

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 24, 2025

This Management's Discussion and Analysis ("MD&A") provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the year ended June 30, 2025.

Our MD&A supplements, but does not form part of, our consolidated financial statements and related notes for the year ended June 30, 2025 and 2024. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended June 30, 2025 and 2024 which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Our MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes.

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

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

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1. Company Overview

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

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

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

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

Vecima's business is organized into three segments:

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

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

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

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

- **Entra Cable Access**
 - **Entra Remote PHY** - Multiple variants of the Entra Access Node that can operate as Remote PHY, providing a modular and highly interoperable platform for deployment of access technologies, leveraging billions of dollars of investment in coaxial cable; and
 - **Entra Remote MACPHY** - Multiple variants of the Entra Access Node that can operate as Remote MACPHY, providing the full complete next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable.
- **Entra Optical Fiber Access** - Consists of both chassis and node node-based FTTH access technologies in areas of the service provider network where FTTH is practical and advantageous;
 - **EntraVideo Adapters and Management Devices** - a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures, including:
 - the **Entra Legacy QAM Adapter and DV-12**, which provides a simple solution to adapt existing video QAM infrastructure for distributed access; and
 - the **Entra Interactive Video Controller**, which supports essential two-way network connectivity for legacy STBs that are heavily deployed and in service today.
- Our **Terrace, Terrace QAM™**, and **Terrace IQ** product families meet the unique needs of the business services vertical, including multi-dwelling units and hospitality (hotels, motels, and resorts) by adapting video services to individual business requirements and leveraging existing televisions in rooms.

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

MediaScale™

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

2. Industry Developments

Video and Broadband Solutions

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

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

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

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

Content Delivery and Storage

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

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

Telematics

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

Our Strategy

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

3. Fiscal 2025 Q4 and Full-Year Highlights

Financial and Corporate

- Achieved full-year consolidated sales of \$285.9 million, compared to \$291.0 million in fiscal 2024, a year-over-year decrease of 2%. Fourth quarter revenue of \$68.8 million was an increase of 7% from \$64.0 million in Q3 fiscal 2025.
- Full-year gross margin and adjusted gross margin (non-IFRS) of 38.3% and 40.6%, respectively, compared to 48.7% and 49.2%, respectively, in fiscal 2024. Fourth quarter gross margin and adjusted gross margin of 27.3% and 37.4%, respectively. Transitory decline in Q4 gross margin was impacted by foreign exchange volatility, an atypically unfavorable product mix, and a non-cash inventory write-down taken in the fourth quarter.
- Generated full-year adjusted EBITDA (non-IFRS) of \$28.9 million, compared to \$53.2 million in fiscal 2024. Reported fourth quarter adjusted EBITDA of \$6.7 million (Q4FY2024: \$14.5 million; Q3FY25: \$10.2 million).
- Full-year loss per share of \$(0.73), compared to net income per share of \$0.80 in fiscal 2024. Fourth quarter loss per share of \$(0.54), compared to net income per share of \$0.34 in Q4 fiscal 2024.
- Ended the fourth quarter in a solid financial position with working capital of \$51.2 million at June 30, 2025, compared to \$73.1 million at June 30, 2024. Our net debt position has decreased from a high of \$92.0 million in Q3 fiscal 2024 to \$53.6 million in Q4 fiscal 2025.

Video and Broadband Solutions (VBS)

- The Video and Broadband Solutions segment achieved full-year sales of \$237.9 million, on par with the \$236.1 million in fiscal 2024. Fourth quarter VBS segment sales of \$58.1 million decreased 22.2% year-over-year, but climbed 22% from \$47.7 million in Q3 fiscal 2025.

DAA (Entra Family)

- Full-year deployments of next-generation Entra DAA products increased 5% year-over-year to a record \$222.7 million; fourth quarter sales of \$54.6 million decreased 20% year-over-year from Q4 fiscal 2024 Entra sales, but grew 26% from \$43.5 million in Q3 fiscal 2025.
 - Total customer engagements increased to 136 MSOs worldwide at year-end, from 115 a year earlier, with customer engagements deepening significantly during the year. Sixty-seven of these customers have ordered Entra products as broader DAA deployment progresses.
 - Furthered lab trials with additional operators in North America and globally in the fourth quarter and achieved first revenue from Vecima's new vCMTS solution, part of the Entra Cloud platform which enables operators to transform their networks for next-generation broadband access, including DOCSIS 4.0. During the fourth quarter, Cox Communications, a leading Tier 1 North American MSO, chose Entra vCMTS to modernize and enhance its DOCSIS network and will begin migrating to this platform in fiscal 2026. The multi-year agreement firmly positions Vecima in the rapidly growing global market for vCMTS, which Dell'Oro Group forecasts will be worth approximately \$350 million annually by calendar 2028. Currently Vecima is just one of three vendors worldwide offering a vCMTS solution.
 - Made significant forward progress on the Entra DOCSIS 4.0 RPD platform which provides a critical pathway to unlocking next-generation multi-gigabit speed on our customers' platforms.
 - Building on the success of the Entra EN9000 GAP node, announced the launch of the EN3400, a compact, standardized multi-services GAP node with a unique form factor optimized for enterprise and multi-dwelling unit (MDU) applications. The EN3400 offers both line-powered and AC-powered options, as well as an assortment of RPD and R-OLT options. Subsequent to the year-end, Vecima secured initial orders for the EN3400 with a Tier 1 operator with deliveries expected to commence in Q2 fiscal 2026.
 - Announced availability of vPON Manager, Vecima's cloud-based XGS-PON orchestration platform, which offers operators robust XGS-PON subscriber management and service provisioning capability plus back-office management integration with telemetry support.
 - Deployed our new Entra Power Holdover Modules (PHM) in the field with our lead Tier 1 customer. Entra PHMs provide reliable protection from power fluctuations to Vecima's cable and fiber access platforms in the field and are expected to provide a significant contribution to revenues in fiscal 2026.
 - Continued growth in the R-MACPHY product category with a new operator win in the US Northwest and expansion with a Tier 1 customer in the CALA region.

- Following our Q2 acquisition of Falcon V Systems, increased license uptake for our new Principal Core product, a virtual orchestration technology that aims to enable operators to converge cable, fiber and even mobile networks onto a single access platform. Achieved early contribution from our new Falcon V Test Suite technology, which accelerates DAA deployments by ensuring customers can fully test new software in a multi-core, multi-vendor environment.
- Subsequent to the year-end, Vecima will demonstrate significant new innovations at the SCTE Tech Expo from September 29 to October 1, 2025, further entrenching our technology leadership in the global cable and fiber access market. Planned demonstrations include:
 - Industry's first-ever 50G-PON migration solution, supporting 50G ITU PON and 10-G EPON on the same port for maximum investment protection and simplified next-gen PON migration;
 - World's first Dual Downstream Service Group DOCSIS 4.0 Remote PHY device, the ERM422; and
 - Live demonstrations of ENTRA vCMTS driving DOCSIS 4.0 Remote PHY devices.

Commercial Video (Terrace Family)

- Commercial Video product sales were in line with expectations and included full-year sales of \$15.0 million and fourth quarter sales of \$3.4 million (fiscal 2024: \$23.8 million; Q4 fiscal 2024: \$5.9 million; Q3 fiscal 2025 \$4.2 million). These results reflect the continued transition to next-generation platforms, together with some of Vecima's newer DAA-driven Commercial Video solutions now being accounted for as part of Entra family sales.

Content Delivery and Storage (CDS)

- The Content Delivery and Storage segment generated full-year sales of \$40.1 million, compared to \$48.2 million in fiscal 2024, a decrease of 17%. Fourth quarter CDS sales of \$8.6 million were 22% lower year-over-year (Q4 fiscal 2024: \$11.1 million; Q3 fiscal 2025: \$14.1 million).
- Achieved strong full-year gross margin performance of 60.8%, compared to 59.9% in fiscal 2024. Generated fourth quarter gross margin of 51.6% (Q4 fiscal 2024: 56.7%; Q3 fiscal 2025: 70.0%).
- Deployed Vecima's targeted Dynamic Ad Insertion (DAI) solutions with multiple customers, enabling operators to monetize their video platforms more effectively; in Q4 expanded DAI with a key customer.
- Continued progress and development of the standards-driven MediaScale Open CDN platform in preparation for deployments in fiscal 2026.
- Following Q2 agreement with Digital Harmonic to exclusively resell its innovative dh/KeyFrame Media Optimization Solution, showcased the technology's ability to significantly elevate video quality while reducing content bit rates at the NAB Show early in April 2025.
- Subsequent to the year-end, Blue Stream Fiber, Florida's fastest-growing fiber-optic telecommunication provider, announced its deployment of our KeyFrame Media Optimization Solution to enhance video quality streaming experience for its Blue Stream Fiber TV service.

Telematics

- The Telematics segment grew full-year sales to \$7.8 million, an increase of 16% from the \$6.7 million achieved in fiscal 2024. Fourth quarter fiscal 2025 sales increased 18% year-over-year to \$2.1 million (Q4 fiscal 2024: \$1.8 million; Q3 fiscal 2025: \$2.2 million).
- Added 10 new customers for the NERO asset tracking platform during the fourth quarter, adding over 18,000 tags and bringing total asset tags under management to over 100,000.
- Added 1,045 vehicle subscriptions to the quarter, with a total of 21,500 vehicles now being monitored.
- Achieved strong gross margin percentage of 59.4%.

4. Outlook

Throughout the past year and across the cable industry, MSOs have been preparing for major network upgrades as part of their transition to next-generation technologies like DOCSIS 4.0. While system-level changes of this magnitude are complex and typically challenging for operators to implement, once field level qualifications are complete the stage is set for technology uptake as rollouts commence.

At the close of fiscal 2025, a number of operators had begun their network upgrade programs, supported by Vecima's next-generation solutions. Customers' existing product inventories were also starting to come into better balance as more platforms were deployed. These developments translated into a 7.5% sequential strengthening of our quarterly sales pace in Q4 fiscal 2025, as compared to Q3. As we approach the conclusion of the first quarter of fiscal 2026, we are tracking another strong quarter on the top line. On a full-year basis, we anticipate a return to strong annual growth, including exiting the year with a run rate higher than any previous high water mark in sales. We expect to pair the sales growth with improved gross margins in the first quarter, along with gradual strengthening of gross margins through the fiscal year as our product mix reflects the growth and addition of higher-margin product lines. The anticipated rebound in gross margins reflects a normalization in foreign exchange volatility as well as a more typical product mix.

In the VBS segment, design wins for DOCSIS 4.0 and vCMTS, including our multi-year vCMTS contract with Cox Communications, are expected to be significant growth drivers over the next several years. Our outlook also reflects additions to our diverse Entra product roster, including the EN3400, a compact version of the EN9000 specifically designed for MDU and enterprise applications, the EEM210, a stand-alone 10G EPON module that fits both new and existing nodes and supports global deployments, and our new power holdover modules (PHMs) which support Entra's cable and fiber access products with innovative super-capacitor-based resiliency to power grid interruptions in the field. These new products are expected to build on continued strong contribution from our industry-leading Remote PHY device (RPD) solutions, EN9000 and EN8400 platforms, and highly successful Entra Optical fiber access portfolio. They also represent new and incremental use cases and market verticals for our broad and ever-more comprehensive portfolio of cable and fiber access IP.

Commercial Video sales, which include TerraceQAM and Terrace Family products, are expected to continue to trend slightly lower in fiscal 2026 as customers transition to our next-generation IQ solution and as a portion of our Commercial Video solutions become DAA-driven and are accounted for as part of Entra family sales.

In the Content Delivery and Storage segment we are sharply focused on strengthening revenue in fiscal 2026, while continuing to note that CDS results can fluctuate significantly from quarter-to-quarter based on order and project timing. Our outlook for the CDS segment anticipates the addition of new IPTV customers in fiscal 2026, together with upgrades and expansions with existing IPTV customers. Vecima's Dynamic Ad Insertion technology and our KeyFrame reselling agreement with Digital Harmonic are also expected to provide meaningful contribution during the year. Longer term, we continue to see excellent opportunities for the CDS segment as IPTV builds momentum and our newer solutions, including open caching, gain traction.

In the Telematics segment, we anticipate stable revenue performance and continued strong profitability from our asset and fleet tracking business.

To date, trade actions have had a negligible impact on the 90% of our sales made to the US. Our manufacturing is predominantly domiciled in Canada, exempting that portion of our production from tariff actions under the United States-Mexico-Canada Agreement (USMCA). While upcoming renegotiation of the USMCA could, in an unlikely case, result in changes to the tariff environment, Vecima is one of the few competitors in our industry that fully "owns" our manufacturing process. This gives us significant flexibility to adapt quickly to changing macroeconomic conditions, an agility we have demonstrated in the past, inclusive of rapidly transitioning manufacturing to different countries.

Moving forward, we are confident in our growth prospects both near and longer term. We have built the industry's deepest and broadest portfolio of innovative, interoperable cable and fiber access products and IPTV solutions that now give customers unprecedented choice and support as they move forward with their network-wide upgrades. And we are simultaneously leading the way forward with new investments in a comprehensive, highly innovative, cloud-native portfolio that will prepare them for the 50G future.

5. Consolidated Results of Operations

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

Consolidated Statements of Comprehensive Income Data <i>(in thousands of dollars except common share data)</i>	Years ended June 30,					
	2025		2024		2023	
Sales	\$ 285,863	100%	\$ 291,047	100%	\$ 303,437	100%
Cost of sales:						
Cost of product and services ⁽⁷⁾	168,015	59%	150,020	52%	156,659	52%
Write-down (recovery) of inventory to net realizable value	8,428	3%	(591)	–%	(206)	–%
Total cost of sales⁽⁷⁾	176,443	62%	149,429	51%	156,453	52%
Gross profit⁽⁷⁾	109,420	38%	141,618	49%	146,984	48%
Operating expenses						
Research and development ⁽¹⁾	46,402	16%	44,169	15%	45,950	15%
Sales and marketing ⁽⁷⁾	34,751	12%	33,358	11%	31,817	10%
General and administrative ⁽⁷⁾	28,642	10%	31,660	11%	30,318	10%
Impairment expense	6,949	2%	–	–%	–	–%
Restructuring costs	2,798	1%	–	–%	1,236	–%
Share-based compensation	1,855	1%	1,033	–%	2,502	1%
Other expense	540	–%	1,805	1%	1,871	1%
	121,937	43%	112,025	39%	113,694	37%
Operating income	(12,517)	(5)%	29,593	10%	33,290	11%
Finance expense	(10,000)	(3)%	(7,124)	(2)%	(2,370)	(1)%
Foreign exchange (loss) gain	(2,033)	(1)%	(1,935)	(1)%	2,681	1%
Income before taxes	(24,550)	(9)%	20,534	7%	33,601	11%
Income tax expense	(6,788)	(3)%	1,143	(1)%	6,389	2%
Net income	(17,762)	(6)%	19,391	6%	27,212	9%
Other comprehensive income (loss)	(161)	–%	2,136	1%	(114)	–%
Comprehensive income (loss)	\$ (17,923)	(6)%	\$ 21,527	7%	\$ 27,098	9%
Net income per share⁽²⁾						
Basic – total	\$ (0.73)		\$ 0.80		\$ 1.15	
Diluted – total	\$ (0.73)		\$ 0.80		\$ 1.15	
Other Data:						
Research and Development Expenditures ⁽³⁾	\$ 61,576		\$ 58,729		\$ 57,428	
Adjusted EBITDA ⁽⁴⁾	\$ 28,856		\$ 53,230		\$ 60,472	
Adjusted earnings per share ⁽⁵⁾	\$ (0.18)		\$ 0.87		\$ 1.21	
Number of employees ⁽⁶⁾	592		608		602	

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

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

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

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

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

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

(7) The Company has restated the comparative period for a change in commission expense presentation.

Consolidated Statements of Financial Position <i>(in thousands of dollars except common share data)</i>	June 30, 2025	June 30,	June 30,
		2024	2023
Cash and cash equivalents	\$ 3,441	\$ 2,136	\$ 2,278
Working capital ⁽¹⁾⁽³⁾	\$ 51,164	\$ 73,083	\$ 70,748
Total assets	\$ 332,069	\$ 387,823	\$ 331,686
Total debt	\$ 28,263	\$ 17,832	\$ 16,383
Shareholders' equity	\$ 213,569	\$ 234,960	\$ 217,653
Number of common shares outstanding ⁽²⁾	24,314,594	24,307,418	23,712,384

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

⁽²⁾ Based on the weighted average number of common shares outstanding during fiscal 2025.

⁽³⁾ The Company has restated the comparative periods for a change in classification of its term loan facility, which should have been presented as a current liability as at June 30, 2024 and July 1, 2023.

Adjusted Net Income and Adjusted Earnings per Share

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

Calculation of Adjusted Earnings per Share <i>(in thousands of dollars)</i>	Years ended June 30,		
	2025	2024	2023
Net income (loss)	\$ (17,762)	\$ 19,391	\$ 27,212
Write-down (recovery) of inventory to net realizable value, net of tax	6,536	(437)	517
Intangible asset impairment expense, net of tax	5,490	–	–
Restructuring costs, net of tax	2,210	–	976
Acquisition-related fees, net of tax	308	–	–
Loss (gain) on sale of non-core PP&E, net of tax	101	(1,886)	56
Warrant expense (recovery), net of tax	(1,384)	1,619	–
Settlement on software support costs, net of tax	–	485	–
Advisory fees, net of tax	–	2,026	–
Adjusted net income (loss)	\$ (4,501)	\$ 21,198	\$ 28,761
Net income (loss) per share	\$ (0.73)	\$ 0.80	\$ 1.15
Write-down (recovery) of inventory to net realizable value, net of tax	0.27	(0.02)	0.02
Intangible asset impairment expense, net of tax	0.23	–	–
Restructuring costs, net of tax	0.09	–	0.04
Acquisition-related fees, net of tax	0.01	–	–
Loss (gain) on sale of non-core PP&E, net of tax	0.01	(0.08)	–
Warrant expense (recovery), net of tax	(0.06)	0.07	–
Settlement on software support costs, net of tax	–	0.02	–
Advisory fees, net of tax	–	0.08	–
Adjusted earnings (loss) per share⁽¹⁾⁽²⁾	\$ (0.18)	\$ 0.87	\$ 1.21

⁽¹⁾ Adjusted earnings per share includes non-cash share-based compensation of \$1.9 million or \$0.08 per share for the year ended June 30, 2025, and \$1.0 million or \$0.04 per share for the year ended June 30, 2024. The non-cash share-based compensation primarily reflects certain performance-based vesting thresholds achieved under the Company's Performance Share Unit Plan.

⁽²⁾ Adjusted earnings per share includes foreign exchange loss of \$2.0 million or \$0.08 per share for the year ended June 30, 2025, and a loss of \$1.9 million or \$0.08 per share for the year ended June 30, 2024.

Adjusted Gross Margin

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

Calculation of Adjusted Gross Margin (in thousands of dollars)	Years ended June 30,		
	2025	2024	2023
Sales	\$ 285,863	\$ 291,047	\$ 303,437
Cost of sales	176,443	149,429	156,453
Gross profit	109,420	141,618	146,984
Warrant expense (recovery) ⁽¹⁾	(1,752)	2,024	–
Write-down (recovery) of inventory to net realizable value	8,428	(591)	(206)
Adjusted gross profit	\$ 116,096	\$ 143,051	\$ 146,778
Adjusted gross margin %	40.6%	49.2%	48.4%

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

EBITDA and Adjusted EBITDA

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

Calculation of Adjusted EBITDA (in thousands of dollars)	Years ended June 30,		
	2025	2024	2023
Net income (loss)	\$ (17,762)	\$ 19,391	\$ 27,212
Income tax expense (recovery)	(6,788)	1,143	6,389
Interest expense	10,024	7,136	2,390
Depreciation of property, plant and equipment	3,445	4,746	3,416
Depreciation of right-of-use assets	1,552	1,289	1,355
Amortization of deferred development costs	16,289	12,970	11,981
Amortization of intangible assets	3,454	3,270	3,265
EBITDA	10,214	49,945	56,008
Intangible asset impairment expense	6,949	–	–
Write-down (recovery) of inventory to net realizable value	8,274	(553)	655
Loss (gain) on sale of assets	128	(2,357)	71
Warrant expense (recovery)	(1,752)	2,024	–
Share-based compensation	1,855	1,033	2,502
Acquisition costs	390	–	–
Restructuring costs	2,798	–	1,236
Settlement on software support costs	–	606	–
Advisory fees	–	2,532	–
Adjusted EBITDA	\$ 28,856	\$ 53,230	\$ 60,472
Percentage of sales	10%	18%	20%

Total Research and Development Expenditures

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

Calculation of R&D Expenditures (in thousands of dollars)	Years ended June 30,		
	2025	2024	2023
R&D expense per consolidated statements of comprehensive income	\$ 46,402	\$ 44,169	\$ 45,950
Deferred development costs	31,290	27,395	23,354
Investment tax credits	173	135	117
Amortization of deferred development costs	(16,289)	(12,970)	(11,981)
Government grants	–	–	(12)
Total research and development expenditures	\$ 61,576	\$ 58,729	\$ 57,428
Percentage of sales	22%	20%	19%

6. Summary of Quarterly Results of Operations

The following information has been derived from our consolidated financial statements for the years ended June 30, 2025 and 2024 in accordance with IFRS Accounting Standards. This information should be read in conjunction with those financial statements and their related notes as well as with the balance of this MD&A.

<i>(in thousands of dollars except per share amounts)</i>	Fiscal 2025				Fiscal 2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$ 68,756	\$ 63,979	\$ 71,223	\$ 81,905	\$ 87,476	\$ 80,139	\$ 61,954	\$ 61,478
Cost of sales⁽¹⁾	49,959	33,443	45,307	47,734	45,548	41,312	31,109	31,460
Gross profit⁽¹⁾	18,797	30,536	25,916	34,171	41,928	38,827	30,845	30,018
Operating expenses								
Research and development ⁽²⁾	11,992	11,500	11,288	11,624	11,041	11,281	11,551	10,296
Sales and marketing ⁽¹⁾	9,814	8,238	7,257	9,442	9,529	7,721	7,674	8,434
General and administrative ⁽¹⁾⁽²⁾	6,655	6,945	7,320	7,720	8,757	8,123	6,607	8,173
Impairment expense	6,949	–	–	–	–	–	–	–
Restructuring costs	–	–	2,798	–	–	–	–	–
Share-based compensation	361	486	462	546	248	272	257	256
Other expense	34	19	194	293	189	1,349	97	170
	35,805	27,188	29,319	29,625	29,764	28,746	26,186	27,329
Operating income (loss)	(17,008)	3,348	(3,403)	4,546	12,164	10,081	4,659	2,689
Finance expense	(3,249)	(2,033)	(2,345)	(2,373)	(3,184)	(1,580)	(1,660)	(700)
Foreign exchange gain (loss)	1,480	251	(4,272)	508	(2,029)	(1,159)	1,837	(584)
Income (loss) before income taxes	(18,777)	1,566	(10,020)	2,681	6,951	7,342	4,836	1,405
Income tax expense (recovery)	(5,573)	384	(2,135)	536	(1,306)	1,542	1,247	(340)
Net income (loss)	(13,204)	1,182	(7,885)	2,145	8,257	5,800	3,589	1,745
Other comprehensive income (loss)	(4,464)	(786)	6,001	(912)	959	1,361	(1,157)	973
Comprehensive income (loss)	\$ (17,668)	\$ 396	\$ (1,884)	\$ 1,233	\$ 9,216	\$ 7,161	\$ 2,432	\$ 2,718
Net income (loss) per share								
Basic – total	\$ (0.54)	\$ 0.05	\$ (0.32)	\$ 0.09	\$ 0.34	\$ 0.24	\$ 0.15	\$ 0.07
Diluted – total	(0.54)	0.05	(0.32)	0.09	0.34	0.24	0.15	0.07
Adjusted EBITDA as reported	\$ 6,706	\$ 10,317	\$ (258)	\$ 12,092	\$ 14,494	\$ 17,377	\$ 12,588	\$ 8,765

(1) The Company has restated the comparative period for a change in commission expense presentation.

(2) The Company has restated research and development and general and administrative costs for the classification of depreciation expense in the first and second quarters of fiscal 2025.

Quarter-to-Quarter Sales Variances

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

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

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

7. Segmented Information

Sales

Segment	Three months ended June 30,		Years ended June 30,	
	2025	2024	2025	2024
Video and Broadband Solutions	\$ 58,051	\$ 74,651	\$ 237,909	\$ 236,085
Content Delivery and Storage	8,617	11,058	40,141	48,220
Telematics	2,088	1,767	7,813	6,742
Total sales	\$ 68,756	\$ 87,476	\$ 285,863	\$ 291,047

Three-Month Results

We achieved total sales of \$68.8 million in the fourth quarter of fiscal 2025, a decrease of 21% from \$87.5 million in Q4 fiscal 2024, but a 7% increase from \$64.0 million in Q3 fiscal 2025. The year-over-year change primarily reflects lower VBS and CDS segment sales, partially offset by slightly higher Telematics segment sales.

The Video and Broadband Solutions segment generated fourth quarter revenue of \$58.1 million, a decrease of 22% from \$74.7 million in Q4 fiscal 2024, but 22% higher than the \$47.7 million generated in Q3 fiscal 2025.

- Next-generation Entra products sales of \$54.6 million were 20% lower than the \$68.7 million generated in Q4 fiscal 2024, but increased 26% from \$43.5 million in Q3 fiscal 2025. The year-over-year decrease reflects a temporary slow down in orders as our customers continue to draw down inventory on in-flight projects and plan for the next phase of large-scale network deployments.
- Commercial Video products contributed sales of \$3.4 million, compared to \$5.9 million in Q4 fiscal 2024 and \$4.2 million in Q3 fiscal 2025. Results were in line with expectations and reflect the continued transition to next-generation platforms and the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, fourth quarter revenue of \$8.6 million was 22% lower than the \$11.1 million generated in Q4 fiscal 2024 and 39% lower than the \$14.1 million achieved in Q3 fiscal 2025. The year-over-year decrease primarily reflects fewer customer upgrades and expansions, combined with lower service revenues. As always, we note that quarterly sales variances are typical for the CDS segment. Segment sales for the fourth quarter of fiscal 2025 included \$2.8 million of product sales (Q4 fiscal 2024 - \$4.5 million) and \$5.8 million of services revenue (Q4 fiscal 2024 - \$6.5 million).

Fourth quarter Telematics sales grew to \$2.1 million, an increase of approximately 18% from \$1.8 million in Q4 fiscal 2024, but were 7% lower than the \$2.2 million achieved in Q3 fiscal 2025. The year-over-year improvement reflects an increase in assets and tags monitored.

Twelve-Month Results

For the year ended June 30, 2025, total sales of \$285.9 million compared to \$291.0 million in fiscal 2024. The modest 2% decrease reflects lower CDS segment sales, largely offset by slightly higher full-year VBS and Telematics segment sales.

Full-year Video and Broadband Solutions sales were \$237.9 million, compared to \$236.1 million in fiscal 2024, an increase of 1%.

- Next-generation Entra products sales grew 5% to \$222.7 million in fiscal 2025, from \$212.2 million in the previous year. This increase was supported by the rollout of our new EN9000 products in fiscal 2025.
- Commercial Video products sales were \$15.0 million in fiscal 2025, compared to \$23.8 million in fiscal 2024. The year-over-year change was anticipated and reflects continued transition to next-generation platforms as well as the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, full year sales were \$40.1 million, compared to \$48.2 million in fiscal 2024, a decrease of 17%. The year-over-year change primarily reflects fewer customer upgrades and expansions as compared to fiscal 2024. CDS segment sales for the year included \$15.9 million of product sales (fiscal 2024 - \$23.7 million) and \$24.2 million of services revenue (fiscal 2024 - \$24.5 million).

Telematics sales increased 16% to \$7.8 million in fiscal 2025, from \$6.7 million in fiscal 2024. Results for the period reflect the increase in assets and tags monitored.

Cost of Sales

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

Segment	Three months ended June 30,		Years ended June 30,	
	2025	2024	2025	2024
Video and Broadband Solutions	\$ 44,938	\$ 40,263	\$ 158,033	\$ 127,990
Content Delivery and Storage	4,174	4,792	15,721	19,313
Telematics	847	493	2,689	2,126
Total cost of sales	49,959	45,548	176,443	149,429
Recovery (write-down) of inventory to net realizable value	(6,956)	995	(8,428)	591
Total cost of sales before net realizable value adjustments⁽¹⁾	\$ 43,003	\$ 46,543	\$ 168,015	\$ 150,020

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

Three-Month Results

For the three months ended June 30, 2025, total cost of sales were \$50.0 million, a 10% increase from \$45.5 million in Q4 fiscal 2024 and 49% higher than cost of sales of \$33.4 million in Q3 fiscal 2025. The year-over-year increase was primarily due to a \$7.0 million write-down of inventory to net realizable value. It also reflects a higher volume of lower-margin product sales as discussed in the Gross Profit and Gross Margin section, partially offset by lower VBS and CDS segment sales. Excluding the adjustments to inventory net realizable value, cost of sales was 8% lower than the same period in fiscal 2024.

Fourth quarter cost of sales in the Video and Broadband Solutions segment increased 12% to \$44.9 million, from \$40.3 million in Q4 fiscal 2024 and 58% from \$28.4 million in Q3 fiscal 2025. The year-over-year increase was primarily due to the inventory write-down of \$6.9 million and the higher volume of lower-margin product sales, partially offset by decreased sales.

In the Content Delivery and Storage segment, fourth quarter cost of sales of decreased 13% to \$4.2 million, from \$4.8 million in Q4 fiscal 2024 and were in line with the \$4.2 million cost of sales in Q3 fiscal 2025. The year-over-year decrease primarily reflects lower CDS sales.

Fourth quarter cost of sales from the Telematics segment increased to \$0.8 million, from \$0.5 million in the same period of fiscal 2024 and were on par with cost of sales of \$0.8 million in Q3 fiscal 2025. The year-over-year increase reflects higher sales and a change in accounting treatment of certain mobile asset tracking products.

Twelve-Month Results

For the year ended June 30, 2025, total cost of sales increased by 18% to \$176.4 million, from \$149.4 million in fiscal 2024. The year-over-year increase was primarily due to an \$8.4 million write-down of VBS and CDS inventory to net realizable value. It also reflects a higher volume of lower-margin product sales, partially offset by lower CDS segment sales. Excluding the inventory net realizable value adjustments, cost of sales were 12% higher than in fiscal 2024.

Cost of sales in the Video and Broadband Solutions segment increased 23% to \$158.0 million in fiscal 2025, from \$128.0 million in fiscal 2024. The year-over-year change primarily reflects the \$8.1 million write-down of inventory to net realizable value, as well as a higher volume of lower-margin product sales.

Cost of sales in the Content Delivery and Storage segment decreased 19% to \$15.7 million, from \$19.3 million in fiscal 2024. The year-over-year change was primarily driven by lower CDS sales.

Cost of sales in the Telematics segment increased to \$2.7 million in fiscal 2025, from \$2.1 million in fiscal 2024, reflecting higher sales and a change in accounting treatment of certain mobile asset tracking products.

Gross Profit and Gross Margin

Segment	Three months ended June 30,		Years ended June 30,	
	2025	2024	2025	2024
Gross profit				
Video and Broadband Solutions	\$ 13,113	\$ 34,388	\$ 79,876	\$ 108,095
Content Delivery and Storage	4,443	6,266	24,420	28,907
Telematics	1,241	1,274	5,124	4,616
Total gross profit	\$ 18,797	\$ 41,928	\$ 109,420	\$ 141,618
Gross margin				
Video and Broadband Solutions	22.6 %	46.1 %	33.6 %	45.8 %
Content Delivery and Storage	51.6 %	56.7 %	60.8 %	59.9 %
Telematics	59.4 %	72.1 %	65.6 %	68.5 %
Total gross margin	27.3 %	47.9 %	38.3 %	48.7 %
Adjusted gross margin				
Video and Broadband Solutions	34.5 %	45.0 %	36.3 %	46.2 %
Content Delivery and Storage	51.8 %	59.3 %	61.6 %	60.7 %
Telematics	59.4 %	72.1 %	65.6 %	68.5 %
Total adjusted gross margin	37.4 %	47.3 %	40.6 %	49.2 %

Three-Month Results

For the three months ended June 30, 2025, we generated total gross profit of \$18.8 million, a decrease of 55% from \$41.9 million in Q4 fiscal 2024 and a decrease of 38% from \$30.5 million in Q3 fiscal 2025. The year-over-year change in gross profit primarily reflects a \$7.0 million write-down of inventory to net realizable value combined with lower VBS segment sales and a lower-margin product mix. The quarter-over-quarter decrease reflects inventory write-downs and the impact of foreign exchange volatility as higher cost inventory produced during a period when the US dollar was stronger was sold in a period in which the US dollar weakened relative to the Canadian dollar. Fourth quarter gross margin was 27.3% (adjusted gross margin of 37.4%), as compared to 47.9% (adjusted gross margin of 47.3%) in Q4 fiscal 2024 and 47.7% (adjusted gross margin of 47.5%) in Q3 fiscal 2025. The year-over-year decrease reflects inventory write-downs combined with a shift in product mix, particularly the inclusion of lower-margin EN9000 VBS product sales. As previously noted, the EN9000 carries a lower margin when initially fulfilled on a standalone basis but later helps to drive higher margins as software-driven access modules are populated within the node. The quarter-over-quarter decrease in gross margin reflects the impact of inventory write-downs and foreign exchange volatility as described above.

Video and Broadband Solutions segment gross profit for the fourth quarter was \$13.1 million (gross margin of 22.6%; adjusted gross margin of 34.5%), compared to \$34.4 million (gross margin of 46.1%; adjusted gross margin of 45.0%) in Q4 fiscal 2024 and \$19.2 million in Q3 fiscal 2025 (gross margin of 40.3%; adjusted gross margin of 39.8%). The year-over-year decrease in gross profit dollars reflects a \$6.9 million write-down of inventory to net realizable value combined with lower sales and a lower-margin product mix. The quarter-over-quarter change reflects inventory write-downs combined with the negative foreign exchange impact of higher cost inventory being sold during a period in which the U.S. dollar weakened relative to the Canadian dollar, partially offset by higher sales.

In the Content Delivery and Storage segment, fourth quarter gross profit of \$4.4 million (gross margin of 51.6%; adjusted gross margin of 51.8%), compared to \$6.3 million (gross margin of 56.7%; adjusted gross margin of 59.3%) in the same period last year and \$9.9 million (gross margin of 70.0%; adjusted gross margin of 70.5%) in Q3 fiscal 2025. The 29% year-over-year decrease and the 55% quarter-over-quarter decrease in CDS gross profit reflect lower sales combined with lower product margins.

Fourth quarter gross profit from the Telematics segment was \$1.2 million (gross margin of 59.4%), slightly lower than the \$1.3 million (gross margin of 72.1%) achieved in Q4 fiscal 2024 and a decrease of 16% from \$1.5 million (gross margin of 65.4%) in Q3 fiscal 2025. The year-over-year change reflects lower margins, partially offset by higher sales.

Twelve-Month Results

For the year ended June 30, 2025, gross profit was \$109.4 million, compared to \$141.6 million in fiscal 2024. The 23% year-over-year decrease primarily reflects lower VBS margins. Gross margin for the full year was 38.3% (adjusted gross margin of 40.6%), compared to 48.7% (adjusted gross margin of 49.2%) in fiscal 2024. The decrease primarily reflected a \$8.4 million write-down of inventory to net realizable value combined with a lower-margin product mix, including decreased sales in the higher-margin CDS segment, were the primary factors in the change. While we normally target a gross margin percentage of 45% to 49%, we anticipated lower gross margins in fiscal 2025 as a result of the roll out of our EN9000 platform. As previously noted, the EN9000 carries a lower margin when initially fulfilled on a standalone basis but later helps to drive higher margins as software-driven access modules are populated within the node.

The Video and Broadband Solutions segment generated gross profit of \$79.9 million (gross margin of 33.6%; adjusted gross margin of 36.3%) in fiscal 2025, compared to \$108.1 million (gross margin of 45.8%; adjusted gross margin of 46.2%) in fiscal 2024. The 26% year-over-year decrease in gross profit dollars is mainly attributed to a \$8.1 million write-down of inventory to net realizable value and lower gross margin on overall sales.

Content Delivery and Storage segment gross profit decreased 16% to \$24.4 million (gross margin of 60.8%; adjusted gross margin of 61.6%) in fiscal 2025, from \$28.9 million (gross margin of 59.9%; adjusted gross margin of 60.7%) in fiscal 2024. The year-over-year decrease primarily reflects lower segment sales, partially offset by higher product margins.

Telematics segment gross profit for the year increased to \$5.1 million (gross margin of 65.6%), from \$4.6 million (gross margin of 68.5%) in fiscal 2024, reflecting higher sales due to new customer wins.

Operating Expenses

Segment	Three months ended June 30,		Years ended June 30,	
	2025	2024	2025	2024
Video and Broadband Solutions	\$ 28,623	\$ 20,194	\$ 90,525	\$ 76,635
Content Delivery and Storage	6,052	8,509	27,226	31,568
Telematics	1,130	1,061	4,186	3,822
Total operating expense	\$ 35,805	\$ 29,764	\$ 121,937	\$ 112,025

Three-Month Results

For the three months ended June 30, 2025, total operating expenses increased to \$35.8 million, from \$29.8 million in Q4 fiscal 2024 and \$27.2 million in Q3 fiscal 2025. As a percentage of sales, Q4 operating expenses were 52%, as compared to 34% in Q4 fiscal 2024.

Video and Broadband Solutions operating expenses were \$28.6 million, compared to \$20.2 million in Q4 fiscal 2024 and \$19.4 in Q3 fiscal 2025. The year-over-year increase primarily reflects impairment expense of \$6.9 million on certain deferred development assets (as noted below) combined with increased finished goods inventory allowances, operating costs associated with the Falcon acquisition and higher deferred development amortization, partially offset by lower bonus expense and savings realized from the restructuring program initiated in the second quarter. The \$9.2 million quarter-over-quarter increase primarily reflects the same factors.

Content Delivery and Storage operating expenses decreased to \$6.1 million in Q4 fiscal 2025, from \$8.5 million in the same period of fiscal 2024 and \$6.7 million in Q3 fiscal 2025. The year-over-year change was primarily driven by lower general and administrative and sales and marketing expense resulting from lower shared service allocations. The quarter-over-quarter decrease mainly reflects lower commissions and shared service cost allocations.

Telematics operating expenses were \$1.1 million, consistent with both Q4 fiscal 2024 and Q3 fiscal 2025.

Research and development expenses for Q4 fiscal 2025 increased to \$12.0 million, or 17% of sales, from \$11.0 million, or 13% of sales in the same period of fiscal 2024. The increase primarily reflects higher deferred development cost amortization and added research and development expenses related to the Falcon V operations acquired in the second quarter, partially offset by higher capitalized development costs. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for Q4 fiscal 2025 increased slightly to \$15.7 million, or 23% of sales, from \$15.6 million, or 18% of sales in Q4 fiscal 2024. The increase reflects the impact of the Falcon V acquisition, partially offset by savings realized from the restructuring program implemented in the second quarter, together with lower bonus expense.

Sales and marketing expenses increased to \$9.8 million, or 14% of sales in Q4 fiscal 2025, from \$9.5 million, or 11% of sales in the same period last year. This primarily reflects higher finished goods inventory allowances, partially offset by decreased salary and wages costs resulting from the restructuring program implemented in the second quarter, together with lower trade show expenses.

General and administrative expenses decreased to \$6.7 million, or 10% of sales, from \$8.8 million or 10% of sales in Q4 fiscal 2024. The year-over-year decrease primarily reflects lower depreciation expense and decreased salary and bonus expense.

Impairment expense increased to \$6.9 million in Q4 fiscal 2025, from \$nil in Q4 fiscal 2024. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company.

Stock-based compensation expense increased to \$0.4 million in Q4 fiscal 2025, from \$0.2 million in Q4 fiscal 2024. The year-over-year change reflects an increase in PSUs outstanding and grant date fair value vesting in Q3 fiscal 2025 compared to the prior-year period.

Other expense was \$nil in Q4 fiscal 2025, compared to \$0.2 million in Q4 fiscal 2024, reflecting advisory fees related to M&A activity in the prior-year period.

Twelve-Month Results

For the year ended June 30, 2025, total operating expenses increased to \$121.9 million, from \$112.0 million in fiscal 2024. The year-over-year increase primarily reflects impairment expense of \$6.9 million on certain legacy deferred development assets combined with restructuring costs, additional research and development costs related to our newly acquired Falcon V operations, and the negative impact on expenses of a stronger US dollar. These increases were partially offset by lower general and administrative costs, primarily due to a decrease in depreciation expense and advisory fees incurred in the prior-year period. As a percentage of sales, fiscal 2025 operating expenses were 43%, as compared to 38% in fiscal 2024.

Video and Broadband Solutions operating expenses increased to \$90.5 million in fiscal 2025, from \$76.6 million in fiscal 2024. The \$13.9 million increase primarily reflects impairment expense of \$6.9 million on certain deferred development assets (as noted below), combined with restructuring costs, higher research and development costs mainly related to the acquired Falcon V operations, and higher deferred development amortization expense. These increases were partially offset by savings realized from the restructuring program.

Content Delivery and Storage operating expenses decreased to \$27.2 million in fiscal 2025, from \$31.6 million in fiscal 2024. The decrease is mainly attributed to lower shared service allocations driven by lower sales and support.

Telematics operating expenses increased to \$4.2 million in fiscal 2025, from \$3.8 million in fiscal 2024, reflecting growth in sales.

Research and development expenses for fiscal 2025 increased to \$46.4 million, or 16% of sales, from \$44.2 million, or 15% of sales in fiscal 2024. The increase primarily reflects higher deferred development cost amortization and added research and development expenses related to the acquired Falcon V operations, partially offset by higher capitalized development costs and savings realized from the restructuring program implemented in the second quarter. Our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for fiscal 2025 increased to \$61.6 million, or 22% of sales, from \$58.7 million, or 20% of sales in the same period of fiscal 2024. This increase reflects the impact of the acquired Falcon V operations, combined with increased prototyping and software and licensing costs as our next-generation products move closer to commercial deployment.

Sales and marketing expenses increased slightly to \$34.8 million, or 12% of sales in fiscal 2025, from \$33.4 million, or 11% of sales in fiscal 2024. The year-over-year change primarily reflects increased travel and business development costs and higher trade show and promotion expenses, partially offset by savings realized from the restructuring program implemented in the second quarter.

General and administrative expenses decreased to \$28.6 million, or 10% of sales in fiscal 2025, from \$31.7 million, or 11% of sales in fiscal 2024. The year-over-year decrease primarily reflects lower depreciation and bonus expense.

Impairment expense increased to \$6.9 million in fiscal 2025, compared to \$nil in fiscal 2024. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company.

Restructuring costs were \$2.8 million in fiscal 2025, compared to \$nil in fiscal 2024, reflecting the workforce reduction initiated in the second quarter of fiscal 2025 in response to market conditions.

Stock-based compensation expense was \$1.9 million in fiscal 2025, compared to \$1.0 million in fiscal 2024. The year-over-year change reflects an increase in PSUs outstanding and grant date fair value vesting compared to the prior-year period.

Other expense was \$0.5 million in fiscal 2025, compared to \$1.8 million in fiscal 2024. The decrease reflects advisory fees incurred as part of M&A activity in the prior-year.

Operating Income (Loss)

Segment	Three months ended June 30,		Years ended June 30,	
	2025	2024	2025	2024
Video and Broadband Solutions	\$ (15,510)	\$ 14,194	\$ (10,649)	\$ 31,460
Content Delivery and Storage	(1,609)	(2,243)	(2,806)	(2,661)
Telematics	111	213	938	794
Total operating income (loss)	\$ (17,008)	\$ 12,164	\$ (12,517)	\$ 29,593

Three-Month Results

We incurred an operating loss of \$17.0 million in Q4 fiscal 2025, compared to income of \$12.2 million in Q4 fiscal 2024. The \$29.2 million decrease primarily reflects impairment expense of \$6.9 million and inventory allowances of \$8.3 million, together with the impact of lower VBS segment revenue and margins, partially offset by a reduction in operating costs, excluding impairment and restructuring costs.

The Video and Broadband Solutions segment generated a fourth quarter operating loss of \$15.5 million, as compared to operating income of \$14.2 million in Q4 fiscal 2024. The year-over-year decrease was primarily due to impairment expense of \$6.9 million and inventory allowances of \$8.3 million, combined with lower sales and margins.

Content Delivery and Storage recorded an operating loss of \$1.6 million in the fourth quarter, as compared to an operating loss of \$2.2 million in the same period of fiscal 2024. The year-over-year improvement primarily reflects lower operating costs, partially offset by lower sales and gross margins.

Telematics operating income decreased to \$0.1 million in the fourth quarter, from \$0.2 million in Q4 fiscal 2024, reflecting lower margins.

Finance expense was consistent at \$3.2 million in both Q4 fiscal 2025 and 2024.

Foreign exchange gain for the fourth quarter was \$1.5 million, compared to a loss of \$2.0 million in the same period of fiscal 2024. Foreign exchange gains resulted from a strengthening Canadian dollar and its impact on outstanding U.S.-denominated accounts payable.

Income tax recovery increased to \$5.6 million in Q4 fiscal 2025, from income tax expense of \$1.3 million in Q4 fiscal 2024, reflecting a net loss before taxes.

Net loss for Q4 fiscal 2025 was \$13.2 million or \$(0.54) per share, compared to net income of \$9.2 million or \$0.34 per share in Q4 fiscal 2024.

Other comprehensive loss was \$4.5 million in Q4 fiscal 2025, as compared to other comprehensive income of \$1.0 million in the same period in fiscal 2024. The decrease reflects the impact of a strengthening Canadian dollar on U.S. net assets.

Comprehensive loss for Q4 fiscal 2025 was \$17.7 million, compared to comprehensive income of \$9.2 million in Q4 fiscal 2024, reflecting the changes described above.

Twelve-Month Results

We generated total operating income of \$12.5 million during fiscal 2025, compared to \$29.6 million in fiscal 2024. The year-over-year change primarily reflects a combination of the decrease in sales from the high-margin CDS segment, lower product margins in the VBS segment, and the impact of one-time restructuring costs, partially offset by lower bonus expense.

The Video and Broadband Solutions segment generated operating income of \$10.6 million in fiscal 2025, compared to \$31.5 million in fiscal 2024. The decrease primarily reflects lower product margins and restructuring costs incurred in the second quarter.

Content Delivery and Storage recorded an operating loss of \$2.8 million in fiscal 2025, as compared to an operating loss of \$2.7 million in fiscal 2024. This slight increase in operating loss was primarily due to lower sales and the inclusion of restructuring costs, partially offset by lower allocation of support costs.

Telematics operating income increased to \$0.9 million in fiscal 2025, from \$0.8 million in fiscal 2024.

Finance expense increased to \$10.0 million in fiscal 2025, from \$7.1 million in fiscal 2024, reflecting increased interest costs associated with the revolving line of credit and accounts receivable factoring costs.

Foreign exchange loss was \$2.0 million in fiscal 2025, compared to a loss of \$1.9 million in fiscal 2024. Foreign exchange losses from a strengthening U.S. dollar negatively impacted our net U.S. dollar monetary liability position settlements throughout the year.

Income tax recovery was \$6.8 million in fiscal 2025, compared to an income tax expense of \$1.1 million in fiscal 2024.

Net loss for fiscal 2025 was \$17.8 million or \$(0.73) per share, compared to net income of \$19.4 million or \$0.80 per share in fiscal 2024.

Other comprehensive income decreased to \$0.2 million in fiscal 2025, from \$2.1 million in the prior-year reflecting a slight change to opening and ending closing exchange rates.

Comprehensive loss for fiscal 2025 increased to \$17.9 million, from comprehensive income of \$21.5 million in fiscal 2024. The year-over-year decline in comprehensive income was due to the changes described above.

8. Liquidity and Capital Resources

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

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

Operating Activities

For the three months ended June 30, 2025, cash flow provided by operating activities was \$18.9 million, compared to \$36.1 million in the three months ended June 30, 2024. The \$17.2 million decrease reflects an \$8.6 million decrease in operating cash flow combined with a \$8.6 million decrease in net working capital.

For the year ended June 30, 2025, cash flow provided by operating activities was \$54.6 million, compared to \$2.7 million for the year ended June 30, 2024. The \$51.9 million improvement reflects a \$69.6 million increase in net working capital, offset by a \$17.7 million decrease in operating cash flow.

Investing Activities

For the three months ended June 30, 2025, cash flow used in investing activities increased to \$9.2 million from \$4.2 million in the same period last year. This increase reflects deferred development expenditures of \$8.4 million (Q4 fiscal 2024 - \$7.6 million) and the purchase of property, plant and equipment of \$0.8 million (Q4 fiscal 2024 - \$0.5 million).

For the year ended June 30, 2025, cash flow used in investing activities increased to \$37.9 million from \$26.2 million in fiscal 2024. This increase reflects deferred development expenditures of \$31.3 million (fiscal 2024 - \$27.4 million), net cash payments on business combinations of \$3.9 (fiscal 2024 - \$nil), and the purchase of property, plant and equipment of \$2.9 million (fiscal 2024 - \$2.7 million), offset by \$0.2 proceeds on the sale of property, plant and equipment (fiscal 2024 - \$3.9 million).

Financing Activities

For the three months ended June 30, 2025, we repaid \$0.4 million of our long-term debt (Q4 fiscal 2024 - \$0.5 million), repaid lease liabilities of \$0.5 million (Q4 fiscal 2024 - \$0.4 million), paid dividends of \$1.3 million (Q4 fiscal 2024 - \$1.3 million), had net draws of \$11.8 million on our revolving line of credit (Q4 fiscal 2024 - \$30.0 million) and received proceeds from debt of \$6.0 million (Q4 fiscal 2024 - \$nil).

For the year ended June 30, 2025, we repaid \$1.9 million of our long-term debt (fiscal 2024 - \$1.6 million), received proceeds from exercised options of \$0.04 million (fiscal 2024 - \$0.1 million), repaid lease liabilities of \$1.6 million (fiscal 2024 - \$1.6 million), paid dividends of \$5.3 million (fiscal 2024 - \$5.3 million), made repayments on our revolving line of credit of \$17.8 million (fiscal 2024 - \$31.2 million drawn), received proceeds from debt of \$6.9 million (fiscal 2024 - \$0.9 million) and received proceeds of \$5.0 million from a shareholder loan (fiscal 2024 - \$nil).

Working Capital

Working capital represents current assets less current liabilities. Our working capital decreased to \$51.2 million at June 30, 2025, from \$73.1 million at June 30, 2024. We note that our working capital balances can be subject to significant swings from quarter to quarter. Our product shipments can be "lumpy", reflecting the requirements of our major customers. It is not unusual to ship \$5 to \$6 million of product in a one-week period. If this level of sales occurs in the first week of a succeeding quarter, we would expect to experience an increase in inventory levels and a drop in receivables in the prior quarter. Other timing issues, like contracts with greater than 30-day payment terms, also affect working capital, particularly if shipments are backend weighted for a quarter.

Accounts receivable balance decreased to \$23.9 million at June 30, 2025, from \$70.1 million at June 30, 2024. The change reflects the timing impact of factoring certain customer receivables to manage working capital requirements.

Inventories decreased by \$25.4 million to \$110.6 million at June 30, 2025, from \$136.0 million as at June 30, 2024. Finished goods inventories decreased to \$29.3 million at June 30, 2025, from \$35.0 million at June 30, 2024. Raw material inventory decreased to \$73.1 million at June 30, 2025, from \$86.4 million at June 30, 2024. Work-in-progress inventories decreased to \$8.2 million as at June 30, 2025, from \$14.6 million at June 30, 2024. We manufacture and assemble products with the result that inventory levels will be substantially higher than other companies in the industry that outsource manufacturing and assembly.

Prepaid expenses and other current assets balance increased to \$6.7 million at June 30, 2025 (June 30, 2024 - \$6.6 million).

Investment tax credits increased to \$22.2 million at June 30, 2025, from \$21.8 million at June 30, 2024. For every dollar we spend on eligible research and development in Canada, we generate approximately 15 cents in income tax credits. These credits are used to offset our income tax payable.

Accounts payable and accrued liabilities decreased to \$37.7 million at June 30, 2025, from \$57.6 million at June 30, 2024.

Financial liabilities, including the current portion, were \$0.3 million at June 30, 2025, as compared to \$2.6 as at June 30, 2024, reflecting a decrease in share price which impacted the valuation of customer-based warrants.

Long-term debt, including the current portion and lease liabilities, increased to \$28.3 million at June 30, 2025, from \$17.8 million at June 30, 2024, reflecting a \$5.0 million shareholder loan in the second quarter of fiscal 2025 and a \$6.0 million third-party loan in the fourth quarter of fiscal 2025.

Revolving Line of Credit

As at June 30, 2025, we had an authorized line of credit of \$75.0 million (June 30, 2024 - \$85.0 million), subject to a general security agreement limit as described below, of which \$50.0 million was available and \$33.9 million was drawn (June 30, 2024 - \$56.6 million available; \$51.7 million drawn). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable plus 40% of the value, up to \$42,500, of certain inventory. Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding U.S. and Canadian denominated balances. The Canadian prime rate as at June 30, 2025 was 4.95% (June 30, 2024 - 6.95%) while the U.S. prime rate was 7.50% (June 30, 2024 - 8.50%).

The line of credit is subject to customary borrowing covenants, such as minimum current ratio, senior debt to EBITDA ratio, and debt service coverage ratio. As at June 30, 2025, we were in compliance with all covenants related to the line of credit.

Factoring Programs

Accounts Receivable

As at June 30, 2025, we had a factoring arrangement with a major customer and a U.S. chartered bank, through which we could elect to expedite our accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on our consolidated statements of comprehensive income (loss). During the year ended June 30, 2025, we recognized an accounts receivable factoring cost of \$5.2 million (June 30, 2024 - \$0.3 million) in accordance with the factoring arrangement. As at June 30, 2025, \$0.1 million of outstanding accounts receivable were selected for factoring and were received in July 2025 (June 30, 2024 - \$0.5 million received in July 2024). These amounts were included in accounts receivable as at June 30, 2025 and 2024.

Accounts Payable

During the year ended June 30, 2025, we entered into a supply-chain financing (or "reverse-factoring") arrangement with a third party for certain of our accounts payable. The new payable provides an extension of 120 days on the original invoice due date. During the year ended June 30, 2025, we reverse-factored accounts payable of \$6.7 million, with the resulting payable to the third party due between June 9, 2025 and July 10, 2025, and incurred reverse-factoring expenses of \$0.2 million. As at June 30, 2025, \$3.0 million remained in accounts payable and accrued liabilities.

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
November 12, 2024	\$0.055	November 22, 2024	December 16, 2024
February 11, 2025	\$0.055	February 28, 2025	March 24, 2025
May 13, 2025	\$0.055	May 30, 2025	June 23, 2025
September 23, 2025	\$0.055	October 10, 2025	November 3, 2025

Contractual Obligations

As at June 30, 2025, lease liabilities reported in our consolidated statements of financial position were \$5.2 million. Our lease liabilities do not include short-term leases and low-value asset leases, as permitted under IFRS 16, and are of nominal value.

As at June 30, 2025, our undiscounted future cash payments in respect of our lease liabilities were as follows: due within one year is \$1.5 million; due between two-to-five years is \$4.1 million; and thereafter is \$0.2 million.

At June 30, 2025, contractual purchase obligations to certain contract manufacturers due within a year that are not recognized as liabilities were \$26.9 million (June 30, 2024 - \$31.0 million). Related inventory deposits paid to these contract manufacturers and classified as prepaid expenses were \$2.0 million (June 30, 2024 - \$2.2 million).

Foreign Exchange

Approximately 96% of our revenues are denominated in U.S. dollars. We translate U.S. dollar sales to Canadian dollars on the date of delivery and subsequently when the accounts receivable is collected. If the U.S. dollar appreciates relative to the Canadian dollar after we collect the accounts receivable in U.S. dollars, we will receive more Canadian dollars when the U.S. dollars are converted to Canadian dollars in subsequent months. We also enjoy a natural hedge since the majority of our materials and components purchased are in U.S. dollars.

As at June 30, 2025, the exchange rate on the Canadian dollar relative to the U.S. dollar remained constant at \$1.368 as at June 30, 2024.

Financial Instruments

We periodically enter into forward contracts to partially manage our exposure to currency fluctuations between Canadian and U.S. dollars. Forward contracts are entered into based on our projected requirements for converting U.S. to Canadian dollars. We do not recognize these contracts in the consolidated financial statements when they are entered into, nor do we account for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes to fair value are recorded in income. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position. We had no forward contracts outstanding at June 30, 2025.

9. Off-Balance Sheet Arrangements

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

10. Transactions Between Related Parties

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

The company had the following related party transactions in fiscal 2025:

Building Lease

We entered into a building lease on August 1, 2022 with one of our principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2025, total lease payments, including interest, were \$0.1 million (June 30, 2024 - \$0.2 million). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholder and therefore, no longer subject to a related party relationship.

Shareholder Loan

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

There were no other related party transactions in fiscal 2025.

11. Proposed and Completed Transactions

We continually review potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value.

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

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

12. Critical Accounting Estimates

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

Functional currency

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

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

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

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

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

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

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

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

Revenue from contracts with customers and deferred revenue

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

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

Deferred development costs

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

Impairment of non-financial assets

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

Share-based compensation

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

The assumptions within the Black-Scholes option-pricing model used for estimating fair value for share-based compensation are as follows:

Years ended June 30,		2025	2024
Weighted average share price	\$	15.70	\$ 17.14
Expected option life		6 years	6 years
Risk-free rate of return		2.95 %	3.89%
Volatility factor		30.66 %	27.71%
Expected dividends		1.40 %	1.29%
Forfeiture rate		5.55 %	4.75%

Income taxes

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

Leases

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

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

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

Other areas

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

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

13. Accounting Pronouncements and Standards

Adoption of amendments to accounting standards

The following amended standards and interpretations issued by the IASB were adopted in the first quarter of fiscal 2025:

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 adoption of this amendment did not have a material impact on our financial statements.

Recent accounting pronouncements

The following new and amended standards and interpretations issued by the IASB is effective after our June 30, 2025 year-end date and have not yet been adopted by us:

IFRS 18, “Presentation and Disclosure in Financial Statements”

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

Amendment to IFRS 9, “Financial Instruments”, and IFRS 7, “Financial Instruments: Disclosures”

On May 30, 2024, the IASB issued amendments to IFRS 9, “Financial Instruments”, and IFRS 7, “Financial Instruments: Disclosures”. The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively. We are currently evaluating the impact of the amendments on our Consolidated Financial Statements.

14. Disclosure Controls and Procedures

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

Our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have evaluated the effectiveness of our disclosure controls and procedures as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as at June 30, 2025.

15. Internal Control over Financial Reporting

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

Our CEO and CFO have evaluated the effectiveness of the internal control over financial reporting as at June 30, 2025 in accordance with Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this evaluation, our CEO and CFO have determined that the internal control over financial reporting is effective as at June 30, 2025. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2024 and ended on June 30, 2025 that has materially affected, or is reasonably likely to materially affect our internal controls on financial reporting.

16. Legal Proceedings

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

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

17. Risks and Uncertainties

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

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

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

While we maintain multi-layered security controls and engage with third-party providers that implement similar controls, no system is immune. We continue to invest in enhancing our cyber defense posture, with recent initiatives focused on improving resilience, detection, and response capabilities. Additionally, our employees are required to participate in ongoing security awareness training, which consists of routine written communications, video-based training, quizzes, and simulated phishing attempts. As threat vectors evolve rapidly, we may need to commit additional resources to update or strengthen these capabilities.

A successful cyberattack could materially adversely affect our business, financial conditions, and results of operations. Threat actors are using increasingly advanced techniques, including those augmented by artificial intelligence, which can evade traditional detection methods and remain dormant until triggered. Such methods may make it more difficult to anticipate, detect, and respond to cybersecurity incidents.

In addition to traditional cybersecurity concerns, we recognize the emerging risks and benefits associated with the use of artificial intelligence across our operations. While artificial intelligence may offer enhanced productivity, threat detection, and automation capabilities, it may also introduce new vulnerabilities to cybersecurity threats, such as model exploitation, data poisoning, or unauthorized decision-making. We are actively assessing and adapting our risk-management framework and disclosure practices to ensure that such risks are evaluated, disclosed, and mitigated in line with industry standards.

Third-party risks remain a significant concern, particularly where we rely on integrated systems or data sharing arrangements with vendors and service providers. Although we require third parties to comply with ISO 27001 information security requirements and have contractual provisions in place addressing cybersecurity and data privacy, these efforts do not guarantee protection against breaches from third-party sources. Vulnerabilities in third-party software, inadequate vendor security controls, or operational failures could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. Given the complexity of our supply chain, our ability to monitor and enforce cybersecurity practices across all external relationships carries risks and uncertainties.

In the event of a security breach, we could be subject to public scrutiny, regulatory action, loss of customer trust, loss of trust from third parties with whom we conduct business, or adverse impacts on the market perception of our effectiveness. Such outcomes could have a material adverse effect on our business, financial condition, and results of operations.

The security of the information and technology systems used by us and our service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in our business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or a service provider may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders (and the beneficial owners of stockholders). Such outcomes could have a material adverse effect on our business, financial condition, and results of operations.

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

Changes in international trade policy may materially and adversely affect us.

The United States government has adopted a new approach to trade policy and, in some cases, an intent to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. The imposition of new tariffs by the U.S. and other countries could materially and adversely affect our business, financial condition and results of operations.

On March 4, 2025, a 25% tariff on all goods originating in Canada and imported into the U.S. and a 10% tariff on "energy and energy resources" from Canada became effective. In response, the Government of Canada planned to impose 25% tariffs on an aggregate \$155 billion in goods imported from the U.S., coming into effect in two phases beginning March 4, 2025. The Government of Canada indicated that these measures would remain in place until the U.S. trade action is withdrawn and, if U.S. tariffs remain in place, further consideration would be given to non-tariff measures against the U.S. Several provincial governments have also indicated they are actively exploring their own countermeasures to the U.S. tariffs.

On March 6, 2025, the U.S. government announced it agreed to suspend tariffs on products that are qualified for preferential entry under the rules of the Canada-United States-Mexico Agreement ("CUSMA"), a reprieve that has been extended indefinitely. As a result of the U.S. decision, Canada said it would not proceed with a second wave of tariffs on U.S. products and ultimately lifted most of its initial retaliatory tariffs, effective September 1, 2025.

Although discussions regarding a potential end to the U.S. tariffs and retaliatory trade measures are ongoing, the full impact and duration of such measures remain uncertain. Furthermore, there is a possibility that the trade dispute could escalate further. Additional measures imposed could include, among others, increased tariffs on imports to the U.S., restrictions on cross-border supply chains, or additional regulatory barriers that could impact our ability to access international markets and conduct business efficiently. The future status of certain international trade agreements to which Canada, or other countries involved in our supply chain are party, remains uncertain.

The implementation of additional tariffs, or any future escalation in trade barriers, could make it more difficult or costly to export products to the U.S. and increase the cost of components and raw materials that we source for our U.S.-based manufacturing and procurement framework. These increased costs could reduce profit margins, necessitate price adjustments, dampen customer demand, or disrupt supply chain continuity, all of which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, supply chain disruptions, increased procurement costs, and the potential need to identify alternative suppliers or manufacturing locations could result in delays, increased capital expenditures, and additional logistical complexities. Trade restrictions may also influence the competitive landscape in unexpected ways given the disparate impact and exposure to U.S. tariffs. Finally, uncertainty surrounding future trade policies may result in volatility in foreign exchange rates and input costs, further complicating our ability to strategically plan and allocate resources efficiently.

We cannot predict the extent to which the U.S. or other countries will impose quotas, duties, tariffs, taxes or other trade restrictions or retaliatory measures on the import or export of goods in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers and the economy, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

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

The exploration and adoption of artificial intelligence (“AI”), including machine learning and generative AI, may expose us to new and evolving risks that could materially adversely affect our business, financial condition, and results of operations. Although we have not yet fully implemented AI technologies across our operations, we are evaluating their applicability in areas such as predictive maintenance, network optimization, manufacturing automation, and support functions.

The integration of AI into our business carries operational risks and uncertainties. There can be no assurance that future AI initiatives will perform as intended, be cost effective, or deliver competitive advantages. However, any failure by us to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or commercial opportunity. The pace of innovation in AI is accelerating, and the cable and telecommunications industry is likely to experience heightened competitive pressure based on advancing AI capabilities.

The regulatory landscape surrounding AI is evolving in Canada and internationally. Proposed Canadian measures (including the Artificial Intelligence and Data Act (AIDA) under Bill C-27) and existing privacy laws (such as PIPEDA and provincial reforms, including Québec’s Law 25), together with the EU AI Act and U.S. executive and agency actions, signal heightened scrutiny and potential compliance obligations. These frameworks may require new or enhanced controls, documentation, impact assessments, transparency and vendor oversight. Ensuring compliance could require significant legal, operational and technology investments. Failure to meet applicable standards could result in investigations, fines, litigation or reputational harm.

AI adoption also presents data privacy, cybersecurity and intellectual property risks, as well as new risks specific to AI, which are not yet fully understood or appreciated. Training or fine-tuning models on third-party or public content may raise licensing, database or derivative-works issues, and generative outputs may inadvertently infringe third-party rights or incorporate personal information. Employee use of public AI tools may lead to unauthorized disclosure of confidential or proprietary information. Reliance on third-party AI vendors or cloud models may create additional security, data transfer and contractual risks.

The legal, technical, and reputational risks associated with AI remain difficult to predict given the early-stage nature of these technologies and speed of development. Even preliminary use could draw public scrutiny, regulatory action, loss of customer trust, or loss of trust from third parties with whom we conduct business especially where perceived ethical or legal risks are present. Any of the foregoing could materially adversely affect our business prospects, financial performance and reputation as we evaluate broader integration of AI into our operations.

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

We may conduct business in regions which have experienced high levels of business corruption and other criminal activity. We are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which we do business.

However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering terrorism financing and sanctions circumvention and corruption. The failure of some of the governments where we do business to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption or evidence of money laundering in those countries could adversely affect the ability of those countries to attract foreign investment and thus have a material adverse effect on its economy which in turn could have a material adverse effect on our business, results of operations and financial condition.

Moreover, findings against us, our directors, our officers or our employees, or their involvement in corruption or other illegal activity could result in significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions and debarment from government contracts, as well as other remedial measures, against us, our directors, our officers or our employees. Any government investigations or other allegations against us, our directors, our officers or our employees, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage our reputation and our ability to do business and could have a material adverse effect on our business, results of operations and financial condition.

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

18. Outstanding Share Data

As at September 24, 2025, we had 24,314,594 common shares outstanding as well as stock options outstanding that are exercisable for an additional 32,000 common shares, and performance share units outstanding that are exercisable for an additional 543,657 common shares.

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by 684739 B.C. Ltd. (the "Principal Shareholder") which is beneficially owned by Dr. Surinder Kumar, Sumit Kumar and Saket Kumar. As at June 30, 2025, the Principal Shareholder collectively owned approximately 57% of Vecima's common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

19. Additional Information

Financial Governance

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

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

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

Forward-Looking Information

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

Forward-looking information in this MD&A includes, but is not limited to, statements that: We believe that our current working capital position, access to loan facilities and anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future; with respect to the Company's EN3400 product, initial orders with a Tier 1 operator have been secured with deliveries expected to commence in Q2 fiscal 2026 and the deployment of our new Entra Power Holdover Modules (PHM) will provide reliable protection from power fluctuations to Vecima's cable and fiber access platforms in the field and are expected to provide a significant contribution to revenues in fiscal 2026, and that we are continuing with the payment of our quarterly dividend. Forward-looking information also includes our Strategy, our Industry Developments and our Outlook in this MD&A.

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

intellectual property. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: higher import duties on key raw materials and finished goods may raise production and procurement costs; disruptions in supply chains may lead to significant operational challenges; our statement of financial position, as well as the value of our core technologies, changes in trade policies could lead to delays, higher costs, and potential shortages of critical components; potential countermeasures between United States, Canada, China, and Mexico could impact our ability to export goods or maintain competitive pricing in those markets; business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from the exercise of stock options or settlement of performance share units; liquidity of common shares; our share price shall fluctuate; we may be unable to deliver products associated with key contracts; failure to manage our business or growth successfully may adversely affect our operating results; if we cannot meet our customers' requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; we continue to adapt content delivery products to add features allowing deployments to cable, IPTV, and Internet CDN providers to enable multi-screen video delivery; the failure to execute on this transition or execute quickly enough, may adversely affect our business; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for our products would be more limited than we currently believe; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders generally large in volume, while availability of parts and production capacity can influence the timing of product deliveries; our operations depend on information technology systems, which may be disrupted or may not operate as desired; our ability to recruit and retain management and other qualified personnel is crucial to our business; if we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected; our reliance on third party suppliers and contract manufacturers reduces our control over our performance; if our intellectual property is not adequately protected, we may lose our competitive advantage; failure to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or commercial opportunity; adoption of AI may not yield benefits to the extent anticipated, if at all; we utilize open source software, which could enable our competitors to gain access to our source code and distribute it without paying us any license fees; we have software license agreements covering the use of our software as combined with software provided by specific key integrated circuit vendor(s) and the associated integrated circuits provided by those vendor(s), failure to maintain these agreements or maintain them with commercially reasonable terms could limit our ability to market certain products and affect our business; successful warranty or product liability claims could harm our business; acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders; there are risks associated with our international operations; impacts to trade relationships between the United States and China may adversely affect Vecima's profitability; currency fluctuations may adversely affect us; changes in interest rates on debt securities may adversely affect us; growth in our key markets may not continue; our inability to adapt to technological change, new products and standards could harm our business; increased competition could have an adverse effect on our business; competition from new or existing technologies may adversely affect our business; the cable and telecommunications industries are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Vecima's business; government regulation of our products and new government regulation could harm our business; third parties may allege that we infringe on their intellectual property; we may be subject to liability if private information supplied to our customers is misused; and epidemics, pandemics or other public health crises. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties" above and under the heading "Risk Factors" in our Annual Information Form for our most recently completed fiscal year, as well as in our continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca.

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

forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.