always lead); and
 - redundancy additions that further augment the mission-critical durability of our Entra DAA nodes which are being leveraged globally by customers for core broadband internet service

- Multiple in-demand features were added to Vecima's EntraControl platforms that provide key cloud-native network configuration and management orchestration, including mass-scalability enhancements and statistics that help operators manage large access networks on a "millions of homes" scale
- Widened lead of EntraOptical fiber to the home DAA platforms with added regional product variants, industry-leading in-home FTTH modem ecosystem support and interoperability, and numerous other customer-specific features

Commercial Video Family

- Increased full-year TerraceQAM sales by 34% to \$17.1 million and Q4 sales by 21% to \$4.4 million, as the lead Tier 1 MSO continued to widen its extensive hospitality services platform built on the TerraceQAM
- Terrace family sales provided \$14.3 million of contribution in fiscal 2021 as Tier 1 customers neared full coverage, leading to the anticipated migration to the next-generation TerracelQ platform
- Delivered initial orders of next-generation TerracelQ to a North American Tier 1 customer, a deployment win tied to the unique IPTV input, transcoding and digital rights management capabilities of TerracelQ, driving the future of commercial video services

Content Delivery and Storage (CDS)

- Achieved annual CDS segment sales of \$43.4 million and Q4 sales of \$10.4 million, despite COVID-19 related delays in project rollouts and the negative impact of global supply chain constraints
- Grew full-year CDS segment services revenue by 4% year-over-year
- Added five new customers for Vecima's MediaScaleX IPTV solutions in fiscal 2021
- Divested ContentAgent workflow management business during the year, resulting in a pre-tax gain of approximately US\$1.6 million

Telematics

- Continued deployments with municipal government customers, with expansions adding 630 new subscribers in fiscal 2021
- Released new software to enable optional vehicle routing for customers, expanding recurring monthly revenue from existing and new customers
- Continued to penetrate the moveable assets market, including entry into the emergency management systems segment where assets, such as defibrillators and stretchers, are monitored. Added 15 new customers and 439 additional vehicle subscriptions in fiscal 2021, with the total number of moveable assets being monitored growing to over 11,000 units.

4. Outlook

Around the globe, high levels of utilization across our customers' cable and IPTV networks are requiring that operators continue to expand capacity across their networks. Vecima is responding to this demand with an industry-leading portfolio of Distributed Access Architecture (DAA), commercial video and IPTV solutions that enable our customers to expand their capacity and network offerings.

In our Video and Broadband Solutions (VBS) segment, we anticipate strong organic revenue growth in fiscal 2022, led by our next-generation Entra DAA products. With the industry's strongest and most relevant portfolio of DAA Remote PHY, Remote MAC-PHY, access controller and 10G EPON solutions, and expanding relationships with over 70 cable operators worldwide, including some of the world's largest Tier 1 MSOs, we anticipate a continued sharp growth trajectory for Entra products in fiscal 2022. We expect Entra sales will dominate Vecima's product mix in the year ahead, but emphasize that we are still in the early stages of DAA adoption. We see an extraordinary and lengthy growth runway for Entra and are focused on leveraging our industry-leading product portfolio, strong customer relationships and growing global reach to continue capturing market share in this large and rapidly growing market.

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

In our Content Delivery and Storage segment, demand for our IPTV and open caching solutions remains robust. We anticipate steady improvement in our ability to integrate new business wins in fiscal 2022, including the five new customers added for our MediaScaleX solutions in fiscal 2021.

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

We expect gross margins will strengthen as our product mix shifts to include a larger proportion of higher-margin product and license sales in future quarters.

We note that global supply chain challenges have the potential to constrain our revenue growth and put continued pressure on gross margins if they persist through the year. We are focused on managing these industry challenges strategically, leveraging our strong financial position and excellent supplier relationships to support our inventory needs.

5. COVID-19 Business Update

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

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

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

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

6. Discontinued Operations

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

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

7. Consolidated Results of Operations

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

Consolidated Statements of Comprehensive (Loss) Income Data	Years ended June 30,					
	2021		2020		2019	
Sales	\$ 124,177	100 %	\$ 94,882	100 %	\$ 84,894	100 %
Cost of sales	67,535	54 %	43,605	46 %	40,107	47 %
Gross profit	56,642	46 %	51,277	54 %	44,787	53 %
Operating expenses						
Research and development ⁽¹⁾	26,247	21 %	21,595	23 %	18,909	22 %
Sales and marketing	13,720	11 %	13,304	14 %	14,065	17 %
General and administrative	17,937	14 %	15,869	17 %	16,565	20 %
Restructuring costs	-	- %	-	- %	2,176	3 %
Share-based compensation	1,420	1%	59	- %	112	- %
Other income	(1,512)	- %	(479)	(1)%	(418)	- %
	57,812	47 %	50,348	53 %	51,409	61 %
Operating (loss) income	(1,170)	(1)%	929	1 %	(6,622)	(8)%
Finance income	69	- %	636	1 %	879	1 %
Foreign exchange (loss) gain	(2,973)	(2)%	1,328	1 %	(61)	- %
(Loss) income before taxes	(4,074)	(3)%	2,893	3 %	(5,803)	(7)%
Income tax (recovery) expense	(1,889)	(1)%	391	- %	(2,402)	(3)%
Net (loss) income from continuing operations	(2,185)	(2)%	2,502	3 %	(3,401)	(4)%
Net income (loss) from discontinued operations	1,854	2 %	(696)	(1)%	(59)	- %
Net (loss) income	(331)	- %	1,806	2 %	(3,460)	(4)%
Other comprehensive (loss) income	(3,196)	(3)%	1,088	1 %	(66)	- %
Comprehensive income (loss)	\$ (3,527)	(3)%	\$ 2,894	3 %	\$ (3,526)	(4)%
Net income (loss) per share⁽²⁾						
Basic – total	\$ (0.02)		\$ 0.08		\$ (0.15)	
Basic – continuing operations	\$ (0.10)		\$ 0.11		\$ (0.15)	
Diluted – total	\$ (0.02)		\$ 0.08		\$ (0.15)	
Diluted – continuing operations	\$ (0.10)		\$ 0.11		\$ (0.15)	
Other Data						
Total research and development expenditures ⁽³⁾	\$ 35,023		\$ 24,993		\$ 29,270	
Adjusted EBITDA ⁽⁴⁾	\$ 12,323		\$ 18,273		\$ 8,177	
Adjusted (loss) earnings per share ⁽⁵⁾	\$ (0.10)		\$ 0.06		\$ (0.09)	
Number of employees ⁽⁶⁾	481		377		364	

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

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

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

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

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

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

Consolidated Statements of Financial Position <i>(unaudited – in thousands of dollars except common share data)</i>	June 30, 2021	June 30, 2020	June 30, 2019
Cash and cash equivalents	\$ 28,909	\$ 17,350	\$ 19,834
Short-term investments	\$ -	\$ 17,165	\$ 24,569
Working capital	\$ 44,792	\$ 55,280	\$ 58,286
Total assets	\$ 214,732	\$ 210,298	\$ 200,770
Long-term debt ⁽¹⁾	\$ 4,107	\$ 4,613	\$ 1,729
Shareholders' equity	\$ 174,920	\$ 179,762	\$ 180,768
Number of common shares outstanding ⁽²⁾	22,748,826	22,411,612	22,362,031

⁽¹⁾ Since fiscal 2020 long-term debt now includes lease liabilities per IFRS 16.

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

Adjusted Net Income and Adjusted Earnings per Share

The following table reconciles net income for the period to adjusted net income as well as earnings per share to adjusted earnings per share. The term "adjusted net income" refers to net income or net loss as reported in the IFRS financial statements, excluding any amounts included in net income or net loss for gains and losses on the sale of non-core property, plant and equipment ("PP&E"), intangible assets, and assets held for sale, impairments of intangible assets, restructuring costs, and the tax effect of these adjusted items. We believe that adjusted net income and adjusted earnings per share provides supplemental information for management and our investors because they provide for the analysis of our results exclusive of certain items which do not directly correlate to our business of selling broadband access products, content delivery and storage products and services or supplying telematic services. Adjusted net income and adjusted earnings per share do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

Calculation of Adjusted Earnings per Share <i>(unaudited – in thousands of dollars except per share amounts)</i>	Years ended June 30,		
	2021	2020	2019
Net (loss) income	\$ (331)	\$ 1,806	\$ (3,460)
Gain on sale of non-core PP&E, net of tax	(2,007)	(397)	-
Gain on sale of non-core intangibles, net of tax	-	-	(176)
Restructuring costs, net of tax	-	-	1,623
Adjusted net (loss) income	\$ (2,338)	\$ 1,409	\$ (2,013)
Net (loss) income per share	\$ (0.02)	\$ 0.08	\$ (0.15)
Gain on sale of non-core PP&E, net of tax	(0.08)	(0.02)	-
Gain on sale of non-core intangibles, net of tax	-	-	(0.01)
Restructuring costs, net of tax	-	-	0.07
Adjusted earnings per share⁽¹⁾⁽²⁾	\$ (0.10)	\$ 0.06	\$ (0.09)

⁽¹⁾ Adjusted earnings per share includes non-cash share-based compensation of \$(0.3) million or \$(0.01) per share for the three months ended June 30, 2021, and \$1.4 million or \$0.06 per share for the year ended June 30, 2021. The non-cash share-based compensation primarily reflects certain performance-based vesting thresholds achieved under the Company's Performance Share Unit Plan.

⁽²⁾ Adjusted earnings per share includes foreign exchange loss of \$0.7 million or \$0.03 per share for the three months ended June 30, 2021 and \$3.0 million or \$0.13 per share for the year ended June 30, 2021.

EBITDA and Adjusted EBITDA

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

Calculation of Adjusted EBITDA	Years ended June 30,		
	2021	2020	2019
Net income (loss) from continuing operations	\$ (2,185)	\$ 2,502	\$ (3,401)
Income tax (recovery) expense	(1,889)	391	(2,402)
Interest expense	225	295	201
Depreciation of PP&E	2,346	2,182	2,336
Depreciation of right-of-use assets	1,523	1,375	0
Amortization of deferred development costs	7,567	8,681	5,531
Amortization of intangible assets	3,319	3,762	3,793
EBITDA from discontinued operations	2,351	(519)	(49)
EBITDA	13,257	18,669	6,009
(Gain) loss on sale of property, plant and equipment	(302)	(455)	82
Gain on sale of intangible assets	-	-	(202)
Restructuring costs	-	-	2,176
Gain on disposal of discontinued operations	(2,052)	-	-
Share-based compensation	1,420	59	112
Adjusted EBITDA	\$ 12,323	\$ 18,273	\$ 8,177
Percentage of sales	10%	19%	10%

Total Research and Development Expenditures

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

Calculation of Research and Development Expenditures from Continuing Operations	Years ended June 30,		
	2021	2020	2019
Research and development per statement of income	\$ 26,247	\$ 21,595	\$ 18,909
Deferred development costs	16,205	11,972	16,057
Investment tax credits	138	205	67
Amortization of deferred development costs	(7,567)	(8,681)	(5,531)
Government grants	-	(98)	(232)
Total research and development expenditures	\$ 35,023	\$ 24,993	\$ 29,270
Percentage of sales	28%	26%	34%

8. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the years ended June 30, 2021 and 2020 in accordance with IFRS. This information should be read in conjunction with those financial statements and their related notes as well as with the balance of this MD&A.

	Fiscal Year 2021				Fiscal 2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$ 35,320	\$ 31,861	\$ 29,673	\$ 27,323	\$ 25,714	\$ 24,728	\$ 24,759	\$ 19,681
Cost of Sales	20,348	17,535	14,964	14,688	13,204	11,953	8,950	9,498
Gross profit	14,972	14,326	14,709	12,635	12,510	12,775	15,809	10,183
Operating expenses								
Research and development	5,418	7,520	7,044	6,265	6,731	5,578	4,411	4,875
Sales and marketing	3,625	3,644	3,474	2,977	2,976	3,505	3,265	3,558
General and administrative	4,327	4,357	4,560	4,693	3,940	3,983	4,063	3,883
Share-based compensation	(296)	267	1,210	239	12	14	16	17
Other (income) expense	(1,462)	(50)	3	(3)	(349)	25	(145)	(10)
	11,612	15,738	16,291	14,171	13,310	13,105	11,610	12,323
Operating income (loss)	3,360	(1,412)	(1,582)	(1,536)	(800)	(330)	4,199	(2,140)
Finance (expense) income	(51)	(45)	2	163	110	(236)	554	208
Foreign exchange (loss) gain	(704)	(830)	(1,218)	(221)	(453)	1,953	(461)	289
Income (loss) before income taxes	2,605	(2,287)	(2,798)	(1,594)	(1,143)	1,387	4,292	(1,643)
Income tax expense (recovery)	1,170	(2,692)	432	(799)	(275)	555	549	(438)
Net income (loss) from:								
Continuing operations	1,435	405	(3,230)	(795)	(868)	832	3,743	(1,205)
Discontinued operations	-	1,784	112	(42)	(169)	(166)	(182)	(179)
Net income (loss)	1,435	2,189	(3,118)	(837)	(1,037)	666	3,561	(1,384)
Other comprehensive (loss) income	(396)	(650)	(1,538)	(612)	(1,125)	2,416	(426)	223
Comprehensive income (loss)	1,039	\$ 1,539	\$ (4,656)	\$ (1,449)	\$ (2,162)	\$ 3,082	\$ 3,135	\$ (1,161)
Net income (loss) per share								
Basic – continuing operations	\$ 0.06	\$ 0.02	\$ (0.14)	\$ (0.04)	\$ (0.04)	\$ 0.04	\$ 0.16	\$ (0.05)
Basic – total	\$ 0.06	\$ 0.10	\$ (0.14)	\$ (0.04)	\$ (0.05)	\$ 0.03	\$ 0.16	\$ (0.06)
Diluted – continuing operations	\$ 0.06	\$ 0.02	\$ (0.14)	\$ (0.04)	\$ (0.04)	\$ 0.04	\$ 0.16	\$ (0.05)
Diluted - total	\$ 0.06	\$ 0.10	\$ (0.14)	\$ (0.04)	\$ (0.05)	\$ 0.03	\$ 0.16	\$ (0.06)
Adjusted EBITDA as reported	\$ 5,677	\$ 1,963	\$ 2,476	\$ 2,207	\$ 3,827	\$ 5,617	\$ 7,042	\$ 1,785

Quarter-to-Quarter Sales Variances

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

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

Our Content Delivery and Storage segment also influences potential variations of our quarterly sales. Pronounced quarterly sales fluctuations are typical of this business due to the typically large size of customer orders and associated IPTV projects that are subject to customer timing adjustments. Demand for CDS solutions is also prone to seasonal demand fluctuations with the first and third quarters typically carrying slower customer activity.

9. Segmented Information

Sales

Segment	Three months ended June 30,		Years ended June 30,	
	2021	2020	2021	2020
Video and Broadband Solutions	\$ 23,458	\$ 10,466	\$ 75,273	\$ 35,859
Content Delivery and Storage	10,419	13,927	43,410	53,666
Telematics	1,443	1,321	5,494	5,357
Total Sales	\$ 35,320	\$ 25,714	\$ 124,177	\$ 94,882

Three-Month Sales

Total sales grew to \$35.3 million in the fourth quarter of fiscal 2021, up 37% from \$25.7 million in Q4 fiscal 2020 and 11% higher than the \$31.9 million generated in Q3 fiscal 2021. Our strong year-over-year sales growth reflects an increase in Video and Broadband product sales, partially offset by lower sales in our Content Delivery and Storage segment.

The Video and Broadband Solutions segment delivered significant revenue growth in the fourth quarter, with sales climbing to \$23.5 million, an increase of 124% from \$10.5 million in Q4 fiscal 2020 and 8% higher than the \$21.8 million generated in Q3 fiscal 2021. These increases primarily reflect customers beginning their transition to next-generation networks using Vecima's solutions.

- Fourth quarter sales of next-generation Entra products accelerated to \$16.6 million, up \$14.6 million, or a sevenfold increase, from \$2.1 million in Q4 fiscal 2020 and up \$3.9 million, or 31%, from \$12.7 million in Q3 fiscal 2021. Increased customer engagements and a shift to scale deployments were the key factors in this growth, with multiple Tier 1 customers deploying our Entra Remote PHY nodes, Remote MAC-PHY nodes and 10G EPON solutions across their networks during the quarter. The Nokia portfolio of cable access solutions acquired by Vecima early in fiscal 2021 contributed \$9.2 million of the fourth quarter Entra revenues, up from the \$6.0 million in Q3 fiscal 2021.
- TerraceQAM sales climbed to \$4.4 million in the fourth quarter, up 21% from \$3.6 million in the same period last year, but 16% lower than the \$5.2 million generated in Q3 fiscal 2021. The year-over-year growth reflects healthy demand for the TerraceQAM platform as operators continue their commercial rollout for the current generation, while preparing for the next-generation TerracelQ platform. The quarter-over-quarter variance primarily reflects the timing of large orders.
- Fourth quarter Terrace family sales were \$2.4 million, compared to \$4.1 million in Q4 fiscal 2020 and \$3.5 million in Q3 fiscal 2021, a decrease of 42% and 32%, respectively. The slowdown in Terrace Family sales was anticipated and reflects tapering demand for our legacy TC600 and TC600E products.

Our Content Delivery and Storage segment generated fourth quarter sales of \$10.4 million, which was 25% below the exceptionally strong \$13.9 million generated in Q4 last year, but 19% higher than the \$8.8 million achieved in Q3 fiscal 2021. The year-over-year decrease reflects typical quarterly revenue fluctuations related to order timing and size, as well as COVID-19 restrictions which have slowed on-site systems integration activity at some of our customer sites. Segment sales for the Q4 fiscal 2021 period included \$6.0 million of product sales and \$4.4 million of services revenue.

Fourth quarter Telematics sales of \$1.4 million were slightly higher than the \$1.3 million achieved in Q4 fiscal 2020 and on par with the \$1.4 million achieved in Q3 fiscal 2021. Results for the quarter were in line with our expectations.

Twelve-Month Sales

For the year ended June 30, 2021 total sales increased 31% to \$124.2 million, from \$94.9 million in fiscal 2020. The year-over-year sales growth primarily reflects a strong contribution from our Video and Broadband Solutions segment, partially offset by lower sales in the Content Delivery and Storage segment.

Video and Broadband Solutions sales increased 110% to \$75.3 million, from \$35.9 million in fiscal 2020, as customers began their transition to our next-generation solutions.

- Full-year Entra deployments accelerated to \$42.6 million, up \$37.3 million, or a sevenfold increase, from \$5.3 million in fiscal 2020. Vecima carried out multiple Tier 1 customer deployments for Entra Remote PHY nodes, Remote MAC-PHY nodes and 10G EPON solutions during the year, including delivery of over 4,900 nodes and PON line cards and over 8,900 next-generation service groups with current or future 10G capability. Our fiscal 2021 Entra results included \$19.7 million of sales from our new portfolio of direct access solutions, which we acquired from Nokia in the first quarter of the 2021 fiscal year.
- Sales of TerraceQAM increased by \$4.3 million, or 34%, to \$17.1 million in fiscal 2021, from \$12.8 million in fiscal 2020. We experienced healthy demand for our TerraceQAM hospitality platform throughout the year, with operators continuing their commercial rollout for the current generation, while preparing for the next-generation TerraceIQ platform.
- As anticipated, demand for our legacy Terrace family products continued to taper off in fiscal 2021, as customers began the shift to our next-generation solutions. Terrace family sales of \$14.3 million were 13% lower than the \$16.5 million generated in fiscal 2020, and largely reflect lower purchasing activity for legacy TC600 products.

Fiscal 2021 sales from our Content Delivery and Storage segment decreased 19% to \$43.4 million in fiscal 2021, from \$53.7 million in fiscal 2020. This change reflects quarterly sales variances in Q3 and Q4 of the current year, compared to record sales activity during the same period in fiscal 2020, as well as COVID-19 related operational delays at some customer premises, which slowed our efforts to consolidate the record new business wins of fiscal 2020. Sales in the current period included \$25.6 million of product sales and \$17.8 million of services revenue.

Telematics sales were slightly higher at \$5.5 million in fiscal 2021, compared to \$5.4 million in the same period of fiscal 2020. These results were in line with our expectations.

Cost of Sales

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

Segment	Three months ended June 30,		Years ended June 30,	
	2021	2020	2021	2020
Video and Broadband Solutions	\$ 14,161	\$ 6,375	\$ 43,640	\$ 18,914
Content Delivery and Storage	5,720	6,433	22,087	23,017
Telematics	467	396	1,808	1,674
Total cost of sales	\$ 20,348	\$ 13,204	\$ 67,535	\$ 43,605

Three-Month Results

For the three months ended June 30, 2021, total cost of sales was \$20.3 million, a 54% increase from \$13.2 million in Q4 fiscal 2020 and 16% above the \$17.5 million in Q3 fiscal 2021. The year-over-year increase was impacted by the significant increase in sales in the Video and Broadband Solutions segment, the increase in sales in the Telematics segment, partially offset by the lower sales in the Content Delivery and Storage segment. Product mix and supply chain constraints experienced during the period also were factors in the increase in cost of sales.

Fourth quarter cost of sales in the Video and Broadband Solutions segment grew 122% to \$14.2 million from \$6.4 million in Q4 fiscal 2020 and 14% from \$12.4 million from Q3 fiscal 2021. The year-over-year increase was a result of the significant increase in sales as well as product mix and supply chain constraints resulting in increased expedite costs.

In the Content Delivery and Storage segment, fourth quarter cost of sales decreased by 11% to \$5.7 million, from \$6.4 million in the prior-year quarter. On a sequential quarterly basis, CDS cost of sales were 24% higher than the \$4.6 million in Q3 fiscal 2021. The year-over-year change in cost of sales reflects the decrease in sales and product mix.

Fourth quarter cost of sales from the Telematics segment was \$0.5 million, up slightly from the \$0.4 million incurred in Q4 fiscal 2020 and similar to the \$0.5 million in Q3 fiscal 2021.

Twelve-Month Results

For the year ended June 30, 2021, total cost of sales was \$67.5 million, a 55% increase from \$43.6 million in fiscal 2020. The year-over-year increase was impacted by the significant increase in sales in the Video and Broadband Solutions segment, the increase in sales in the Telematics segment, partially offset by the significantly lower sales in the Content Delivery and Storage segment. Product mix and supply chain constraints experienced during the current year were also factors in the increase in cost of sales.

Cost of sales in the Video and Broadband Solutions segment grew 131% to \$43.6 million in fiscal 2021 from \$18.9 million in fiscal 2020. The year-over-year increase was a result of the significant increase in sales as well as product mix and supply chain constraints resulting in increased expedite costs.

In the Content Delivery and Storage segment, cost of sales decreased by 4% to \$22.1 million, from \$23.0 million. The year-over-year decrease in cost of sales reflects the decrease in sales and product mix. Sales in the prior year had a higher concentration of software sales, which had a lower corresponding cost of sales.

Cost of sales from the Telematics segment in fiscal 2021 was \$1.8 million up from the \$1.7 million in 2020 reflecting the higher sales year-over-year.

Gross Profit and Gross Margin

Segment	Three months ended June 30,		Years ended June 30,	
	2021	2020	2021	2020
Video and Broadband Solutions	\$ 9,297	\$ 4,091	\$ 31,633	\$ 16,945
Content Delivery and Storage	4,699	7,494	21,323	30,649
Telematics	976	925	3,686	3,683
Total gross profit	\$ 14,972	\$ 12,510	\$ 56,642	\$ 51,277
Video and Broadband Solutions	39.6%	39.1%	42.0%	47.3%
Content Delivery and Storage	45.1%	53.8%	49.1%	57.1%
Telematics	67.6%	70.0%	67.1%	68.8%
Total gross margin	42.4%	48.7%	45.6%	54.0%

Three-Month Results

For the three months ended June 30, 2021, total gross profit grew to \$15.0 million, a 20% increase from \$12.5 million in Q4 fiscal 2020 and 5% above the \$14.3 million achieved in Q3 fiscal 2021. Gross margin for the fourth quarter was 42%, compared to 49% in Q4 fiscal 2020 and 45% in Q3 fiscal 2021. We target a gross margin of 49% to 53%. Gross margin was impacted by lower sales in the Content Delivery and Storage segment, continued foreign exchange headwinds related to a strengthening Canadian dollar, and product mix and supply chain constraints experienced during the period.

Fourth quarter gross profit from the Video and Broadband Solutions segment grew 127% to \$9.3 million (gross profit margin of 40%), from \$4.1 million (gross profit margin of 39%) in Q4 fiscal 2020 and was on par with Q3 2021 gross profit of \$9.3 million (gross profit margin of 43%). The year-over-year increase in gross profit reflects significantly higher sales, paired with a slightly higher gross margin.

In the Content Delivery and Storage segment, fourth quarter gross profit decreased by 37% to \$4.7 million (gross profit margin of 45%), from \$7.5 million (gross profit margin of 54%) in the same period last year. On a sequential quarterly basis, CDS gross profit was 14% higher than the \$4.1 million (gross profit margin of 47%) generated in Q3 fiscal 2021. The year-over-year changes in gross profit and gross margin reflect the decrease in sales and a lower percentage of high-margin software sales in the product mix.

Fourth quarter gross profit from the Telematics segment was \$1.0 million (gross profit margin of 68%), similar to the \$0.9 million (gross margin of 70%) generated in Q4 fiscal 2020 and \$0.9 million (gross margin of 66%) in Q3 fiscal 2021. The year-over-year decrease in gross margin is mainly the result of higher product costs in the current quarter.

Twelve-Month Results

For the year ended June 30, 2021, total gross profit increased by \$5.4 million, or 10%, to \$56.6 million, from \$51.3 million in the same period last year. This improvement reflects higher sales, partially offset by a lower gross margin percentage. Full-year gross margin decreased to 46%, from 54% in fiscal 2020, primarily reflecting different product mixes and lower software and service sales between the two fiscal years.

Gross profit from the Video and Broadband Solutions segment increased by \$14.7 million, or 87%, to \$31.6 million (gross margin of 42%), from \$16.9 million (gross margin of 47%) in fiscal 2020. The higher gross profit dollars reflect increased sales, while the lower gross margin reflects the decrease in software sales year-over-year and increased sales of next-generation node products which are at overall lower margins.

The Content Delivery and Storage segment generated a gross profit of \$21.3 million (gross margin of 49%) in fiscal 2021, compared to \$30.6 million (gross margin of 57%) last year. The decrease in gross profit and gross margin primarily reflects lower sales and a shift in customer and product mix.

The Telematics segment generated gross profit of \$3.7 million (gross margin of 67%) for the year ended June 30, 2021, which was similar to the \$3.7 million (gross margin of 69%) achieved in fiscal 2020. Results from the segment were in line with our expectations.

Operating Expenses

Segment	Three months ended June 30,		Years ended June 30,	
	2021	2020	2021	2020
Video and Broadband Solutions	\$ 6,069	\$ 6,630	\$ 32,595	\$ 23,242
Content Delivery and Storage	4,871	5,998	22,568	24,060
Telematics	672	682	2,649	3,046
Total operating expense	\$ 11,612	\$ 13,310	\$ 57,812	\$ 50,348

Three-Month Results

For the three months ended June 30, 2021, total operating expenses were lower at \$11.6 million, in comparison to the \$13.3 million in the same period last year. The decrease primarily reflects lower operating expenses in the Content Delivery and Storage and the Video and Broadband Solutions segments.

Video and Broadband Solutions operating expenses decreased to \$6.1 million, from \$6.6 million in Q4 fiscal 2020. The \$0.5 million decrease primarily reflects the U.S. federal tax credits received in the current quarter and the adjustment to share-based compensation expense for performance share unit amortization adjusted for excess amortization in the prior quarters, partially offset by the addition of operating expenses related to the newly acquired Nokia DOCSIS DAA and EPON/DPoE cable access technology portfolio.

Content Delivery and Storage operating expenses were lower at \$4.9 million in Q4 fiscal 2021, compared to \$6.0 million in Q4 fiscal 2020 and \$5.5 million in Q3 fiscal 2021. The decrease year-over-year reflects lower research and development expense and sales and marketing expense.

Telematics operating expenses of \$0.7 million were on par with the \$0.7 million recorded in Q4 fiscal 2020. On a sequential quarterly basis, Telematics operating expenses were \$0.03 million higher than the \$0.64 million recorded in Q3 fiscal 2021, reflecting slightly higher research and development expenses.

Research and development expenses for Q4 fiscal 2021, decreased to \$5.4 million, or 15% of sales, from \$6.7 million, or 26% of sales in the same period of fiscal 2020. This decrease primarily reflects lower amortization of deferred development costs, partially offset by the addition of product lines acquired from Nokia. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for Q4 fiscal 2021 increased to \$8.9 million, or 25% of sales, from \$6.6 million, or 26% of sales in Q4 fiscal 2020. The increase reflects higher staffing costs related to the acquisition, as well as increased software licensing costs in the current year quarter as our next-generation product families moved closer toward commercial deployment.

Sales and marketing expenses were \$3.6 million, or 10% of sales in Q4 fiscal 2021, compared to \$3.0 million, or 12% of sales in the same period last year. The increase in sales and marketing expense primarily reflects higher staffing costs related to the addition of the product portfolio acquired from Nokia.

General and administrative expenses increased to \$4.3 million from \$3.9 million in Q4 fiscal 2020. The year-over-year increase primarily reflects additional costs associated with the operations acquired from Nokia.

Stock-based compensation expense was \$(0.3) million in Q4 fiscal 2021, compared to \$0.01 million in Q4 fiscal 2020. This decrease is a result of the adjustment of amortization of performance-based units expense for previous quarters in the current year.

Other income was \$1.5 million in Q4 fiscal 2021, an increase from \$0.3 million in Q4 fiscal 2020 due to U.S. federal grant credits received in the current period.

Twelve-Month Results

For the year ended June 30, 2021, total operating expenses increased to \$57.8 million, from \$50.3 million in fiscal 2020. This increase primarily reflects higher operating expenses in the Video and Broadband Solutions segment, partially offset by lower operating expenses in the Content Delivery and Storage and Telematics segments.

Video and Broadband Solutions operating expenses for the year ended June 30, 2021 increased to \$32.6 million, from \$23.2 million in fiscal 2020. The \$9.5 million increase primarily reflects the addition of operating expenses related to the acquired Nokia DOCSIS DAA and EPON/DPoE cable access technology portfolios and the increase in share-based compensation resulting from the vesting of the first tranche of the performance-based units.

Content Delivery and Storage operating expenses of \$22.6 million for the year ended June 30, 2021 were lower than the \$24.1 million recorded in fiscal 2020. Reduced expenses for trade shows, travel and entertainment, partially offset by lower deferred development costs, were the main factors in this decrease.

Telematics operating expenses of \$2.6 million in fiscal 2021 were lower than the \$3.0 million recorded last year. This \$0.4 million decrease primarily reflects a reduction in research and development expenses due to increased deferrals year-over-year.

Research and development expenses for the year ended June 30, 2021 increased to \$26.2 million, or 21% of sales, from \$21.6 million, or 23% of sales in fiscal 2020. This mainly reflects the increased costs of research and development related to our Nokia portfolio acquisition. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for the year ended June 30, 2021 increased to \$35.0 million, or 28% of sales, from \$25.0 million, or 26% of sales for the fiscal 2020 period. This increase reflects higher staffing costs due to the acquisition, software licensing costs and subcontracting costs as our next-generation product families move closer to commercial deployment.

Sales and marketing expenses increased to \$13.7 million, or 11% of sales in fiscal 2021, from \$13.3 million, or 14% of sales last year. The slight increase in sales and marketing expense primarily reflects higher staffing costs related to the Nokia portfolio acquisition.

General and administrative expenses increased to \$17.9 million in fiscal 2021, from \$15.9 million in fiscal 2020. The year-over-year increase primarily reflects the one-time acquisition costs from the Nokia portfolio acquisition and additional costs associated with the acquired operations.

Stock-based compensation expense was \$1.4 million in fiscal 2021 compared to \$0.06 million for fiscal 2020. This increase is a result of the issuance of performance-based units in the current fiscal year.

Other income increased to \$1.5 million for the year ended June 30, 2021, from \$0.5 million in fiscal 2020 due a U.S. federal grant received in the current year and as a result of the gain on sale of property, plant and equipment in the current year.

Operating Income (Loss)

Segment	Three months ended June 30,		Years ended June 30,	
	2021	2020	2021	2020
Video and Broadband Solutions	\$ 3,228	\$ (2,539)	\$ (962)	\$ (6,297)
Content Delivery and Storage	(172)	1,496	(1,245)	6,588
Telematics	304	243	1,037	638
Total operating income (loss)	\$ 3,360	\$ (800)	\$ (1,170)	\$ 929

Three-Month Results

Operating income increased to \$3.4 million in Q4 fiscal 2021, from an operating loss of \$0.8 million in Q4 fiscal 2020. The \$4.2 million increase in operating income was mainly driven by the \$5.8 million increase in contribution from the Video and Broadband Solutions segment and the \$0.1 million increase in contribution from the Telematics segment year-over-year, partially offset by the \$1.7 million decrease in contribution from the Content Delivery and Storage segment.

The Video and Broadband Solutions segment generated fourth quarter operating income of \$3.2 million, compared to an operating loss of \$2.5 million in Q4 fiscal 2020. This reflects the \$5.2 million increase in gross profit and \$0.6 decrease in operating expenses.

Content Delivery and Storage generated an operating loss of \$0.2 million in the fourth quarter of fiscal 2021, compared to operating income of \$1.5 million in the same period of fiscal 2020. The year-over-year decrease primarily reflects the \$2.8 million decrease in gross profit, partially offset by the \$1.1 million decrease in operating expenses.

Telematics operating income increased to \$0.3 million in Q4 fiscal 2021, from \$0.2 million in Q4 fiscal 2020. This reflects a \$0.1 million increase in gross profit year-over-year.

Finance (expense) income was \$0.05 million of expense in Q4 fiscal 2021, compared to \$0.11 million of income in the same period last year. This reflects decreased income from short-term investments, partially offset by lower interest paid related to lease liabilities and mortgages.

Foreign exchange loss for the fourth quarter was \$0.7 million, compared to \$0.5 million in the prior-year period.

Income tax expense (recovery) was a \$1.2 million expense in Q4 fiscal 2021, compared to a \$0.3 million recovery in Q4 fiscal 2020.

Net income (loss) from continuing operations for Q4 fiscal 2021 increased to \$1.4 million of net income or \$0.06 per share, from a net loss of \$0.9 million or \$(0.04) per share in Q4 fiscal 2020.

Net loss from discontinued operations for Q4 2020 was \$0.2 million or \$(0.01) per share. There were no discontinued operations for the fourth quarter of fiscal 2021.

Other comprehensive loss was \$0.4 million in Q4 fiscal 2021, compared to \$1.1 million in the same period in fiscal 2020. The year-over-year change reflects foreign exchange differences on the translation of the foreign operations of our Content Delivery and Storage segment to Canadian dollars.

Comprehensive income (loss) for Q4 fiscal 2021 grew to \$1.0 million of income, from a \$2.2 million loss in Q4 fiscal 2020. The increase year-over-year is a result of the changes described above.

Twelve-Month Results

For the year ended June 30, 2021, we generated an operating loss of \$1.2 million, compared to operating income of \$0.9 million in fiscal 2020. The year-over-year change mainly reflects a decreased contribution from the Content Delivery and Storage segment, partially offset by improved performance from the Video and Broadband Solutions segment and Telematics segments.

Video and Broadband Solutions reported an operating loss of \$1.0 million during the current year, compared to an operating loss of \$6.3 million in fiscal 2020. The year-over-year change reflects an increase in gross profit of \$14.7 million, partially offset by an increase in operating expenses of \$9.4 million.

Content Delivery and Storage reported an operating loss of \$1.2 million during the current year, compared to operating income of \$6.6 million in fiscal 2020. The segment was impacted by the \$9.3 million year-over-year decrease in gross profit, partially offset by a decrease in operating expenses of \$1.5 million.

Telematics operating income increased to \$1.0 million for the year ended June 30, 2021, from \$0.6 million in the prior-year period. The \$0.4 million year-over-year improvement reflects a \$0.4 million decrease in operating expenses.

Finance income decreased to \$0.1 million during fiscal 2021, from \$0.6 million in the previous year reflecting a decrease in short-term investment income year-over-year.

Foreign exchange (loss) gain for the year ended June 30, 2021 was a loss of \$3.0 million, compared to a gain of \$1.3 million in fiscal 2020.

Income tax (recovery) expense was a \$1.9 million recovery for the year ended June 30, 2021, compared to a \$0.4 million income tax expense in fiscal 2020.

Net (loss) income from continuing operations for the year ended June 30, 2021 was a net loss of \$2.2 million or \$(0.10) per share, compared to net income of \$2.5 million or \$0.11 per share in fiscal 2020.

Net income (loss) from discontinued operations for the year ended June 30, 2021 increased to net income of \$1.9 million or \$0.08 per share, from a net loss of \$0.7 million or \$(0.03) per share in fiscal 2020.

Other comprehensive (loss) income was a \$3.2 million loss in the year ended June 30, 2021, compared to other comprehensive income of \$1.1 million in fiscal 2020. The year-over-year change reflects foreign exchange differences on the translation of the foreign operations of our Content Delivery and Storage segment to Canadian dollars.

Comprehensive (loss) income for the year ended June 30, 2021 decreased to a comprehensive loss of \$3.5 million, from comprehensive income of \$2.9 million in fiscal 2020.

Operating Activities

For the three months ended June 30, 2021, cash flow from operating activities increased to \$12.9 million, from cash provided of \$2.5 million for the three months ended June 30, 2020. The \$10.4 million increase reflects a \$9.2 million increase in cash flow from non-cash working capital, and a \$1.2 million increase in operating cash flow.

For the year ended June 30, 2021, cash flow from operating activities of \$20.0 million increased significantly from \$9.8 million for the year ended June 30, 2020. The \$10.2 million increase primarily reflects the \$16.0 million increase in cash flow from non-cash working capital and the \$5.6 million decrease in operating cash flow.

Investing Activities

For the three months ended June 30, 2021, cash flow used in investing activities increased to \$5.4 million from cash used of \$3.1 million in the same period last year. This increase reflects the net sale of short-term investments of \$nil (Q4 fiscal 2020 – net purchases of \$0.2 million), deferred development expenditures of \$5.3 million (Q4 fiscal 2020 - \$3.4 million), the purchase of property, plant and equipment of \$0.4 million (Q4 fiscal 2020 - \$0.4 million), and the purchase of intangibles of \$nil (Q4 fiscal 2020 - \$0.04 million).

For the year ended June 30, 2021, cash flow used in investing activities decreased to \$5.0 million from cash used of \$6.0 million in fiscal 2020. The cash used in investing activities represents the purchase of the DOCSIS DAA and EPON/DPoE cable access technology portfolios from Nokia Corporation for \$5.9 million, proceeds from the sale of ContentAgent operations of \$2.6 million, the net sale of short-term investments of \$17.2 million (fiscal 2020 – \$7.4 million), deferred development expenditures of \$16.2 million (fiscal 2020 - \$12.3 million), the purchase of property, plant and equipment of \$2.2 million (fiscal 2020 - \$2.1 million), and the purchase of intangibles of \$0.6 million (fiscal 2020 - \$0.1 million).

Financing Activities

In the three months ended June 30, 2021, we repaid \$0.06 million of our long-term debt (Q4 fiscal 2020 - \$0.06 million repaid). We received proceeds from exercised options of \$0.1 million (Q4 fiscal 2020 - \$0.4 million), paid dividends of \$1.3 million (Q4 fiscal 2020 - \$1.2 million) and we repaid lease liabilities of \$0.4 million (Q4 fiscal 2020 - \$0.7 million).

In the year ended June 30, 2021, we repaid \$0.3 million of our long-term debt (fiscal 2020 - \$0.3 million repaid). We received proceeds from exercised options of \$2.3 million (fiscal 2020 - \$0.9 million), proceeds from issuing shares of \$0.7 million (fiscal 2020 - \$nil), proceeds from government grants of \$nil (fiscal 2020 - \$0.1 million), paid dividends of \$5.0 million (fiscal 2020 - \$4.9 million), paid withholding taxes on PSUs of \$0.8 million (fiscal 2020 - \$nil), and we repaid lease liabilities of \$1.6 million (fiscal 2020 - \$1.7 million).

10. Liquidity and Capital Resources

We manage our liquidity and capital resources to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. We believe that our current cash and cash equivalents of \$28.9 million, together with anticipated cash flow from operations, will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future.

As at June 30, 2021, we had access to our full revolving loan facility of \$14.0 million (\$14.0 million at June 30, 2020), of which \$nil was drawn as an operating line of credit (June 30, 2020 - \$nil was drawn). We had term credit of \$1.5 million as at June 30, 2021 (June 30, 2020 - \$1.7 million).

Capital expenditures for Q4 fiscal 2021 were \$0.4 million, compared to \$0.4 million in Q4 fiscal 2020.

Working Capital

Working capital represents current assets less current liabilities. Our working capital decreased to \$44.8 million at June 30, 2021, from \$55.3 million at June 30, 2020. We note that working capital balances can be subject to significant swings from quarter to quarter. Our product shipments are "lumpy", reflecting the requirements of our major customers. It is not unusual to ship \$5 to \$6 million of product in a one-week period. If this level of sales occurs in the first week of a succeeding quarter, we would expect to experience an increase in inventory levels and a drop in receivables in the prior quarter. Other timing issues, like contracts with greater than 30-day payment terms, also affect working capital, particularly if shipments are backend weighted for a quarter.

Accounts receivable balance increased to \$28.8 million at June 30, 2021, from \$24.9 million at June 30, 2020. This increase reflects the higher sales in Q4 fiscal 2021 compared to Q4 fiscal 2020, and the timing of sales in Q4 fiscal 2021 compared to Q4 fiscal 2020.

Income tax receivable balance was relatively flat at \$0.4 million at June 30, 2021 (\$0.3 million as at June 30, 2020). This balance represents income tax receivable in the Content Delivery and Storage segment.

Inventories decreased by \$1.6 million to \$15.6 million at June 30, 2021, from \$17.2 million as at June 30, 2020. The decrease represents the utilization of inventory related to the ramp up of new product inventory in previous quarters. Finished goods inventories were \$8.5 million at June 30, 2021, compared to \$6.4 million at June 30, 2020. Raw material inventory decreased to \$6.4 million at June 30, 2021, from \$7.0 million at June 30, 2020. Work-in-progress inventories decreased to \$0.7 million as at June 30, 2021, from \$3.8 million at June 30, 2020. We manufacture and assemble products, with the result that inventory levels will be substantially higher than other companies in the industry that outsource manufacturing and assembly.

Investment tax credits were \$24.3 million at June 30, 2021, down slightly by \$0.1 million from \$24.4 million at June 30, 2020. 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 \$22.3 million at June 30, 2021, from \$17.1 million at June 30, 2020.

Long-term debt, including the current portion, was reduced to \$5.7 million at June 30, 2021, from \$6.3 million at June 30, 2020. This decrease represents principal payments made year-to-date.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
September 20, 2020	\$0.055	October 9, 2020	November 2, 2020
November 10, 2020	\$0.055	November 27, 2020	December 21, 2020
February 9, 2021	\$0.055	February 26, 2021	March 29, 2021
May 11, 2021	\$0.055	May 21, 2021	June 14, 2021

Contractual Obligations

Lease liabilities reported in our consolidated statements of financial position, as at June 30, 2021 were \$4.3 million. Our lease liabilities do not include short-term leases and low-value asset leases, as permitted under IFRS 16, and are of nominal value.

As at June 30, 2021, our undiscounted future cash payments in respect of our lease liabilities are as follows: due within one year is \$1.5 million; due between two to five years is \$2.5 million; and thereafter is \$0.6 million.

The Nokia portfolio acquisition includes the assumption of a contract with a third-party supplier. As at June 30, 2021, the contractual obligation, based on forecasted commitments, is estimated to be \$5.5 million; of which, \$1.0 million is deemed to be onerous.

Contingencies

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

Foreign Exchange

Approximately 95% of our revenues are denominated in U.S. dollars. We translate U.S. dollar sales to Canadian dollars on the date of delivery and subsequently when the accounts receivable is collected. If the U.S. dollar appreciates relative to the Canadian dollar after we collect the accounts receivable in U.S. dollars, we will receive more Canadian dollars when the U.S. dollars are converted to Canadian dollars in subsequent months. We also enjoy a natural hedge since the majority of our materials and components purchased are in U.S. dollars.

As at June 30, 2021, the exchange rate on the Canadian dollar relative to the U.S. dollar strengthened to \$1.239 from \$1.366 as at June 30, 2020. This \$0.127 exchange difference decreased the value of our \$57.7 million U.S. dollar net assets by approximately \$7.3 million Canadian.

Financial Instruments

We periodically enter into forward contracts to partially manage our exposure to currency fluctuations between Canadian and U.S. dollars. Forward contracts are entered into based on our projected requirements for converting U.S. to Canadian dollars. We do not recognize these contracts in the consolidated financial statements when they are entered into, nor do we account for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes to fair value are recorded in income. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position.

As at June 30, 2021, we did not have any forward contracts in an asset position (June 30, 2020 - \$0.1 million).

11. 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.

12. Transactions Between Related Parties

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

13. Proposed Transactions

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

14. Critical Accounting Estimates

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

Functional currency

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

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

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

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

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

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

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

Revenue from contracts with customers and deferred revenue

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

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

Deferred development costs

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

Impairment of non-financial assets

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

Share-based compensation

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

The assumptions and models used for estimating fair value for share-based compensation are as follows:

Years ended June 30,	2021	2020
Weighted average share price	\$ 12.30	\$ 8.25
Expected option life	6.00 years	6.00 years
Risk-free rate of return	0.35%	1.33%
Volatility factor	23.75%	23.78%
Expected dividends	1.79%	2.65%
Forfeiture rate	2.38%	2.07%

Income taxes

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

Allocation of purchase consideration to acquired assets and assumed liabilities

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

Leases

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

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

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

Other areas

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

- the assessment of the carrying values of allowances for doubtful accounts and inventory obsolescence;
- the capitalization of overhead;
- the useful lives of property, plant and equipment; and the useful lives of intangible assets;
- provisions, contingent liabilities and the fair value of financial assets; and
- the future effects of the COVID-19 pandemic.

15. Accounting Pronouncements and Standards

Adoption of New Accounting Standards in 2021

We adopted the following accounting standards and amendments that were effective for the interim and annual consolidated financial statements commencing July 1, 2020.

IAS 1 - Presentation of Financial Statements; and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Effective July 1, 2020, we adopted IAS 1 and IAS 8, which was amended to clarify the definition of “material” and how it should be applied. The amendments also improve the explanation of the definition and ensure consistency across all IFRS standards. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of this amendment did not have a material effect on our financial statements.

IFRS 3 - Business Combinations

In October 2018, the IASB issued an amendment to IFRS 3 – Business Combinations (IFRS 3). The amendment clarifies the definition of a business and assists entities to determine whether an acquisition is a business combination or an acquisition of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and also to provide supplementary guidance. The amendment to IFRS 3 may affect whether the future acquisitions are accounted for as a business combination or asset acquisition, along with the resulting allocation of the purchase price between the identifiable assets acquired and goodwill. These amendments did not have any impact on our financial statements. However, they may affect whether future acquisitions are accounted for as a business combination or asset acquisition, depending on the facts and circumstances of any future acquisition transactions.

Amendment to IFRS 16 - Leases

On May 28, 2020, the IASB published *Covid-19-Related Rent Concessions (Amendments to IFRS 16)*, amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. We did not adopt the option relief provided in this amendment.

IFRS 9 - Financial Instruments; IAS 39 - Financial Instruments: Recognition and Measurement; and IFRS 7 - Financial Instruments: Disclosures

Amendments to these accounting standards provides temporary, but mandatory, relief from specific hedge accounting requirements to address potential effects of the uncertainty in the lead up to interbank offer rates reform (IBOR reform). The adoption of this amendment did not have a material effect on our financial statements.

Standards and Amendments to Standards Issued but not yet Effective

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

On January 23, 2020, the IASB issued amendments to IAS 1 in respect of the classification of liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments become effective for annual reporting periods beginning on or after January 1, 2023.

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

On May 14, 2020, the IASB issued amendments to IAS16, which prohibits deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments become effective for annual reporting periods beginning on or after January 1, 2022.

IFRS 17 – Insurance contracts (IFRS 17)

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

Amendments to IAS 37 – Provisions (IAS 37)

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

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

16. Disclosure Controls and Procedures

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

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of our disclosure controls and procedures as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as at June 30, 2021.

17. Internal Control over Financial Reporting

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

Our CEO and CFO have evaluated the effectiveness of the internal control over financial reporting as at June 30, 2021 in accordance with Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our CEO and CFO have determined that the internal control over financial reporting is effective as at June 30, 2021. There has been no change in the internal controls over financial reporting that occurred during the period beginning on April 1, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect our internal controls on financial reporting

Our CEO and CFO have limited the scope of their design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of the business we acquired from Nokia, which we acquired on August 7, 2020. We have accordingly availed ourselves of provision 3.3(1)(b) of National Instrument 52-109, which permits exclusion of this acquisition in the design and operating effectiveness assessment of our ICFR for a maximum period of 365 days from the end of the financial period in which the acquisition occurred.

The following summary of financial information, in thousands of Canadian dollars, pertains to the cable access technology portfolios we acquired from Nokia Corporation that was included in our consolidated financial statements for the year ended June 30, 2021:

Sales	\$ 19,723
Net income	\$ 1,246
Current assets	\$ 18,357
Non-current assets	\$ 7,836
Current liabilities	\$ 8,478
Non-current liabilities	\$ 819

18. Business Combination

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

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

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

19. 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.

20. Risks and Uncertainties and COVID-19

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

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by Dr. Kumar through either direct or indirect ownership of the Company's common shares. As at June 30, 2021, Dr. Kumar collectively owned approximately 60% of our common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

Third-party Component Supply

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

COVID-19

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

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

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

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

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

21. Outstanding Share Data

As at September 21, 2021, we had 23,071,376 common shares outstanding as well as stock options outstanding that are exercisable for an additional 99,875 common shares, and performance share units outstanding that are exercisable for an additional 202,528 common shares.

On January 2, 2020, we filed a Notice of Intention with the Toronto Stock Exchange to acquire for cancellation, by way of normal course issuer bid, up to 600,000 common shares of the Company. We acquired nil common shares of Vecima for cancellation in fiscal 2021 and 13,380 common shares in fiscal 2020. The normal course issuer bid commenced on January 6, 2020 and expired on January 5, 2021.

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

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

22. Additional Information

Financial Governance

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

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

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

Forward-Looking Information

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

Forward-looking information in this MD&A includes, but is not limited to, statements that: we had healthy continued demand for the ordering activity for TerraceQAM platform through the balance of fiscal 2021 as operators continue their commercial rollout for the current generation, while preparing for the next-generation TerraceIQ platform; the slowdown in Terrace Family sales was anticipated and reflects tapering demand for our legacy TC600 and TC600E products; and we believe that our current cash and short-term investments of \$28.9 million together with anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future. Forward-looking information also includes our Strategy, our Industry Developments and our COVID-19 Business Update and Outlook in this MD&A.

In connection with the forward-looking information contained in this MD&A, we have made numerous assumptions, regarding, among other things: the strength of our balance sheet; the present or potential value of our core technologies, business operations and asset holdings; our ability to continue our relationships with a few key customers; our ability to deliver products associated with key contracts; our ability to manage our business and growth successfully; our ability to meet customers' requirements for manufacturing capacity; our ability to develop new products and enhance our existing products; our ability to expand current distribution channels and can develop new distribution channels; our ability to recruit and retain management and other qualified personnel crucial to our business; we are not required to change our pricing models to compete successfully; our third party suppliers and contract manufacturers upon which we rely continue to meet our needs; our intellectual property is not infringed upon; we are not subject to warranty or product liability claims that harm our business; our ability to successfully implement acquisitions; our ability to manage risks associated with our international operations; currency fluctuations do not adversely affect us; growth in our key markets continues; our ability to adapt to technological change, new products and standards; we are not subject to increased competition that has an adverse effect on our business; we are not subject to competition from new or existing technologies that adversely affect our business; we are not subject to any material new government regulation of our products; and, no third parties allege that we infringe on their intellectual property. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: our statement of financial position, as well as the value of our core technologies, business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from exercise of stock options or settlement of performance share units; liquidity of common shares; our share price shall fluctuate; we may be unable to deliver products associated with key contracts; failure to manage our business or growth successfully may adversely affect our operating results; if we cannot meet our customers' requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; we continue to adapt content delivery products to add

features allowing deployments to cable, IPTV, and Internet CDN providers to enable multi-screen video delivery; the failure to execute on this transition or execute quickly enough, shall adversely affect our business; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for its products would be more limited than it currently believes; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders generally large in volume, while availability of parts and production capacity can influence the timing of product deliveries; our operations depend on information technology systems, which may be disrupted or may not operate as desired; our ability to recruit and retain management and other qualified personnel is crucial to our business; if we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected; our reliance on third party suppliers and contract manufacturers reduces our control over our performance; if our intellectual property is not adequately protected, we may lose our competitive advantage; we utilize open source software, which could enable our competitors to gain access to our source code and distribute it without paying us any license fees; we have software license agreements covering the use of our software as combined with software provided by specific key integrated circuit vendor(s) and the associated integrated circuits provided by those vendor(s), failure to maintain these agreements or maintain them with commercially reasonable terms could limit our ability to market certain products and affect our business; successful warranty or product liability claims could harm our business; acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders; there are risks associated with our international operations; impacts to trade relationships between the United States and China may adversely affect Vecima's profitability; currency fluctuations may adversely affect us; changes in interest rates on debt securities may adversely affect us; growth in our key markets may not continue; our inability to adapt to technological change, new products and standards could harm our business; increased competition could have an adverse effect on our business; competition from new or existing technologies may adversely affect our business; the cable and telecommunications industries are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Vecima's business; government regulation of our products and new government regulation could harm our business; third parties may allege that we infringe on their intellectual property; we may be subject to liability if private information supplied to our customers is misused; and epidemics, pandemics or other public health crises, including the current outbreak of COVID-19. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties and COVID-19" above and under the heading "Risk Factors" in our Annual Information Form for our most recently completed fiscal year, as well as in our continuous disclosure filings with Canadian securities regulatory authorities available at www.sedar.com. All forward-looking information in this MD&A is qualified in its entirety by this cautionary statement and we disclaim any obligation to revise or update such forward-looking information to reflect future results, events or developments, except as required by law.