



Audited Annual Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the years ended June 30, 2024 and 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The consolidated financial statements, for the year ended June 30, 2024, have been audited by Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Grant Thornton has full and free access to the Audit Committee.

/s/ "Sumit Kumar"

Sumit Kumar

Chief Executive Officer

DATE: September 17, 2024

/s/ "Judson Schmid"

Judson Schmid

Chief Financial Officer

DATE: September 17, 2024

Independent Auditor's Report

Grant Thornton LLP

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To the Shareholders of Vecima Networks Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

As discussed in Note 2(m), 2(p) and Note 11 to the consolidated financial statements, development costs incurred by the Company are capitalized and deferred as finite-life intangible assets. Intangible assets with a finite-life, which are not yet available for use are required to be tested for impairment at least annually. As at June 30, 2024 the balance of such costs is \$52 million, which is included in the total balance of intangible assets.

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

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

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

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

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Grant Thornton LLP

Toronto, Canada
September 17, 2024

Chartered Professional Accountants
Licensed Public Accountant

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

As at June 30,	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4	\$ 2,136	\$ 2,278
Accounts receivable	5	70,139	57,662
Income tax receivable		359	530
Inventories	6	136,040	101,601
Prepaid expenses and other current assets	7	6,632	13,695
Contract assets	20,27	2,276	2,707
Total current assets		217,582	178,473
Non-current assets			
Property, plant and equipment	8	11,908	15,683
Right-of-use assets	9	4,670	2,364
Goodwill	10	15,308	15,049
Intangible assets	11	93,893	82,991
Investment tax credits	13	21,760	24,252
Deferred tax assets	14	21,420	11,576
Other long-term assets		1,282	1,298
Total assets		\$ 387,823	\$ 331,686
Liabilities and shareholders' equity			
Current liabilities			
Revolving line of credit	15	\$ 51,732	\$ 20,513
Accounts payable and accrued liabilities	16	57,583	47,162
Provisions	17	591	1,978
Income tax payable		2,757	7,808
Deferred revenue	20	15,856	15,086
Current portion of financial liability	27	1,773	–
Current portion of long-term debt	18	2,433	2,260
Total current liabilities		132,725	94,807
Non-current liabilities			
Provisions	17	375	387
Deferred revenue	20	3,511	4,716
Long-term portion of financial liability	27	853	–
Long-term debt	18	15,399	14,123
Total liabilities		152,863	114,033
Shareholders' equity			
Share capital	19	24,117	23,997
Reserves		4,120	3,111
Retained earnings		204,968	190,926
Accumulated other comprehensive income (loss)		1,755	(381)
Total shareholders' equity		234,960	217,653
Total liabilities and shareholders' equity		\$ 387,823	\$ 331,686

*Contractual obligation - Note 30; Subsequent event - Note 32
The accompanying notes are an integral part of these consolidated financial statements.*

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

Years ended June 30,	Note	2024	2023
Sales	20	\$ 291,047	\$ 303,437
Cost of sales		154,382	161,466
Gross profit		136,665	141,971
Operating expenses			
Research and development		44,169	45,950
Sales and marketing		29,285	27,694
General and administrative		30,780	29,428
Restructuring costs		–	1,236
Share-based compensation	19	1,033	2,502
Other expense	21	1,805	1,871
Total operating expenses		107,072	108,681
Operating income		29,593	33,290
Finance expense	22	(7,124)	(2,370)
Foreign exchange (loss) gain		(1,935)	2,681
Income before income taxes		20,534	33,601
Income tax expense	14	1,143	6,389
Net income		\$ 19,391	\$ 27,212
Other comprehensive income (loss)			
Item that may be subsequently reclassified to net income			
Exchange differences on translation of foreign operations		\$ 2,136	\$ (114)
Comprehensive income		\$ 21,527	\$ 27,098
Net income per share			
Basic	23	\$ 0.80	\$ 1.15
Diluted	23	\$ 0.80	\$ 1.15
Weighted average number of common shares			
Shares outstanding – basic	23	24,307,418	23,712,384
Shares outstanding – diluted	23	24,333,407	23,736,484

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

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

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at June 30, 2022		\$ 7,935	\$ 3,141	\$ 168,923	\$ (267)	\$ 179,732
Net income		–	–	27,212	–	27,212
Other comprehensive loss		–	–	–	(114)	(114)
Dividends		–	–	(5,209)	–	(5,209)
Common share issuance	19	15,926	–	–	–	15,926
Shares issued by exercising options	19	502	(106)	–	–	396
PSUs settled in common shares	19	2,426	(2,426)	–	–	–
Withholding taxes on PSUs	19	(2,792)	–	–	–	(2,792)
Share-based payment expense	19	–	2,502	–	–	2,502
Balance as at June 30, 2023		23,997	3,111	190,926	(381)	217,653
Net income		–	–	19,391	–	19,391
Other comprehensive income		–	–	–	2,136	2,136
Dividends		–	–	(5,349)	–	(5,349)
Shares issued by exercising options	19	120	(24)	–	–	96
Share-based payment expense	19	–	1,033	–	–	1,033
Balance as at June 30, 2024		\$ 24,117	\$ 4,120	\$ 204,968	\$ 1,755	\$ 234,960

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

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

Years ended June 30	Note	2024	2023
OPERATING ACTIVITIES			
Net income		\$ 19,391	\$ 27,212
Adjustments for non-cash items:			
(Gain) loss on sale of property, plant and equipment		(2,357)	71
Depreciation and amortization	29	22,275	20,017
Share-based compensation	19	1,033	2,502
Warrant expense	27	2,024	–
Income tax expense	14	10,763	11,178
Deferred income tax expense (recovery)		(9,620)	(4,789)
Interest expense	22	7,136	2,390
Interest income	22	(7)	(20)
Net change in working capital	29	(28,221)	(66,064)
Increase in other long-term assets		142	152
(Decrease) increase in provisions	17	(1,377)	1,290
Decrease in investment tax credits	13	(135)	(117)
Income tax paid		(12,154)	(2,614)
Interest received		6	20
Interest paid		(6,186)	(2,233)
Cash from (used in) operating activities		2,713	(11,005)
INVESTING ACTIVITIES			
Capital expenditures	29	(2,659)	(3,012)
Proceeds on sale of property, plant and equipment	29	3,861	–
Deferred development costs	11	(27,395)	(23,342)
Cash used in investing activities		(26,193)	(26,354)
FINANCING ACTIVITIES			
Net draws of the revolving line of credit		31,219	20,513
Principal repayments of lease liabilities	18	(1,646)	(1,805)
Principal repayments of long-term debt	18	(1,620)	(772)
Proceeds from short-term debt		919	585
Dividends paid		(5,349)	(5,209)
Proceeds from common share issuance	19	–	17,002
Share issue costs	19	–	(1,076)
Issuance of shares through exercised options		96	396
Withholding taxes on PSUs		–	(2,792)
Cash provided by financing activities		23,619	26,842
Net increase (decrease) in cash and cash equivalents		139	(10,517)
Effect of change in exchange rates on cash		(281)	(107)
Cash and cash equivalents, beginning of year		2,278	12,902
Cash and cash equivalents, end of year		\$ 2,136	\$ 2,278

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

Table of Contents

1.	NATURE OF THE BUSINESS	11
2.	MATERIAL ACCOUNTING POLICIES	11
3.	USE OF JUDGEMENTS AND ESTIMATES	22
4.	CASH AND CASH EQUIVALENTS	25
5.	ACCOUNTS RECEIVABLE	25
6.	INVENTORIES	26
7.	PREPAID EXPENSES AND OTHER CURRENT ASSETS	26
8.	PROPERTY, PLANT AND EQUIPMENT	27
9.	RIGHT-OF-USE ASSETS	28
10.	GOODWILL	29
11.	INTANGIBLES	30
12.	GOVERNMENT GRANTS	31
13.	INVESTMENT TAX CREDITS	31
14.	INCOME TAXES	32
15.	REVOLVING LINE OF CREDIT	33
16.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	33
17.	PROVISIONS	34
18.	LONG-TERM DEBT	36
19.	SHARE CAPITAL	36
20.	REVENUE FROM CONTRACTS WITH CUSTOMERS	39
21.	OTHER EXPENSES	41
22.	FINANCE EXPENSE (INCOME)	41
23.	NET INCOME PER SHARE	41
24.	SEGMENTED FINANCIAL INFORMATION	42
25.	FAIR VALUE HIERARCHY	44
26.	FINANCIAL INSTRUMENTS RISK MANAGEMENT	44
27.	CUSTOMER-BASED WARRANTS	46
28.	CAPITAL STRUCTURE MANAGEMENT	47
29.	SUPPLEMENTAL INFORMATION	47
30.	CONTRACTUAL OBLIGATIONS	48
31.	RELATED PARTY TRANSACTIONS	49
32.	SUBSEQUENT EVENTS	50

1. NATURE OF THE BUSINESS

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

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

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The consolidated financial statements of the Company for each of the years ended June 30, 2024 and 2023, were approved by the Board of Directors and authorized for issue on September 17, 2024.

(b) Basis of presentation

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

(c) Basis of consolidation (subsidiaries)

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

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

(d) Cash and cash equivalents

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

(e) Revenue recognition

General policy

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

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

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

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

Recognition of revenue from products and services

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

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

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

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

(f) Business combinations

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

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

(g) Inventories

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

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

(h) Property, plant and equipment

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

(i) Leases

Lessee accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Goodwill

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

(k) Intangible assets

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

- **Indefinite-life intangible assets**

Indefinite-life intangible assets consist of trademarks and other licenses.

Trademarks and other licenses are recorded at cost, which represents the fair value at the date of acquisition.

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

- **Finite-life intangible assets**

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

(l) Government assistance and grants

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

(m) Research and development

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

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

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

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

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

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

(n) Investment tax credits

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

(o) Borrowing costs

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

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

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

(p) Impairment

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

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

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

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

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

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

(q) *Income taxes*

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

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

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

(r) *Foreign currency translation*

Functional and presentation currency

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

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

Foreign operations

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

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

(s) Financial instruments

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

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

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

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

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

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

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

(t) Fair value of financial instruments

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

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

(u) Provisions

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

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

(v) Net income per share

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

(w) Share-based compensation

Stock options

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

Performance Share Units (PSUs)

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

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

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

(x) Treasury shares

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

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

The following amended standards and interpretations issued by the IASB were adopted in fiscal 2024:

Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors (IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates. The adoption of this amendment did not have a material impact on the Company's financial statements.

Amendments to IAS 12 – Income Taxes – comprehensive balance sheet method

On May 7, 2021, the IASB issued amendments to IAS 12 which includes a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. The adoption of this amendment did not have a material impact on the Company's financial statements.

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

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a significant impact on the Company's financial statements.

(z) Accounting standards issued but not yet applied

The following new or amended standards and interpretations issued by the IASB are effective after the Company's June 30, 2024 year-end date and have not yet been adopted by the Company:

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, 2024.

(aa) Accounts receivable factoring

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

(ab) Customer-based warrants

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

3. USE OF JUDGMENTS AND ESTIMATES

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

(a) Use of judgments

Functional currency

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

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

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

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

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

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

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

Revenue from contracts with customers and deferred revenue

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

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

Deferred development costs

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

Income taxes

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

Leases

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

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

(b) Use of estimates

Impairment of non-financial assets

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

Share-based compensation

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

Income taxes

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Leases

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

Other areas

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

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

4. CASH AND CASH EQUIVALENTS

The Company had cash on hand of \$2,136 as at June 30, 2024 (June 30, 2023 - \$2,278) and \$nil in cash equivalents (June 30, 2023 - \$nil).

5. ACCOUNTS RECEIVABLE

As at June 30,	2024	2023
Trade receivables	\$ 69,192	\$ 56,039
Less: allowance for doubtful accounts	(3)	(10)
Total trade receivables	69,189	56,029
Goods and services tax	834	298
Foreign exchange contracts	–	581
Government grants receivable	–	647
Other receivables	116	107
Total accounts receivable	\$ 70,139	\$ 57,662

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

The government grant receivable for the year ended June 30, 2024 consists of a research and development tax credit from the State of Georgia in the amount of \$nil (June 30, 2023 - \$674). Refer to Note 12 - *Government Grants* for further details.

During the year ended June 30, 2024, the Company entered into a factoring arrangement with a bank for certain of the Company's accounts receivable. During the year ended June 30, 2024, the Company factored accounts receivable of \$58,222 under this program and incurred factoring expenses of \$289. As at June 30, 2024, \$473 of outstanding accounts receivable were selected for factoring and will be received in July 2024.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

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

Balance, July 1, 2022	\$	4
Addition to allowance		7
Write-offs		(1)
Balance, June 30, 2023		10
Write-offs		(7)
Balance, June 30, 2024	\$	3

6. INVENTORIES

As at June 30,	2024		2023
Raw materials	\$	86,401	\$ 41,235
Work-in-progress		14,594	5,086
Finished goods		35,045	55,280
Total inventory	\$	136,040	\$ 101,601

During the year ended June 30, 2024, inventories of \$123,463 (June 30, 2023 - \$125,127) were expensed through cost of sales. Write-downs of inventory that were included in the cost of sales for the year ended June 30, 2024 were \$448 (June 30, 2023 - \$510). Write-downs of inventory that were included in sales and marketing for the year ended June 30, 2024 were \$990 (June 30, 2023 - \$987). Reversals of write-downs were \$395 during the year ended June 30, 2024 (June 30, 2023 - \$116). For the year ended June 30, 2024, the carrying amount of inventory recorded at net realizable value was \$1,177 (June 30, 2023 - \$1,737) with the remaining inventory recorded at cost.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at June 30,	2024		2023
Payments for contract manufacturer inventory purchases and expedite fees	\$	2,250	\$ 9,057
Software licenses		2,069	1,574
Insurance		482	94
Other		1,831	2,970
Total prepaid expenses and other current assets	\$	6,632	\$ 13,695

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

8. PROPERTY, PLANT AND EQUIPMENT

		Land	Land improvements & building	Lab, operating & production equipment	Other Equipment ⁽²⁾	Total
At cost						
At July 1, 2022 ⁽¹⁾	\$	321	\$ 10,009	\$ 25,604	\$ 13,791	\$ 49,725
Additions		–	148	2,013	738	2,899
Disposals		–	–	(860)	(25)	(885)
Effect of foreign exchange		–	17	54	(31)	40
At June 30, 2023 ⁽¹⁾		321	10,174	26,811	14,473	51,779
Additions		–	146	2,006	358	2,510
Disposals		–	(2,169)	(456)	(14)	(2,639)
Effect of foreign exchange		–	22	193	72	287
At June 30, 2024	\$	321	\$ 8,173	\$ 28,554	\$ 14,889	\$ 51,937
Accumulated depreciation						
At July 1, 2022 ⁽¹⁾	\$	–	\$ 3,505	\$ 17,823	\$ 11,914	\$ 33,242
Depreciation		–	360	2,276	780	3,416
Disposals		–	–	(518)	(24)	(542)
Effect of foreign exchange		–	9	(6)	(23)	(20)
At June 30, 2023 ⁽¹⁾		–	3,874	19,575	12,647	36,096
Depreciation		–	434	3,267	1,045	4,746
Disposals		–	(757)	(250)	(11)	(1,018)
Effect of foreign exchange		–	19	160	26	205
At June 30, 2024	\$	–	\$ 3,570	\$ 22,752	\$ 13,707	\$ 40,029
Net book value						
At June 30, 2023 ⁽¹⁾	\$	321	\$ 6,300	\$ 7,236	\$ 14,496	\$ 15,683
At June 30, 2024	\$	321	\$ 4,603	\$ 5,802	\$ 1,182	\$ 11,908

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

⁽²⁾ Other equipment includes furniture, computer hardware, and automotive equipment.

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

Additions for the year ended June 30, 2024 were \$2,510 (June 30, 2023 - \$2,899), all of which were acquired for cash consideration.

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

The following estimated useful lives have been applied to property, plant and equipment assets at June 30, 2024 and June 30, 2023:

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

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

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

Years ended June 30,	2024	2023
Cost of sales	\$ 409	\$ 189
Research and development	415	429
Sales and marketing	201	316
General and administrative	3,721	2,482
Depreciation for the year	\$ 4,746	\$ 3,416

9. RIGHT-OF-USE ASSETS

For the years ended June 30, 2024 and 2023, the Company's right-of-use assets solely comprised of real estate leases. The table below provides details of the Company's right-of-use assets:

At cost		
At July 1, 2022	\$	6,477
Additions		1,083
Effect of foreign exchange		(11)
At June 30, 2023		7,549
Additions		3,584
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		25
At June 30, 2024	\$	7,157
Accumulated depreciation		
At July 1, 2022	\$	3,851
Additions		1,355
Effect of foreign exchange		(21)
At June 30, 2023		5,185
Additions		1,286
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		17
At June 30, 2024	\$	2,487
Net book value		
At June 30, 2023	\$	2,364
At June 30, 2024	\$	4,670

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

10. GOODWILL

At July 1, 2022	\$	14,813
Effect of foreign exchange		236
At June 30, 2023		15,049
Effect of foreign exchange		259
At June 30, 2024	\$	15,308

For the year ended June 30, 2024, goodwill includes \$3,476 attributable to brand (June 30, 2023 - \$3,367).

Impairment testing of goodwill

For the purposes of impairment testing at the end of the reporting period, the indefinite-life intangible assets and goodwill are allocated to cash generating units (CGUs), which represent the lowest level at which indefinite-life intangible assets are monitored for internal management purposes. The Company's recorded goodwill has a carrying value which consists of \$6,111 relating to the Telematics segment, \$9,070 relating to the Content Delivery and Storage segment, and \$127 relating to the Video and Broadband Solutions segment (June 30, 2023 - \$6,111, \$8,815, and \$123, respectively). The recoverable amount of the segment and the associated CGUs are based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering the next fiscal year, extrapolated based on projected growth and achieving key operating objectives for a period of less than five years. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the cash generating units' assets given the necessity of making key economic assumptions about the future.

The value-in-use calculation uses discounted cash flow projections which employ the following key assumptions: future cash flows and growth projections, including economic risk assumptions and estimates of achieving key operating metrics and drivers; and the weighted average cost of capital. The projected cash flows have been prepared based on management's past experience and expected demand and cost for the products. The pre-tax discount rate applied to cash flow projections reflect the current market assessment of risk and was based on an estimate of weighted average cost of capital taking into account assessments by third party experts. The pre-tax discount rates used in our testing of the CGU's ranged between 14.3% and 18.3%. As a result of this analysis, management has not identified any impairment for the Company's CGU's.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

11. INTANGIBLE ASSETS

	Indefinite-life intangible assets		Finite-life intangible assets				Total
	Spectrum and other licenses	Customer contracts	Patents	Intellectual property	Deferred development costs		
At cost							
At July 1, 2022 ⁽¹⁾	\$ 104	\$ 20,218	\$ 1,099	\$ 10,910	\$ 77,621	\$ 109,952	
Additions	–	–	113	–	23,343	23,456	
Investment tax credits	–	–	–	–	(1,658)	(1,658)	
Writedown, fully amortized	–	–	–	–	(1,902)	(1,902)	
Effect of foreign exchange	2	407	12	195	300	916	
At June 30, 2023 ⁽¹⁾	106	20,625	1,224	11,105	97,704	130,764	
Additions	–	–	149	–	27,395	27,544	
Investment tax credits	–	–	–	–	(1,284)	(1,284)	
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)	
Transfer to deferred development costs	–	–	–	(445)	445	–	
Effect of foreign exchange	1	437	13	207	1,029	1,687	
At June 30, 2024	\$ 107	\$ 21,062	\$ 1,386	\$ 10,867	\$ 118,472	\$ 151,894	
Accumulated amortization							
At July 1, 2022 ⁽¹⁾	\$ –	\$ 10,617	\$ 690	\$ 6,582	\$ 16,146	\$ 34,035	
Amortization	–	1,960	119	1,186	11,981	15,246	
Writedown, fully amortized	–	–	–	–	(1,902)	(1,902)	
Effect of foreign exchange	–	183	5	109	97	394	
At June 30, 2023 ⁽¹⁾	–	12,760	814	7,877	26,322	47,773	
Amortization	–	1,973	119	1,178	12,970	16,240	
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)	
Effect of foreign exchange	–	283	7	180	335	805	
At June 30, 2024	\$ –	\$ 15,016	\$ 940	\$ 9,235	\$ 32,810	\$ 58,001	
Net book value							
At June 30, 2023 ⁽¹⁾	\$ 106	\$ 7,865	\$ 410	\$ 3,228	\$ 71,382	\$ 82,991	
At June 30, 2024	\$ 107	\$ 6,046	\$ 446	\$ 1,632	\$ 85,662	\$ 93,893	

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

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

The aggregate amount of research and development expenditures during the year ended June 30, 2024 was \$58,729 (June 30, 2023 - \$57,428).

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

12. GOVERNMENT GRANTS

	Job Grants	Research and development tax credit ⁽¹⁾	Total
At July 1, 2022	\$ 19	\$ 774	\$ 793
New grants claimed	–	676	676
Grants received	(19)	(832)	(851)
Effect of foreign exchange	–	29	29
At June 30, 2023	–	647	647
Grants received	–	(647)	(647)
At June 30, 2024	\$ –	\$ –	–

⁽¹⁾ Research and development tax credit program is by the State of Georgia.

In the fourth quarter of 2023, the Company applied for a research and development tax credit with the State of Georgia in the amount of \$676, which related to the 2022 fiscal period. The application for the tax credit was submitted in April 2023 with the Company's 2022 state corporate tax return. The tax credit allows the Company to incrementally offset its state payroll tax withholdings each pay period, until the tax credit is used. The tax credit is not dependent upon the Company having taxable income in the State of Georgia and is not considered part of income taxes. We reported the original tax credit in the fourth quarter of 2023 as a government grant receivable in the amount of \$676, with a corresponding offset to accrued liabilities.

As at June 30, 2024, the government grant receivable was \$nil (June 30, 2023 - \$647). During the year ended June 30, 2024, cost of sales was reduced by \$80 while operating expenses were reduced by \$500 (June 30, 2023 - \$108 and \$607, respectively).

13. INVESTMENT TAX CREDITS

During the year ended June 30, 2024, the Company recorded investment tax credits of \$1,419 (June 30, 2023 - \$1,775), with a \$1,284 (June 30, 2023 - \$1,658) reduction to deferred development costs and a \$135 (June 30, 2023 - \$117) reduction to research and development expenses.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

14. INCOME TAXES

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

Years ended June 30,	2024	2023
Provision for warranties	\$ 61	\$ 217
Lease liabilities	469	613
Non-capital losses	946	824
Property, plant and equipment	2,216	1,541
Right-of-use assets	(480)	(489)
Research and development expenditures	27,435	17,806
Accrued expenses	596	538
Unrealized foreign exchange gains	541	(420)
Accrued retirement	–	134
Intangible assets	(12,968)	(12,199)
Inventory Reserve	–	1,384
Deferred Revenue	1,287	989
Other	1,317	638
Net total deferred tax asset	\$ 21,420	\$ 11,576
Deferred tax asset	\$ 21,420	\$ 11,576

The Company has recognized deferred tax assets in the amount of \$21,420 (June 30, 2023 - \$11,576), the utilization of which is dependent on the future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of these deferred tax assets is based on taxable income forecasts that incorporate existing circumstances that will result in positive taxable income against which non-capital losses and deductible temporary differences can be utilized.

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

Years ended June 30,	2024	2023
Income tax expense	\$ 10,763	\$ 11,178
Deferred income tax recovery	(9,620)	(4,789)
Total income tax expense	\$ 1,143	\$ 6,389

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

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

Years ended June 30,	2024		2023	
Income before income taxes	\$	20,534	\$	33,601
Substantively enacted tax rates		25.7 %		25.7 %
Tax computed at Canadian statutory income tax rates	\$	5,277	\$	8,635
Differences in substantively enacted future tax rates		64		(106)
Foreign tax rate differential		(774)		(1,048)
Expenses not deductible for tax purposes ⁽¹⁾		281		448
Federal and state tax credits		(2,947)		(1,873)
Other ⁽²⁾		(758)		333
Total income tax expense	\$	1,143	\$	6,389
Effective income tax rate		5.6 %		19.0 %

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

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

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

15. REVOLVING LINE OF CREDIT

The Company maintains an authorized line of credit of \$85,000 (June 30, 2023 - \$55,000) of which \$51,732 was drawn on as of June 30, 2024 (June 30, 2023 - \$20,513). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable and 40% of certain inventory (to a maximum of \$42,500). Interest on the outstanding line of credit is calculated at prime plus 0.5%. The prime rate at June 30, 2024 was 6.70% (June 30, 2023 - 6.70%). As at June 30, 2024, the Company had no outstanding letters of credit (June 30, 2023 - \$15,907) with its suppliers.

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2024, the Company was in compliance with all covenants related to the line of credit.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30,	2024		2023	
Accounts payable	\$	36,344	\$	19,260
Accrued liabilities		21,239		27,902
Total accounts payable and accrued liabilities	\$	57,583	\$	47,162

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

17. PROVISIONS

	Warranty	Restructuring costs	Onerous contracts	Other	Total
At July 1, 2022	\$ 489	\$ –	\$ 26	\$ 510	\$ 1,025
Additions	467	1,236	–	234	1,937
Amounts utilized	(336)	(61)	(26)	(160)	(583)
Effect of foreign exchange	5	–	–	(19)	(14)
At June 30, 2023	625	1,175	–	565	2,365
Additions	431	–	–	261	692
Amounts utilized	(625)	(1,175)	–	(265)	(2,065)
Effect of foreign exchange	–	–	–	(26)	(26)
At June 30, 2024	\$ 431	\$ –	\$ –	\$ 535	\$ 966
Current portion	\$ 431	\$ –	\$ –	\$ 160	\$ 591
Long-term portion	\$ –	\$ –	\$ –	\$ 375	\$ 375

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

In June 2023, the Company incurred incremental, non-recurring restructuring costs in the amount of \$1,236 as a result of a reduction in force of approximately 9% of existing employees. This amount represents severance costs related to the reorganization of primarily the research and development and operational departments to better align operations with the Company's fiscal 2024 expectations.

18. LONG-TERM DEBT

As at June 30,	2024	2023
Term credit facility	\$ 831	\$ 1,071
Term loan facility	11,845	12,200
Insurance financing	367	364
Lease liabilities	4,789	2,748
Total term facilities and lease liabilities	\$ 17,832	\$ 16,383
Current portion of term facilities and lease liabilities	\$ 2,433	\$ 2,260
Long-term portion of term facilities and lease liabilities	\$ 15,399	\$ 14,123

Term credit facility

The term credit facility is with a Canadian chartered bank. The facility is repayable in monthly installments of \$21 principal plus interest at Prime of 6.70% (June 30, 2023 - \$21, and 6.70%, respectively), expires in October 2024 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$3,792 and annually renews this facility with the bank.

Term loan facility

The term loan facility is with a Canadian chartered bank and was amended from interest only payments to a Canadian Overnight Repo Rate Average ("CORRA") loan in fiscal 2024. The facility is repayable in monthly installments of \$51 principal plus interest at the CORRA rate of 4.80% plus 0.30% (June 30, 2023 – 6.70%), expires in October 2024 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$12,200 and annually renews this facility with the bank.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Insurance financing loan

The Company obtained a short-term loan with its insurance provider to finance its insurance requirements. The financing carries an interest rate of 3.6% and is repayable in 11 monthly installments of \$58.

The term credit and loan facilities and insurance financing are recorded at amortized cost. The Company's term credit and loan facilities and insurance financing are at an interest rate that floats based on Prime and the carrying value of the principal is considered to be fair value.

Assuming that the existing payment terms are the same at the renewal date, the following are the future principal repayments for the term credit and loan facilities as at June 30, 2024:

2025	\$	1,329
2026		1,090
2027		610
2028		610
2029		610
Thereafter		8,794
Total future repayments	\$	13,043

Lease liabilities:

The following is a reconciliation of the Company's lease liabilities as at June 30, 2024:

Years ended June 30,	2024		2023
Lease liabilities, beginning of year	\$	2,748	\$ 3,292
Net additions during the year		3,566	1,083
Interest on lease liabilities		117	156
Principal repayments of lease liabilities		(1,646)	(1,805)
Effect of foreign exchange		4	22
Lease liabilities, end of year	\$	4,789	\$ 2,748
Current portion	\$	1,164	\$ 1,479
Long-term portion	\$	3,625	\$ 1,269

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

As at June 30,	2024	
Within one year	\$	1,339
After one year but not more than five years		3,796
More than five years		410
Total contractual lease payments	\$	5,545

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

19. SHARE CAPITAL

(a) Share capital

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

	Number of Shares	Carrying Value
Balance July 1, 2022	23,101,002 \$	7,935
Common shares issued	957,880	15,926
Shares issued by exercising options	41,375	502
Performance Share Units settled in common shares	333,398	2,426
Shares withheld for taxes to settle performance share units	(132,061)	(2,792)
Balance, June 30, 2023	24,301,594	23,997
Shares issued by exercising options	10,000	120
Balance, June 30, 2024	24,311,594 \$	24,117

On December 14, 2022, the Company closed two common share offerings for the sale of 957,880 common shares at a price of \$17.75 per share with total aggregate gross proceeds of \$17,002. Share issuance costs in connection with this share offering amounted to \$1,076, resulting in net proceeds of \$15,926.

The Company issued nil common shares through the exercise of options during the year ended June 30, 2023 (June 30, 2023 - 41,375) for cash consideration of \$nil (June 30, 2023 - \$396).

(b) Reserves

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

(c) Share-based compensation

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

Years ended June 30,	2024	2023
Stock options	\$ 45	\$ 15
Performance share units	988	2,487
Total share-based compensation	\$ 1,033	\$ 2,502

Stock option plan

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Changes in the stock option plan for the years ended June 30, 2024 and 2023 are as follows:

<i>(in number of units, except prices)</i>	Number of Options	Weighted average exercise price per option
Outstanding, July 1, 2022	71,687	\$ 10.15
Granted	13,000	18.94
Cancelled	(6,000)	(13.10)
Exercised	(41,375)	(9.57)
Outstanding, June 30, 2023	37,312	13.39
Granted	9,000	17.14
Exercised	(312)	(9.50)
Cancelled	(10,000)	(9.50)
Outstanding, June 30, 2024	36,000	\$ 15.44
Vested and exercisable, June 30, 2024	18,316	\$ 13.07

For the year ended June 30, 2024, the weighted average trading price for exercised options was \$16.48 per share (June 30, 2023 - \$20.78 per share).

At June 30, 2024, the exercise prices ranged from \$8.25 to \$22.11 per share (June 30, 2023 - \$8.25 to \$22.11), with the weighted average exercise price being \$15.44 per share (June 30, 2023 - \$13.39 per share). The options outstanding at June 30, 2024 have a weighted average contractual life of 3.63 years (June 30, 2023 - 3.06 years).

	Options outstanding			Options exercisable		
	Number	Weighted average remaining life	Weighted average exercise price per option	Number	Weighted average exercise price per option	
\$8.25 to \$13.89	13,000	1.71	\$ 10.80	12,313	\$ 10.63	
\$13.90 to \$16.96	14,000	4.60	16.66	4,440	16.66	
\$16.96 to \$22.11	9,000	4.90	20.25	1,563	22.11	
	36,000	3.63	\$ 15.44	18,316	\$ 13.07	

Stock option assumptions

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

The weighted average estimated fair value for the common share options granted during the year ended June 30, 2024 was \$43 (June 30, 2023 - \$53). Management used the following assumptions within the Black-Scholes option-pricing model:

Years ended June 30,	2024	2023
Weighted average share price	\$ 17.14	\$ 18.94
Expected option life	6 years	6 years
Risk-free rate of return	3.89%	3.41%
Volatility factor	27.71%	23.47%
Expected dividends	1.29%	1.30%
Forfeiture rate	4.75%	4.54%

Performance share unit ("PSU") plan

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

During the year ended June 30, 2024, the Company issued 138,559 PSUs (June 30, 2023 - 373,600 PSUs) to eligible persons under the PSU plan. These PSUs have five-year terms, and vest in three tranches upon the achievement of certain closing market trading prices of the Company's common shares for a period of twenty consecutive business days. During the year, nil PSUs vested (June 30, 2023 - 333,398 PSUs vested in four tranches) and were settled via the issuance of common shares. The Company withheld nil common shares (June 30, 2023 - 132,061 common shares) at an aggregate value of nil (June 30, 2023 - \$2,792) to settle withholding tax obligations on the issuance of the common share awards. This was accounted for as a reduction to equity.

A summary of PSU activity during the years ended June 30, 2024 and 2023 is as follows:

	Number of PSUs
PSUs outstanding as at July 1, 2022	210,283
Granted	373,600
Forfeited	(8,250)
Settled	(333,398)
PSUs outstanding as at June 30, 2023	242,235
Granted	138,559
Forfeited	(12,000)
PSUs outstanding as at June 30, 2024	368,794

PSU valuation methodology and assumptions

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue

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

	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
For the year ended June 30, 2024				
Product sales	\$ 221,106	\$ 23,745	\$ 1,011	\$ 245,862
Provision of services	14,981	24,474	5,730	45,185
Total sales	\$ 236,087	\$ 48,219	\$ 6,741	\$ 291,047
For the year ended June 30, 2023				
Product sales	\$ 230,027	\$ 30,102	\$ 881	\$ 261,010
Provision of services	15,056	22,181	5,190	42,427
Total sales	\$ 245,083	\$ 52,283	\$ 6,071	\$ 303,437

(b) Contract assets

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

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Years ended June 30,		2024		2023
Balance, beginning of year	\$	3,329	\$	2,010
Net additions arising from operations		2,153		2,877
Amounts billed during the year and reclassified as accounts receivable		(2,439)		(835)
Deferred costs recognized as expense in the year		(562)		(481)
Effect of change in foreign currency exchange rates		64		(242)
Balance, end of year	\$	2,545	\$	3,329
To be billed and reclassified to accounts receivable during next 12 months	\$	1,682	\$	2,145
Deferred costs to be recognized as expense during next 12 months		455		562
Current portion, contract assets		2,137		2,707
Thereafter (included in other long-term assets)	\$	408	\$	622

(c) Deferred revenue

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

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

Years ended June 30,		2024		2023
Balance, beginning of year	\$	19,802	\$	16,594
Revenue deferred in previous period and recognized in current period		(15,342)		(12,510)
Net additions arising from operations		14,278		15,473
Effect of change in foreign currency exchange rates		629		245
Balance, end of year	\$	19,367	\$	19,802
Revenue to be recognized in the future				
Within one year	\$	15,856	\$	15,086
Between two to five years	\$	3,511	\$	4,716

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

21. OTHER EXPENSE

Years ended June 30		2024	2023
Advisory fees, net	\$	2,532	\$ –
Contract cancellation fees		633	1,769
Settlement on software support costs		606	–
(Gain) loss on sale of property, plant and equipment		(2,357)	71
Other expense		391	31
Total other expense	\$	1,805	\$ 1,871

Advisory fees incurred in the year are primarily related to costs associated with the failed acquisition of certain Cable Business assets of Casa Systems Inc. and other strategic M&A activity pursued by management in the second half of fiscal 2024.

22. FINANCE EXPENSE

Years ended June 30,	Note	2024	2,023
Interest income	\$	(12)	\$ (20)
Operating line interest expense		5,614	1,404
Term credit facility interest expense		862	829
Accounts receivable factoring costs	5	289	–
Other expense		254	1
Finance expense before interest on lease liabilities		7,007	2,214
Interest expense on lease liabilities	18	117	156
Total finance expense	\$	7,124	\$ 2,370

During the year ended June 30, 2024, the Company entered into a factoring arrangement with a major customer and a US chartered bank, through which the Company could elect to expedite its accounts receivables, in-part or in-full, from the customer by paying the bank a 1.63% fee. In accordance with IFRS 9, this fee is recorded as a derecognition loss and has been included in Finance expenses on the Company's consolidated statements of comprehensive income. During the year ended June 30, 2024, the Company recognized a derecognition loss of \$289 in accordance with the factoring arrangement.

23. NET INCOME PER SHARE

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

Years ended June 30,		2024	2023
Net income	\$	19,391	\$ 27,212
Weighed average number of shares outstanding:			
Basic		24,307,418	23,712,384
Dilution adjustment for stock options		25,989	24,100
Diluted	\$	24,333,407	\$ 23,736,484
Net income per share: basic	\$	0.80	\$ 1.15
Net income per share: diluted	\$	0.80	\$ 1.15

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Stock options and warrants could potentially dilute basic net income per share in the future. Dilutive stock options and warrants are calculated using the treasury stock method. For the year ended June 30, 2024, there were 25,312 dilutive stock options (June 30, 2023 - 28,327) which resulted in a dilution of adjustment of 7,469 shares (June 30, 2023 - 24,100), with the remaining 10,688 outstanding options (June 30, 2023 - 13,212) being anti-dilutive. For the year ended June 30, 2024, there were 361,050 warrants (June 30, 2023 - nil) which resulted in a dilution adjustment of 18,520 shares (June 30, 2023 - nil).

24. SEGMENTED FINANCIAL INFORMATION

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

Segments

For the year ended June 30, 2024	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	\$ 236,085	\$ 48,220	\$ 6,742	\$ 291,047
Cost of sales	131,304	20,887	2,191	154,382
Gross profit	104,781	27,333	4,551	136,665
Operating expenses	58,269	24,123	2,405	84,797
Depreciation and amortization	15,052	5,871	1,352	22,275
Operating income (loss)	31,460	(2,661)	794	29,593
Finance expense				(7,124)
Foreign exchange loss				(1,935)
Income tax expense				(1,143)
Net income			\$	19,391
Total assets	\$ 336,670	\$ 38,364	\$ 12,789	\$ 387,823
Total liabilities	\$ 130,434	\$ 20,968	\$ 1,461	\$ 152,863

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

For the year ended June 30, 2023	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	\$ 245,083	\$ 52,283	\$ 6,071	\$ 303,437
Cost of sales	134,961	24,544	1,961	161,466
Gross profit	110,122	27,739	4,110	141,971
Operating expenses	63,029	23,408	2,227	88,664
Depreciation and amortization	12,764	6,052	1,201	20,017
Operating income (loss)	34,329	(1,721)	682	33,290
Finance expense				(2,370)
Foreign exchange gain				2,681
Income tax expense				(6,389)
Net income			\$	27,212
Total assets	\$ 276,171	\$ 42,744	\$ 12,771	\$ 331,686
Total liabilities	\$ 91,780	\$ 20,737	\$ 1,516	\$ 114,033

Geographical region

Years ended June 30,	2024	2023
Sales to external customers:		
United States	\$ 261,177	\$ 259,916
Canada	15,854	18,581
Japan	8,902	13,362
Europe	3,525	6,172
Other	1,589	5,406
Total sales	\$ 291,047	\$ 303,437
Non-current assets:		
United States	\$ 65,344	\$ 46,938
Canada	103,301	102,954
Japan	534	697
Europe	296	21
Mexico	–	1,154
China	766	1,449
Total non-current assets	\$ 170,241	\$ 153,213

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Sales to major customers

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

Years ended June 30,		2024	2023
Customer A	\$	162,556	\$ 151,566
Customer B		35,038	45,387
Total sales to major customers	\$	197,594	\$ 196,953

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

25. FAIR VALUE HIERARCHY

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

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

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

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

During the year ended June 30, 2024, there were no transfers between Level 1 and Level 2 fair value classifications. As at June 30, 2024, the Company had customer-based warrants which are classified as Level 2. Refer to Note 27 - Customer-based warrants for further information. As at June 30, 2023, the Company held three forward foreign exchange contracts which are classified as Level 2 assets – see Note 5.

26. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial risks

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

(a) Credit risk

Cash and cash equivalents are placed with major Canadian financial institutions rated in the two highest grades by nationally recognized ratings agencies. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, since all amounts are held at major Canadian financial institutions. Deposits with credit unions are insured through the Credit Union Deposit Insurance Corporation. This insurance exceeds the amounts otherwise covered by the Canadian Deposit Insurance Corporation for cash deposits.

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

As at June 30, 2024, the weighted average age of customer accounts receivable was 33 days (June 30, 2023 - 34 days), and the weighted average age of past-due accounts receivable approximated 55 days (June 30, 2023 - 57 days). Accounts are considered to be past due when customers have failed to make the required payments by their contractually agreed upon due date. The aging of trade receivables that are not considered to be impaired are as follows:

As at June 30,	2024		2023	
Current	\$	67,423	\$	44,835
31 to 60 days		622		9,363
61 to 90 days		63		714
Over 90 days		1,081		1,117
Total accounts receivable	\$	69,189	\$	56,029

The Company has an allowance for doubtful accounts as at June 30, 2024 of \$3 (June 30, 2023 - \$10). As at June 30, 2024, the Company had two major customers who accounted for approximately 72% (June 30, 2023 - 59%) of the year-end accounts receivable balance. Customer contract assets that are not considered to be impaired within the next 12 months and are \$2,276 (June 30, 2023 - \$2,707) and long-term are \$871 (June 30, 2023 - \$622).

(b) Liquidity risk

Liquidity risk arises from the Company's general funding needs and in the management of its assets, liabilities and capital. The Company manages its liquidity risk to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations in a cost-effective manner. As of June 30, 2024, the Company has access to a credit facility in the amount of \$85,000 (June 30, 2023 - \$55,000) with a Canadian chartered bank, of which the remaining amount available to be drawn under this credit facility is \$33,268 (June 30, 2023 - \$18,580).

The tables below presents a maturity analysis of the Company's financial liabilities as at June 30, 2024:

As at June 30, 2024	Carrying amount	Contractual cash flows	Less than		
			1 year	1 to 5 years	Thereafter
Accounts payable and accrued liabilities	\$ 57,583	\$ 57,583	\$ 57,583	\$ -	\$ -
Long-term debt	13,043	13,043	1,329	2,920	8,794
Lease liabilities	4,789	5,545	1,339	3,796	410
Warrant liability	2,626	2,626	1,773	853	-
Total financial liabilities	\$ 78,041	\$ 78,797	\$ 62,024	\$ 7,569	\$ 9,204

(c) Currency risk

During the year ended June 30, 2024, approximately 97% (June 30, 2023 - 97%) of the Company's sales were denominated in U.S. dollars. The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. These contracts are recognized in the consolidated statements of financial position at their fair value, with changes in fair value recorded in the consolidated statements of comprehensive income in foreign exchange gain (loss). As at June 30, 2024, the Company realized a net exchange gain of \$nil (June 30, 2023 - \$581) in respect of these forward purchase contracts.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

For the year ended June 30, 2024, if the Canadian dollar had weakened or strengthened by 1% against the U.S. dollar with all other variables held constant, net income before income taxes would have been \$960 (June 30, 2023 - \$1,524) higher or lower; and net income after income taxes would have been \$944 (June 30, 2023 - \$1,508) higher or lower.

The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. Forward contracts are entered into based on projected requirements for converting USD to CAD. The Company does not recognize these contracts in the consolidated financial statements when they are entered into, nor accounts for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes in fair value are recorded in the consolidated statements of comprehensive income (loss) in foreign exchange gain (loss). The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position. As at June 30, 2024, the Company did not have any forward contracts (June 30, 2023 - \$581 asset position).

(d) Interest rate risk

The Company is exposed to floating interest rate risk, as the required cash flows to service its debt will fluctuate as a result of changes in market rates. This risk is limited to the line of credit and long-term debt. A 1% movement in the interest rate would have resulted in a \$984 change to net income before income taxes and a \$787 change to net income after income taxes for the year ended June 30, 2023 (June 30, 2023 - \$369 and \$295, respectively).

27. CUSTOMER-BASED WARRANTS

The Company executed a warrant agreement with one of its key customers in the first quarter of fiscal 2024 to receive up to 361,050 common shares at an exercise price of \$17.09 with vesting conditions based on the achievement of certain multi-year spending targets. The first tranche of 100,000 vested in the third quarter of fiscal 2024 as the spending targets were met. The warrants are accounted for as financial liabilities due to their conversion features and will be remeasured to their fair market value at each reporting date until the earliest of settlement, cancellation or expiry. A binomial options pricing model was used to derive the fair value of customer-based warrants. The fair value of the warrants as at June 30, 2024 was \$2,626. Warrant vesting expense during the year ended June 30, 2024 of \$2,024 was reflected as a sales incentive and reduction of revenue in the Company's consolidated statements of comprehensive income.

The following is the continuity of the contract asset related to the warrants during the year ended June 30, 2024:

At July 1, 2023	\$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
Amortization		(2,024)
At June 30, 2024	\$	602
Current portion	\$	139
Long-term portion	\$	463

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

The following is the continuity of the financial liability related to the warrants during the year ended June 30, 2024:

At July 1, 2023	\$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
At June 30, 2024	\$	2,626
Current portion	\$	1,773
Long-term portion	\$	853

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

Year ended June 30,	2024	
Weighted average share price	\$	20.89
Expected option life		6.5 years
Exercise price	\$	17.09
Risk-free rate of return		3.49%
Dividend yield		1.05%
Volatility factor		28.0%

28. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility while managing its cost of optimizing access to capital. The Company defines its capital as current and long-term debt (excluding lease liabilities) and shareholders' equity. The Company's capital as at June 30, 2024 was \$248,003 (June 30, 2023 - \$231,288). The Company monitors its capital structure and based on changes in economic conditions, may adjust the structure through the repurchase of shares, the issuance of shares or the use of debt facilities. The Company manages its capital structure in order to ensure sufficient resources are available to fund the development and growth of next generation products and, to fund the expansion of its manufacturing facilities, providing an opportunity to reinforce its market position.

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

29. SUPPLEMENTAL INFORMATION

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

Depreciation and amortization – operating activities

Years ended June 30,	2024		2023	
Depreciation of property, plant and equipment	\$	4,746	\$	3,416
Depreciation of right-of-use assets		1,289		1,355
Amortization of deferred development costs		12,970		11,981
Amortization of finite-life intangible assets		3,270		3,265
Total depreciation and amortization	\$	22,275	\$	20,017

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

Net change in working capital – operating activities

Years ended June 30,	2024	2023
Accounts receivable	\$ (11,136)	\$ (8,731)
Inventories	(33,740)	(51,301)
Prepaid expenses	7,304	(5,942)
Income tax receivable	–	(106)
Contract assets	490	(1,820)
Accounts payable and accrued liabilities	9,796	(1,108)
Deferred revenue	(935)	2,944
Total change in net working capital	\$ (28,221)	\$ (66,064)

Capital expenditures, net – investing activities

Years ended June 30,	2024	2023
Capital expenditures:		
Property, plant and equipment	\$ (2,510)	\$ (2,899)
Intangible assets	(149)	(113)
Proceeds of disposition:		
Property, plant and equipment	3,861	–
Total capital proceeds (expenditures), net	\$ 1,202	\$ (3,012)

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

Years ended June 30,	2024	2023
Wages and salaries	\$ 93,157	\$ 94,359
Health care benefits	6,252	6,001
Post-employment benefits	2,359	1,738
Total employee benefits expense	\$ 101,768	\$ 102,098

30. CONTRACTUAL OBLIGATION

At June 30, 2024, contractual obligations related to a third-party supplier agreement were \$nil (June 30, 2023 - \$6,860). The associated contract was cancelled in the fourth quarter of fiscal 2023.

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(in thousands of dollars except otherwise noted)

31. RELATED PARTY TRANSACTIONS

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

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

Company Name	Jurisdiction	% equity interest	
		Participating	voting interest
Vecima Networks (USA) Inc.	United States		100
6105971 Canada Inc.	Canada		100
Vecima Technology Inc.	United States		100
Vecima Technology (Canada) Inc.	Canada		100
Vecima Solutions Corporation	Japan		100
Vecima Technology (UK) Ltd.	United Kingdom		100
Vecima Technology GmbH ⁽¹⁾	Germany		100
Vecima Technology B.V.	Netherlands		100
Vecima Technology (Qingdao) Co., Ltd.	China		100
Vecima Technology (Shanghai) Co., Ltd.	China		100

⁽¹⁾ Vecima Technology GmbH was liquidated subsequent to the year ended June 30, 2024.

Compensation of key management personnel of the Company is provided in the table below:

Years ended June 30,	2024	2023
Salaries and short-term employee benefits	\$ 2,855	\$ 2,914
Post-employment pension	80	45
Share-based compensation - stock options and PSUs	758	1,726
Total compensation of key management personnel	\$ 3,693	\$ 4,685

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

During the year ended June 30, 2024, there were 9,000 stock options awarded to key management personnel (June 30, 2023 - nil). As stock options awarded are granted for six years, with vesting based on performance and are equity settled, the expense is recognized rateably over a period of years and thus only a portion of the awards are included in the table above.

There were 20,000 PSUs awarded to key management personnel during the year ended June 30, 2024 (June 30, 2023 - 329,600). During the year ended June 30, 2024, nil PSUs vested (June 30, 2023 - 195,303); which had a fair value of \$nil (June 30, 2023 - \$1,647). Each vested PSU is settled for one common share of the Company.

The Company entered into a building lease on August 1st, 2022 with one of the principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2024, total lease payments, including interest, were \$188 (June 30, 2023 - \$130). There were no other related party transactions during fiscal 2024 and 2023.

32. SUBSEQUENT EVENT

On September 17, 2024, the Board of Directors declared a dividend of \$0.055 per common share, payable on October 11, 2024 to shareholders of record as at November 4, 2024 consistent with its previously announced dividend policy.