



Audited Annual Consolidated Financial Statements of

VECIMA NETWORKS INC.

For the years ended June 30, 2025 and 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The consolidated financial statements, for the year ended June 30, 2025, have been audited by Doane Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Doane Grant Thornton has full and free access to the Audit Committee.

/s/ "Sumit Kumar"
Sumit Kumar
Chief Executive Officer
DATE: September 23, 2025

/s/ "Judson Schmid"
Judson Schmid
Chief Financial Officer
DATE: September 23, 2025

Independent Auditor's Report

Doane Grant Thornton LLP

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To the Shareholders of Vecima Networks Inc.

Opinion

We have audited the consolidated financial statements of Vecima Networks Inc. (the "Company") which comprise the consolidated statements of financial position as at June 30, 2025, 2024 and July 1, 2023, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vecima Networks Inc. as at June 30, 2025, 2024 and July 1, 2023 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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

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

As discussed in Note 2(m), 2(p) and Note 12 to the consolidated financial statements, development costs incurred by the Company are capitalized and deferred as finite-life intangible assets. Intangible assets with a finite-life, which are not yet available for use are required to be tested for impairment at least annually. As at June 30, 2025 the balance of such costs is \$52 million, which is included in the total balance of intangible assets. During the year ended June 30, 2025, the Company recognized an impairment loss in the amount of \$6.9 million on capitalized deferred development costs.

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

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

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

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

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 33 to the consolidated financial statements, which explains that certain comparative information for the year ended June 30, 2024 and as at July 1, 2023 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Doane Grant Thornton LLP

Toronto, Canada
September 24, 2025

Chartered Professional Accountants
Licensed Public Accountant

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

As at June 30,	Note	2025	2024 (Restated - Note 33)	July 1, 2023 (Restated - Note 33)
Assets				
Current assets				
Cash and cash equivalents	5	\$ 3,441	\$ 2,136	\$ 2,278
Accounts receivable	6	23,916	70,139	57,662
Income tax receivable		1,690	359	530
Inventories	7	110,631	136,040	101,601
Prepaid expenses and other current assets	8	6,685	6,632	13,695
Contract assets	20,27	1,159	2,276	2,707
Total current assets		147,522	217,582	178,473
Non-current assets				
Property, plant and equipment	9	10,935	11,908	15,683
Right-of-use assets	10	4,824	4,670	2,364
Goodwill	11	16,934	15,308	15,049
Intangible assets	12	101,610	93,893	82,991
Investment tax credits	13	22,157	21,760	24,252
Deferred tax assets	14	27,656	21,420	11,576
Other long-term assets		431	1,282	1,298
Total assets		\$ 332,069	\$ 387,823	\$ 331,686
Liabilities and shareholders' equity				
Current liabilities				
Revolving line of credit	15	\$ 33,938	\$ 51,732	\$ 20,513
Accounts payable and accrued liabilities	16	37,694	57,583	47,162
Provisions	17	874	591	1,978
Income tax payable		–	2,757	7,808
Deferred revenue	20	15,226	15,856	15,086
Current portion of financial liability	27	290	1,773	–
Current portion of long-term debt	18,33	8,336	14,207	15,114
Total current liabilities		96,358	144,499	107,661
Non-current liabilities				
Provisions	17	460	375	387
Deferred revenue	20	1,755	3,511	4,716
Long-term portion of financial liability	27	–	853	–
Long-term debt	18,33	19,927	3,625	1,269
Total liabilities		118,500	152,863	114,033
Shareholders' equity				
Share capital	19	24,152	24,117	23,997
Reserves		5,966	4,120	3,111
Retained earnings		181,857	204,968	190,926
Accumulated other comprehensive income		1,594	1,755	(381)
Total shareholders' equity		213,569	234,960	217,653
Total liabilities and shareholders' equity		\$ 332,069	\$ 387,823	\$ 331,686

*Contractual Obligation - Note 30; Subsequent Event - Note 34
The accompanying notes are an integral part of these consolidated financial statements.*

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

Years ended June 30,	Note	2025	2024
Sales	20	\$ 285,863	\$ 291,047
Cost of sales:			
Cost of product and services		168,015	150,020
Write-down (recovery) of inventory to net realizable value	7	8,428	(591)
Total cost of sales		176,443	149,429
Gross profit		109,420	141,618
Operating expenses			
Research and development		46,402	44,169
Sales and marketing		34,751	33,358
General and administrative		28,642	31,660
Impairment of intangible assets	12	6,949	–
Restructuring costs	17,32	2,798	–
Share-based compensation	19	1,855	1,033
Other expense	21	540	1,805
Total operating expenses		121,937	112,025
Operating income (loss)		(12,517)	29,593
Finance expense	22	(10,000)	(7,124)
Foreign exchange loss		(2,033)	(1,935)
Income (loss) before income taxes		(24,550)	20,534
Income tax expense (recovery)	14	(6,788)	1,143
Net income (loss)		\$ (17,762)	\$ 19,391
Other comprehensive income (loss)			
Item that may be subsequently reclassified to net income			
Exchange differences on translation of foreign operations		\$ (161)	\$ 2,136
Comprehensive income (loss)		\$ (17,923)	\$ 21,527
Net income (loss) per share			
Basic	23	\$ (0.73)	\$ 0.80
Diluted	23	\$ (0.73)	\$ 0.80
Weighted average number of common shares			
Shares outstanding – basic	23	24,313,618	24,307,418
Shares outstanding – diluted	23	24,313,618	24,333,407

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

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

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at June 30, 2023		\$ 23,997	\$ 3,111	\$ 190,926	\$ (381)	\$ 217,653
Net income		–	–	19,391	–	19,391
Other comprehensive income		–	–	–	2,136	2,136
Dividends		–	–	(5,349)	–	(5,349)
Shares issued by exercising options	19	120	(24)	–	–	96
Share-based payment expense	19	–	1,033	–	–	1,033
Balance as at June 30, 2024		24,117	4,120	204,968	1,755	234,960
Net loss		–	–	(17,762)	–	(17,762)
Other comprehensive loss		–	–	–	(161)	(161)
Dividends		–	–	(5,349)	–	(5,349)
Shares issued by exercising options	19	35	(9)	–	–	26
Share-based payment expense	19	–	1,855	–	–	1,855
Balance as at June 30, 2025		\$ 24,152	\$ 5,966	\$ 181,857	\$ 1,594	\$ 213,569

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

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

Years ended June 30	Note	2025	2024
OPERATING ACTIVITIES			
Net income (loss)		\$ (17,762)	\$ 19,391
Adjustments for non-cash items:			
Loss (gain) on sale of property, plant and equipment		128	(2,357)
Depreciation and amortization	29	24,740	22,275
Impairment of intangible assets	12	6,949	–
Share-based compensation	19	1,855	1,033
Warrant (recovery) expense	27	(1,752)	2,024
Write-down (recovery) of inventory to net realizable value	7	8,274	(553)
Income tax (recovery) expense	14	(865)	10,763
Deferred income tax recovery	14	(5,923)	(9,620)
Interest expense	22	10,024	7,136
Interest income	22	(24)	(7)
Net change in working capital	29	41,946	(27,668)
Increase in other long-term assets		388	142
Increase (decrease) in provisions	17	377	(1,377)
Decrease in investment tax credits	13	(173)	(135)
Income tax paid		(3,223)	(12,154)
Interest received		49	6
Interest paid		(10,379)	(6,186)
Cash provided by operating activities		54,629	2,713
INVESTING ACTIVITIES			
Capital expenditures	29	(2,862)	(2,659)
Proceeds from sale of property, plant and equipment	29	161	3,861
Business acquisitions, net of cash acquired	4	(3,881)	–
Deferred development costs	12	(31,290)	(27,395)
Cash used in investing activities		(37,872)	(26,193)
FINANCING ACTIVITIES			
Net (repayments) draws from revolving line of credit	18	(17,794)	31,219
Principal repayments of lease liabilities	18	(1,597)	(1,646)
Repayment of short and long-term debt	18	(1,911)	(1,620)
Proceeds from short and long-term debt	18	6,935	919
Proceeds from shareholder loan	18	5,000	–
Dividends paid	19	(5,349)	(5,349)
Issuance of shares through exercised options	19	35	96
Cash (used in) provided by financing activities		(14,681)	23,619
Net increase in cash and cash equivalents		2,076	139
Effect of change in exchange rates on cash		(771)	(281)
Cash and cash equivalents, beginning of year		2,136	2,278
Cash and cash equivalents, end of year		\$ 3,441	\$ 2,136

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

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1. NATURE OF THE BUSINESS

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

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

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The consolidated financial statements of the Company for each of the years ended June 30, 2025 and 2024, were approved by the Board of Directors and authorized for issue on September 23, 2025.

(b) Basis of presentation

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

(c) Basis of consolidation (subsidiaries)

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

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

(d) Cash and cash equivalents

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

(e) Revenue recognition

General policy

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

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

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

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

Recognition of revenue from products and services

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

VECIMA NETWORKS INC.
Notes to the Consolidated Financial Statements
Years ended June 30, 2025 and 2024
(in thousands of dollars except otherwise noted)

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

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

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

(f) Business combinations

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

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

(g) Inventories

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

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

(h) Property, plant and equipment

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

(i) Leases

Lessee accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Goodwill

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

(k) Intangible assets

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

- **Indefinite-life intangible assets**

Indefinite-life intangible assets consist of other licenses.

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

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

- **Finite-life intangible assets**

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

(l) Government assistance and grants

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

(m) Research and development

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

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

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

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

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

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

(n) Investment tax credits

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

(o) Borrowing costs

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

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

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

(p) Impairment

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

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

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

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

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

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

(q) *Income taxes*

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

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

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

(r) *Foreign currency translation*

Functional and presentation currency

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

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

Foreign operations

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

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

(s) Financial instruments

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

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

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

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

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

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

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

(t) Fair value of financial instruments

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

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

(u) Provisions

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

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

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

(v) Net income (loss) per share

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

(w) Share-based compensation

Stock options

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

Performance Share Units (PSUs)

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

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

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

(x) Treasury shares

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

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

The following amended standards and interpretations issued by the IASB were adopted in fiscal 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 the Company's financial statements.

(z) Accounting standards issued but not yet applied

The following new or amended standards and interpretations issued by the IASB are effective after the Company's June 30, 2025 year-end date and have not yet been adopted by the Company:

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

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

(aa) Accounts receivable factoring

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

(ab) Customer-based warrants

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

(ac) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Such reclassifications include commission expense from cost of good sold to operating expenses.

3. USE OF JUDGMENTS AND ESTIMATES

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

(a) Use of judgments

Functional currency

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

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

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

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

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

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

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

Sales by 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 stand-alone selling price for each. If the stand-alone selling price is not observable, the Company estimates the stand-alone selling price for each distinct performance obligation based on a related cost plus margin, taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

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

Deferred development costs

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

Income taxes

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

Leases

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

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

(b) Use of estimates

Impairment of non-financial assets

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

Share-based compensation

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

Income taxes

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

Leases

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

Other areas

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

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

4. BUSINESS COMBINATIONS

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

On October 11, 2024, the Company acquired all outstanding shares of Falcon V Systems S.A. ("Falcon") for total cash consideration of \$5,229, plus an additional \$622 paid for excess cash as defined in the share purchase agreement. Falcon is a Poland-based provider of vendor-agnostic, virtualized software solutions and services for Broadband Services Providers worldwide, and their key products have been integrated into the Company's Entra Cloud portfolio of open, interoperable, cloud-native applications. In accordance with the acquisition, the Company incurred \$391 of acquisition-related costs included in other expense (refer to Note 21 - Other Expense).

Acquisition completed on October 11, 2024:	Falcon
Total consideration	
Cash paid	\$ 5,229
Working capital adjustment	622
	\$ 5,851
Net identifiable assets acquired (liabilities assumed)	
Cash	\$ 1,970
Accounts receivable	524
Prepaid expenses	18
Property, plant and equipment	52
Intangible assets	3,171
Deferred tax asset	389
Accounts payable	(1,651)
	\$ 4,473
Purchase price allocation	
Net identifiable assets acquired	\$ 4,473
Goodwill	1,378
	\$ 5,851
Net cash inflows (outflows)	
Cash consideration paid	\$ (5,851)
Cash acquired	1,970
	\$ (3,881)

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of this transaction constituted a business combination. Management gathered the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. For the year ended June 30, 2025, Falcon accounted for \$5,700 in revenues and \$3,068 in net income before income taxes from the acquisition date. Results from July 1, 2024 to the acquisition date are not reflective of current operations and impractical to report on and therefore have been excluded as permitted under IFRS.

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(in thousands of dollars except otherwise noted)

Intangible assets consist of a backlog asset of \$2,089 attributed to a contract in place at the acquisition date and internally developed software of \$1,082. Backlog assets were valued based on the multi-period excess earnings model. The multi-period excess earnings method measures economic benefit indirectly by calculating the income attributable to an asset after appropriate returns are paid to complementary assets used in conjunction with the subject asset to produce the earnings associated with the subject asset. The internally generated software assets were valued under the relief from royalty approach. The relief-from-royalty method is a form of the income approach and measures, in lieu of ownership of the asset, what a market participant would be willing to pay a royalty to a third-party for the use of that asset. The value of the asset is estimated by the cost savings, or the relief-from-royalty.

5. CASH AND CASH EQUIVALENTS

The Company had cash on hand of \$3,441 as at June 30, 2025 (June 30, 2024 - \$2,136) and \$nil in cash equivalents (June 30, 2024 - \$nil).

6. ACCOUNTS RECEIVABLE

As at June 30,	2025	2024
Trade receivables	\$ 22,867	\$ 69,192
Less: allowance for doubtful accounts	(60)	(3)
Total trade receivables	22,807	69,189
Goods and services tax	1,058	834
Other receivables	51	116
Total accounts receivable	\$ 23,916	\$ 70,139

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

During the year ended June 30, 2025, the Company had a factoring arrangement in place with a major customer and a US chartered bank, through which the Company could elect to expedite its accounts receivables, in-part or in-full, from the customer. Fees payable to the bank are determined based on the discount period of the individual invoices factored. In accordance with IFRS 9, this fee is recorded as an accounts receivable factoring cost and has been included in Finance expenses on the Company's consolidated statements of comprehensive income (loss). During the year ended June 30, 2025, the Company recognized an accounts receivable factoring cost of \$5,192 (June 30, 2024 - \$289) in accordance with the factoring arrangement. As at June 30, 2025, \$108 of outstanding accounts receivable were selected for factoring and were received in July 2025 (June 30, 2024 - \$473 received in July 2024). These amounts were included in accounts receivable as at June 30, 2025 and 2024.

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

Balance, July 1, 2023	\$ 10
Write-offs	(7)
Balance, June 30, 2024	3
Additions to allowance	57
Balance, June 30, 2025	\$ 60

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7. INVENTORIES

As at June 30,		2025	2024
Raw materials	\$	73,090	\$ 86,401
Work-in-progress		8,247	14,594
Finished goods		29,294	35,045
Total inventory	\$	110,631	\$ 136,040

During the year ended June 30, 2025, inventories of \$142,492 (June 30, 2024 - \$123,463) were expensed through cost of sales. Additionally, upon assessment of forecasted demand due to inventories that are associated with ultimately less industry-favored variants of cable and fiber access solutions as the industry's technology solutions continue to evolve, we determined certain items to be obsolete or slow-moving resulting in write-downs of primarily raw materials. Net write-downs of inventory that were included in the cost of sales for the year ended June 30, 2025 were \$8,428 (June 30, 2024 - reversal of \$591). Net reversal of write-downs of inventory that were included in sales and marketing for the year ended June 30, 2025 were \$153 (June 30, 2024 - write-downs of \$38). Disposals of inventory for the year ended June 30, 2025 were \$308 (June 30, 2024 - \$1,991). For the year ended June 30, 2025, the carrying amount of inventory recorded at net realizable value was \$8,633 (June 30, 2024 - \$1,177) with the remaining inventory recorded at cost.

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As at June 30,		2025	2024
Payments for contract manufacturer inventory purchases and expedite fees	\$	2,637	\$ 2,250
Software licenses		1,818	2,069
Insurance		572	482
Other		1,658	1,831
Total prepaid expenses and other current assets	\$	6,685	\$ 6,632

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9. PROPERTY, PLANT AND EQUIPMENT

		Land	Land improvements & building	Lab, operating & production equipment	Other Equipment ⁽¹⁾	Total
At cost						
At July 1, 2023	\$	321	\$ 10,174	\$ 26,811	\$ 14,473	\$ 51,779
Additions		–	146	2,006	358	2,510
Disposals		–	(2,169)	(456)	(14)	(2,639)
Effect of foreign exchange		–	22	193	72	287
At June 30, 2024		321	8,173	28,554	14,889	51,937
Additions		–	89	2,490	103	2,682
Acquired through business combinations		–	–	19	33	52
Disposals		–	–	(555)	(198)	(753)
Effect of foreign exchange		–	9	72	20	101
At June 30, 2025	\$	321	\$ 8,271	\$ 30,580	\$ 14,847	\$ 54,019
Accumulated depreciation						
At July 1, 2023	\$	–	\$ 3,874	\$ 19,575	\$ 12,647	\$ 36,096
Depreciation		–	434	3,267	1,045	4,746
Disposals		–	(757)	(250)	(11)	(1,018)
Effect of foreign exchange		–	19	160	26	205
At June 30, 2024		–	3,570	22,752	13,707	40,029
Depreciation		–	240	2,370	835	3,445
Disposals		–	–	(292)	(166)	(458)
Effect of foreign exchange		–	15	45	8	68
At June 30, 2025	\$	–	\$ 3,825	\$ 24,875	\$ 14,384	\$ 43,084
Net book value						
At June 30, 2024	\$	321	\$ 4,603	\$ 5,802	\$ 1,182	\$ 11,908
At June 30, 2025	\$	321	\$ 4,446	\$ 5,705	\$ 463	\$ 10,935

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

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

During the year ended June 30, 2024, the Company reviewed its depreciation of property, plant and equipment and has determined that the straight-line method is more representative of matching the future benefit and expense over the useful life of the assets. As a result of this change in estimate, the Company booked an additional \$1,326 in depreciation expense in fiscal 2024.

Additions for the year ended June 30, 2025 were \$2,682 (June 30, 2024 - \$2,510), all of which were acquired for cash consideration.

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The following estimated useful lives have been applied to property, plant and equipment assets at June 30, 2025 and 2024:

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

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

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

Years ended June 30,	2025	2024
Cost of sales	\$ 748	\$ 409
Research and development	877	415
Sales and marketing	307	201
General and administrative	1,513	3,721
Depreciation for the year	\$ 3,445	\$ 4,746

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10. RIGHT-OF-USE ASSETS

For the years ended June 30, 2025 and 2024, the Company's right-of-use assets solely comprised of real estate leases. The table below provides details of the Company's right-of-use assets:

At cost		
At July 1, 2023	\$	7,549
Additions		3,584
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		25
At June 30, 2024		7,157
Additions		1,692
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		142
At June 30, 2025	\$	7,480
Accumulated depreciation		
At July 1, 2023	\$	5,185
Additions		1,286
Dispositions, retirements and other		(4,001)
Effect of foreign exchange		17
At June 30, 2024		2,487
Additions		1,552
Dispositions, retirements and other		(1,511)
Effect of foreign exchange		128
At June 30, 2025	\$	2,656
Net book value		
At June 30, 2024	\$	4,670
At June 30, 2025	\$	4,824

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11. GOODWILL

At July 1, 2023		\$ 15,049
Effect of foreign exchange		259
At June 30, 2024		15,308
Acquisition	Note 4	1,378
Effect of foreign exchange		248
At June 30, 2025		\$ 16,934

For the year ended June 30, 2025, goodwill includes \$3,475 attributable to brand (June 30, 2024 - \$3,476).

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

Impairment testing of goodwill

For the purposes of impairment testing at the end of the reporting period, the indefinite-life intangible assets and goodwill are allocated to cash generating units (CGUs), which represent the lowest level at which indefinite-life intangible assets are monitored for internal management purposes. The Company's recorded goodwill has a carrying value which consists of \$6,111 relating to the Telematics segment, \$9,075 relating to the Content Delivery and Storage segment, and \$1,748 relating to the Video and Broadband Solutions segment (June 30, 2024 - \$6,111, \$9,070, and \$127, respectively). The recoverable amount of the segment and the associated CGUs are based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering the next fiscal year, extrapolated based on projected growth and achieving key operating objectives for a period of less than five years. There is a material degree of uncertainty with respect to the estimates of the recoverable amount of the cash generating units' assets given the necessity of making key economic assumptions about the future.

The value-in-use calculation uses discounted cash flow projections which employ the following key assumptions: future cash flows and growth projections, including economic risk assumptions and estimates of achieving key operating metrics and drivers; and the weighted average cost of capital. The projected cash flows have been prepared based on management's past experience and expected demand and cost for the products. The pre-tax discount rate applied to cash flow projections reflect the current market assessment of risk and was based on an estimate of weighted average cost of capital taking into account assessments by third party experts. The pre-tax discount rates used in our testing of the CGU's ranged between 15.3% and 17.5%. As a result of this analysis, management has not identified any impairment for the Company's CGU's.

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12. INTANGIBLE ASSETS

	Indefinite-life intangible assets		Finite-life intangible assets			Total
	Spectrum and other licenses	Customer contracts	Patents	Intellectual property	Deferred development costs	
At cost						
At July 1, 2023 ⁽¹⁾	\$ 106	\$ 20,625	\$ 1,224	\$ 11,105	\$ 97,704	\$ 130,764
Additions	–	–	149	–	27,395	27,544
Investment tax credits	–	–	–	–	(1,284)	(1,284)
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)
Transfer to deferred development costs	–	–	–	(445)	445	–
Effect of foreign exchange	1	437	13	207	1,029	1,687
At June 30, 2024	107	21,062	1,386	10,867	118,472	151,894
Additions	–	–	180	–	31,290	31,470
Acquired on business combination	–	2,089	–	1,082	–	3,171
Investment tax credits	–	–	–	–	(217)	(217)
Disposals	(49)	–	–	–	–	(49)
Writedown, fully amortized	–	–	–	–	(14,437)	(14,437)
Effect of foreign exchange	1	223	–	97	(335)	(14)
At June 30, 2025	\$ 59	\$ 23,374	\$ 1,566	\$ 12,046	\$ 134,773	\$ 171,818
Accumulated amortization						
At July 1, 2023 ⁽¹⁾	\$ –	\$ 12,760	\$ 814	\$ 7,877	\$ 26,322	\$ 47,773
Amortization	–	1,973	119	1,178	12,970	16,240
Writedown, fully amortized	–	–	–	–	(6,817)	(6,817)
Effect of foreign exchange	–	283	7	180	335	805
At June 30, 2024	–	15,016	940	9,235	32,810	58,001
Amortization	–	2,512	118	824	16,289	19,743
Writedown, fully amortized	–	–	–	–	(14,437)	(14,437)
Impairment expense	–	–	–	–	6,949	6,949
Effect of foreign exchange	–	5	–	(9)	(44)	(48)
At June 30, 2025	\$ –	\$ 17,533	\$ 1,058	\$ 10,050	\$ 41,567	\$ 70,208
Net book value						
At June 30, 2024	\$ 107	\$ 6,046	\$ 446	\$ 1,632	\$ 85,662	\$ 93,893
At June 30, 2025	\$ 59	\$ 5,841	\$ 508	\$ 1,996	\$ 93,206	\$ 101,610

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

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

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Impairment of Intangible Assets

During the fourth quarter of 2025, management conducted a value-in-use calculation with a pre-tax discount rate of 15.7% and determined a \$6,949 impairment charge on certain deferred development costs within our VBS segment. The impairment charge reflects the reassessment of the long-term value of certain historical expenditures that were associated with ultimately less industry-favored variants of cable and fiber access solutions that were replaced by alternative solutions, developed or acquired, that are offered by the Company. Certain deferred development assets were deemed to have no future economic value and were fully written off, while others were partially impaired with the remaining value reallocated across other projects. Key assumptions of the value-in-use calculation are outlined in Note 11 - Goodwill.

The aggregate amount of cash research and development expenditures during the year ended June 30, 2025 was \$61,576 (June 30, 2024 - \$58,729).

13. INVESTMENT TAX CREDITS

During the year ended June 30, 2025, the Company recorded investment tax credits of \$390 (June 30, 2024 - \$1,419), with a \$217 (June 30, 2024 - \$1,284) reduction to deferred development costs and a \$173 (June 30, 2024 - \$135) reduction to research and development expenses.

14. INCOME TAXES

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

Years ended June 30,	2025	2024
Provision for warranties	\$ 293	\$ 61
Lease liabilities	933	469
Non-capital losses	2,464	946
Restricted interest and finance expense	640	—
Property, plant and equipment	1,912	2,216
Right-of-use assets	(834)	(480)
Research and development expenditures	32,599	27,435
Accrued expenses	374	596
Unrealized foreign exchange losses (gains)	(1,388)	541
Intangible assets	(11,713)	(12,968)
Deferred Revenue	941	1,287
Other	1,435	1,317
Net total deferred tax asset	\$ 27,656	\$ 21,420

The Company has recognized deferred tax assets in the amount of \$27,656 (June 30, 2024 - \$21,420), the utilization of which is dependent on the future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The recognition of these deferred tax assets is based on taxable income forecasts that incorporate existing circumstances that will result in positive taxable income against which non-capital losses and deductible temporary differences can be utilized.

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

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

Years ended June 30,	2025	2024
Income tax expense (recovery)	\$ (865)	\$ 10,763
Deferred income tax recovery	(5,923)	(9,620)
Total income tax expense (recovery)	\$ (6,788)	\$ 1,143

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

Year ended	2025	2024
(Loss) income before income taxes	\$ (24,550)	\$ 20,534
Substantively enacted tax rates	25.7 %	25.7 %
Tax computed at Canadian statutory income tax rates	\$ (6,309)	\$ 5,277
Differences in substantively enacted future tax rates	200	64
Foreign tax rate differential	933	(774)
Expenses not deductible for tax purposes ⁽¹⁾	420	281
Federal and state tax credits	(1,744)	(2,947)
Other ⁽²⁾	(288)	(758)
Total income tax (recovery) expense	\$ (6,788)	\$ 1,143
Effective income tax rate	27.6 %	5.6 %

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

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

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

15. REVOLVING LINE OF CREDIT

As at June 30, 2025, the Company had an authorized line of credit of \$75,000 (June 30, 2024 - \$85,000), subject to a general security agreement limit as described below, of which \$49,997 was available (June 30, 2024 - \$56,587) and \$33,938 was drawn (June 30, 2024 - \$51,732). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable and 40% of certain inventory (to a maximum of \$42,500). Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding US and Canadian denominated balances. The Canadian prime rate as at June 30, 2025 was 4.95% (June 30, 2024 - 6.95%) while the US 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, the Company was in compliance with all covenants related to the line of credit.

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16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at June 30,		2025		2024
Accounts payable	\$	25,391	\$	36,344
Accrued liabilities		12,303		21,239
Total accounts payable and accrued liabilities	\$	37,694	\$	57,583

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

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

17. PROVISIONS

	Warranty	Restructuring costs	Other	Total
At July 1, 2023	\$ 625	\$ 1,175	\$ 565	\$ 2,365
Additions	431	–	261	692
Amounts utilized	(625)	(1,175)	(265)	(2,065)
Effect of foreign exchange	–	–	(26)	(26)
At June 30, 2024	431	–	535	966
Additions	412	855	251	1,518
Amounts utilized	(431)	(545)	(215)	(1,191)
Effect of foreign exchange	–	–	41	41
At June 30, 2025	\$ 412	\$ 310	\$ 612	\$ 1,334
Current portion	\$ 412	\$ 310	\$ 152	\$ 874
Long-term portion	\$ –	\$ –	\$ 460	\$ 460

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

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

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18. LONG-TERM DEBT

As at June 30,	Note	2025	2024 (Restated - Note 33)
Term credit facility	\$	519	\$ 831
Term loan facility		11,234	11,845
Shareholder loan	31	5,000	–
EDC loan		6,000	–
Insurance financing		360	367
Lease liabilities		5,150	4,789
Total term facilities and lease liabilities	\$	28,263	\$ 17,832
Current portion of term facilities and lease liabilities	\$	8,336	\$ 14,207
Long-term portion of term facilities and lease liabilities	\$	19,927	\$ 3,625

Term credit facility

The term credit facility is with a Canadian chartered bank. The facility is repayable in monthly installments of \$21 principal plus interest at Canadian prime rate of 4.95% (June 30, 2024 - 6.95%), expires in October 2025 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$3,792 and annually renews this facility with the bank. The term credit facility is recorded at amortized cost.

Term loan facility

The term loan facility is with a Canadian chartered bank, and was amended from interest only payments to a Canadian Overnight Repo Rate Average ("CORRA") loan in fiscal 2024. The facility is repayable in monthly installments of \$51 principal plus interest at the CORRA rate of 2.75% plus 0.30% (June 30, 2024 - 4.80% plus 0.30%), expires in October 2025 and is collateralized by a general security agreement. The Company has an authorized loan amount of \$12,200 and annually renews this facility with the bank. The term loan facility is recorded at amortized cost.

EDC loan

In June 2025, the Company entered into a \$16,000 credit facility in the form of a term loan with Export Development Canada ("EDC"). The loan is made available to the Company in two tranches: (1) \$6,000 to assist in the refinancing of the Company's acquisition of Falcon V Systems and (2) \$10,000 to assist the financing of capital expenditures and working capital needs to support operational expenses and inventory expansion. Each tranche is subject to interest at the Canadian prime rate (4.95% at June 30, 2025) plus 3.00%; is collateralized by a general security agreement; and is subject to covenants similar to the Company's revolving line of credit. The Company received the first tranche in June 2025 which is repayable in monthly principal installments of \$200 plus interest over three years, with the first repayment deferred until December 2025.

Subsequent to June 30, 2025, in August 2025, the second tranche was received for \$10,000, which is repayable over a period of 5 years in monthly principal installments of \$185 principal plus interest. The first repayment of the second tranche is deferred until February 2026.

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Insurance financing loan

The Company finances certain of its insurance policies with short-term loans. The short-term loans carry interest rates ranging between 7.00% to 11.00% (June 30, 2024 - 8.30% to 8.35%) and are repayable in aggregate in 12 monthly installments of \$73 (June 30, 2024 - \$58).

Assuming that the existing payment terms are the same at the renewal date, the following are the future principal repayments, by fiscal year, for the Company's total long-term debt, excluding lease liabilities, as at June 30, 2025:

2026	\$	7,059
2027		2,150
2028		1,942
2029		1,942
2030		1,836
Thereafter		8,184
Total future principal repayments	\$	23,113

Lease liabilities:

The following is a reconciliation of the Company's lease liabilities as at June 30, 2025:

Years ended June 30,	2025		2024
Lease liabilities, beginning of year	\$	4,789	\$ 2,748
Net additions during the year		1,658	3,566
Interest on lease liabilities		260	117
Principal repayments of lease liabilities		(1,597)	(1,646)
Effect of foreign exchange		40	4
Lease liabilities, end of year	\$	5,150	\$ 4,789
Current portion	\$	1,277	\$ 1,164
Long-term portion	\$	3,873	\$ 3,625

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

As at June 30,	2025	
Within one year	\$	1,477
After one year but not more than five years		4,055
More than five years		168
Total contractual lease payments	\$	5,700

19. SHARE CAPITAL

(a) Share capital

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

	Number of Shares	Carrying Value
Balance July 1, 2023	24,301,594 \$	23,997
Shares issued by exercising options	10,000	120
Balance, June 30, 2024	24,311,594	24,117
Shares issued by exercising options	3,000	35
Balance, June 30, 2025	24,314,594 \$	24,152

The Company issued 3,000 common shares through the exercise of options during the year ended June 30, 2025 (June 30, 2024 - 10,000) for cash consideration of \$30 (June 30, 2024 - \$95).

(b) Reserves

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

(c) Share-based compensation

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

Years ended June 30,	2025	2024
Stock options	\$ 18 \$	45
Performance share units	1,837	988
Total share-based compensation	\$ 1,855 \$	1,033

Stock option plan

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

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Changes in the stock option plan for the years ended June 30, 2025 and 2024 are as follows:

<i>(in number of units, except prices)</i>	Number of Options	Weighted average exercise price per option
Outstanding, July 1, 2023	37,312	\$ 13.39
Granted	9,000	17.14
Exercised	(312)	(9.50)
Cancelled	(10,000)	(9.50)
Outstanding, June 30, 2024	36,000	15.44
Granted	8,000	15.70
Exercised	(3,000)	9.88
Cancelled	(9,000)	19.93
Outstanding, June 30, 2025	32,000	\$ 14.76
Vested and exercisable, June 30, 2025	17,503	\$ 13.55

For the year ended June 30, 2025, the weighted average trading price for exercised options was \$17.23 per share (June 30, 2024 - \$16.48 per share).

At June 30, 2025, the exercise prices ranged from \$8.25 to \$17.93 per share (June 30, 2024 - \$8.25 to \$22.11), with the weighted average exercise price being \$14.76 per share (June 30, 2024 - \$15.44 per share). The options outstanding at June 30, 2025 have a weighted average contractual life of 3.31 years (June 30, 2024 - 3.63 years).

	Options outstanding			Options exercisable	
	Number	Weighted average remaining life	Weighted average exercise price per option	Number	Weighted average exercise price per option
\$8.25 to \$13.89	10,000	0.85	\$ 11.07	10,000	\$ 11.07
\$13.90 to \$15.70	8,000	5.51	15.70	-	-
\$15.71 to \$17.93	14,000	3.81	16.87	7,503	16.86
	32,000	3.31	\$ 14.76	17,503	\$ 13.55

Stock option assumptions

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

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The weighted average estimated fair value for the stock options granted during the year ended June 30, 2025 was \$4.42 per option granted (June 30, 2024 - \$4.83 per option granted). Management used the following assumptions within the Black-Scholes option-pricing model:

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%

Performance share unit ("PSU") plan

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

During the year ended June 30, 2025, the Company issued 205,566 PSUs (June 30, 2024 - 138,559 PSUs) to eligible persons under the PSU plan. These PSUs have five-year terms, and vest in three tranches upon the achievement of certain closing market trading prices of the Company's common shares for a period of twenty consecutive business days. During the year ended June 30, 2025, nil PSUs vested (June 30, 2024 - nil).

A summary of PSU activity during the years ended June 30, 2025 and 2024 is as follows:

	Number of PSUs
PSUs outstanding as at July 1, 2023	242,235
Granted	138,559
Forfeited	(12,000)
PSUs outstanding as at June 30, 2024	368,794
Granted	205,566
Forfeited	(30,703)
PSUs outstanding as at June 30, 2025	543,657

PSU valuation methodology and assumptions

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

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue

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

	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
For the year ended June 30, 2025				
Product sales	\$ 220,665	\$ 15,939	\$ 1,567	\$ 238,171
Provision of services	17,244	24,202	6,246	47,692
Total sales	\$ 237,909	\$ 40,141	\$ 7,813	\$ 285,863
For the year ended June 30, 2024				
Product sales	\$ 221,106	\$ 23,745	\$ 1,011	\$ 245,862
Provision of services	14,981	24,474	5,730	45,185
Total sales	\$ 236,087	\$ 48,219	\$ 6,741	\$ 291,047

(b) Contract assets

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

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

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Years ended June 30,		2025		2024
Balance, beginning of year	\$	2,545	\$	3,329
Net additions arising from operations		2,073		2,153
Amounts billed during the year and reclassified as accounts receivable		(2,730)		(2,439)
Deferred costs recognized as expense in the year		(455)		(562)
Effect of change in foreign currency exchange rates		(13)		64
Balance, end of year	\$	1,420	\$	2,545
To be billed and reclassified to accounts receivable during next 12 months	\$	941	\$	1,682
Deferred costs to be recognized as expense during next 12 months		197		455
Current portion, contract assets		1,138		2,137
Thereafter (included in other long-term assets)	\$	282	\$	408

(c) Deferred revenue

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

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

Years ended June 30,		2025		2024
Balance, beginning of year	\$	19,367	\$	19,802
Revenue deferred in previous period and recognized in current period		(15,873)		(15,342)
Net additions arising from operations		13,468		14,278
Effect of change in foreign currency exchange rates		19		629
Balance, end of year	\$	16,981	\$	19,367
Revenue to be recognized in the future				
Within one year	\$	15,226	\$	15,856
Between two to five years	\$	1,755	\$	3,511

21. OTHER EXPENSE

Years ended June 30,		2025		2024
Advisory fees	\$	390	\$	2,532
Contract cancellation fees		–		633
Settlement on software support costs		–		606
Gain (loss) on sale of property, plant and equipment		128		(2,357)
Other expense		22		391
Total other expense	\$	540	\$	1,805

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Advisory fees incurred during the year ended June 30, 2025 are primarily related to costs associated with the successful acquisition of Falcon V Systems (see Note 4 - Business Combinations). Advisory fees incurred during the year ended June 30, 2024 are primarily related to costs associated with the failed acquisition of certain Cable Business assets of Casa Systems Inc. and other strategic M&A activity pursued by management in the second half of fiscal 2024.

22. FINANCE EXPENSE

Years ended June 30,	Note	2025	2024
Interest income		\$ (24)	\$ (12)
Operating line interest expense		3,036	5,614
Term credit facility interest expense		734	862
Shareholder loan interest expense	31	273	–
Accounts receivable factoring costs	6	5,192	289
Accounts payable reverse-factoring costs	16	224	–
Other expense		305	254
Finance expense before interest on lease liabilities		9,740	7,007
Interest expense on lease liabilities	18	260	117
Total finance expense		\$ 10,000	\$ 7,124

23. NET INCOME (LOSS) PER SHARE

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

Years ended June 30,	2025	2024
Net income (loss)	\$ (17,762)	\$ 19,391
Weighted average number of shares outstanding:		
Basic	24,313,618	24,307,418
Dilution adjustment for stock options	–	25,989
Diluted	\$ 24,313,618	\$ 24,333,407
Net income (loss) per share: basic	\$ (0.73)	\$ 0.80
Net income (loss) per share: diluted	\$ (0.73)	\$ 0.80

Stock options and warrants could potentially dilute basic net income per share in the future. Dilutive stock options and warrants are calculated using the treasury stock method. For the year ended June 30, 2025, there were 10,000 dilutive stock options (June 30, 2024 - 25,312) which resulted in a dilution adjustment of nil shares (June 30, 2024 - 7,469), with the remaining 22,000 outstanding options (June 30, 2024 - 10,688) being anti-dilutive. For the year ended June 30, 2025, there were 361,050 warrants outstanding (June 30, 2024 - 361,050) which resulted in a dilution adjustment of nil shares (June 30, 2024 - 18,520).

24. SEGMENTED FINANCIAL INFORMATION

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

Segments

For the year ended June 30, 2025	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	\$ 237,909	\$ 40,141	\$ 7,813	\$ 285,863
Cost of sales				
Cost of materials and labour	149,965	15,361	2,689	168,015
Write-downs of inventory to net realizable value	8,068	360	–	8,428
Total cost of sales	158,033	15,721	2,689	176,443
Gross profit	79,876	24,420	5,124	109,420
Operating expenses	72,228	22,206	2,763	97,197
Depreciation and amortization	18,297	5,020	1,423	24,740
Operating income (loss)	(10,649)	(2,806)	938	(12,517)
Finance expense				(10,000)
Foreign exchange loss				(2,033)
Income tax recovery				6,788
Net loss				\$ (17,762)
Total assets	\$ 286,507	\$ 33,581	\$ 11,981	\$ 332,069
Total liabilities	\$ 101,723	\$ 15,654	\$ 1,123	\$ 118,500

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For the year ended June 30, 2024	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
Sales	\$ 236,085	\$ 48,220	\$ 6,742	\$ 291,047
Cost of sales:				
Cost of materials and labour	128,581	19,313	2,126	150,020
Recovery of inventory to net realizable value	(888)	297	–	(591)
Total cost of sales	127,693	19,610	2,126	149,429
Gross profit	108,392	28,610	4,616	141,618
Operating expenses	61,583	25,697	2,470	89,750
Depreciation and amortization	15,052	5,871	1,352	22,275
Operating income (loss)	31,757	(2,958)	794	29,593
Finance expense				(7,124)
Foreign exchange loss				(1,935)
Income tax expense				(1,143)
Net income			\$	19,391
Total assets	\$ 336,670	\$ 38,364	\$ 12,789	\$ 387,823
Total liabilities	\$ 130,434	\$ 20,968	\$ 1,461	\$ 152,863

Sales by geographical region

Years ended June 30,	2025	2024
Sales to external customers:		
United States	\$ 253,895	\$ 261,177
Canada	13,416	15,854
Japan	11,084	8,902
Europe	5,233	3,525
Other	2,235	1,589
Total sales	\$ 285,863	\$ 291,047

Non-current assets by geographical region

As at June 30,	2025	2024
Non-current assets:		
United States	\$ 79,536	\$ 65,344
Canada	97,643	103,301
Japan	1,221	534
Europe	5,521	296
China	626	766
Total non-current assets	\$ 184,547	\$ 170,241

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Sales to major customers

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

Years ended June 30,		2025		2024
Customer A	\$	188,066	\$	162,556
Customer B		15,685		35,038
Total sales to major customers	\$	203,751	\$	197,594

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

25. FAIR VALUE HIERARCHY

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

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

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

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

During the year ended June 30, 2025, there were no transfers between Level 1 and Level 2 fair value classifications. As at June 30, 2025, the Company had customer-based warrants which are classified as Level 2. Refer to Note 27 - Customer-based Warrants for further information.

26. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial risks

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

(a) Credit risk

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

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

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As at June 30, 2025, the weighted average age of customer accounts receivable was 32 days (June 30, 2024 - 34 days), and the weighted average age of past-due accounts receivable approximated 47 days (June 30, 2024 - 57 days). Accounts are considered to be past due when customers have failed to make the required payments by their contractually agreed upon due date. The aging of trade receivables that are not considered to be impaired are as follows:

As at June 30,	2025		2024	
Current	\$	20,704	\$	67,423
1 to 30 days		654		622
31 to 60 days		1,389		63
Over 60 days		60		1,081
Total accounts receivable	\$	22,807	\$	69,189

The Company maintains allowances for lifetime expected credit losses related to the allowance for doubtful accounts. Current economic conditions, forward-looking information, historical information, and reasons for the accounts being past due are all considered when determining whether to make allowances for past due accounts. The same factors are considered when determining whether to write-off amounts charged to the allowance for doubtful accounts against the customer accounts receivable. As at June 30, 2025, the Company has an allowance for doubtful accounts of \$60 (June 30, 2024 - \$3). As at June 30, 2025, the Company had two major customers who accounted for approximately 50% (June 30, 2024 - 72%) of the year-end accounts receivable balance. Customer contract assets that are not considered to be impaired within the next 12 months are \$1,138 (June 30, 2024 - \$2,276), and long-term are \$282 (June 30, 2024 - \$871).

(b) Liquidity risk

Liquidity risk arises from the Company's general funding needs and in the management of its assets, liabilities and capital. The Company manages its liquidity risk to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations in a cost-effective manner. As of June 30, 2025, the Company has access to a credit facility in the amount of \$75,000 (June 30, 2024 - \$85,000) with a Canadian chartered bank, of which the remaining amount available to be drawn under this credit facility is \$41,062 (June 30, 2024 - \$33,268).

The tables below presents a maturity analysis of the Company's financial liabilities as at June 30, 2025:

As at June 30, 2025	Carrying amount	Contractual cash flows	Less than		
			1 year	1 to 5 years	Thereafter
Accounts payable and accrued liabilities	\$ 37,694	\$ 37,694	\$ 37,694	\$ -	\$ -
Long-term debt	23,113	23,113	7,059	7,870	8,184
Lease liabilities	5,150	5,700	1,477	4,055	168
Warrant liability	290	290	290	-	-
Total financial liabilities	\$ 66,247	\$ 66,797	\$ 46,520	\$ 11,925	\$ 8,352

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(c) Currency risk

During the year ended June 30, 2025, approximately 96% (June 30, 2024 - 97%) of the Company's sales were denominated in U.S. dollars. The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. These contracts are recognized in the consolidated statements of financial position at their fair value, with changes in fair value recorded in the consolidated statements of comprehensive income (loss) in foreign exchange gain (loss). As at June 30, 2025 and June 30, 2024, there were no forward purchase contracts in place.

For the year ended June 30, 2025, if the Canadian dollar had weakened or strengthened by 1% against the U.S. dollar with all other variables held constant, net income before income taxes would have been \$813 (June 30, 2024 - \$960) higher or lower; and net income after income taxes would have been \$642 (June 30, 2024 - \$944) higher or lower.

(d) Interest rate risk

The Company is exposed to floating interest rate risk, as the required cash flows to service its debt will fluctuate as a result of changes in market rates. This risk is limited to the line of credit and long-term debt. A 1% movement in the interest rate would have resulted in a \$697 change to net income before income taxes and a \$558 change to net income after income taxes for the year ended June 30, 2025 (June 30, 2024 - \$984 and \$787, respectively).

27. CUSTOMER-BASED WARRANTS

The Company executed a warrant agreement with one of its key customers in the first quarter of fiscal 2024 to purchase up to 361,050 common shares at an exercise price of \$17.09 with vesting conditions based on the achievement of certain multi-year spending targets. The first tranche and second tranches have vested as the spending targets were met. The warrants are accounted for as financial liabilities due to their conversion features and will be remeasured to their fair market value at each reporting date until the earliest of settlement, cancellation or expiry. A binomial options pricing model was used to derive the fair value of customer based warrants. The fair value of warrants as at June 30, 2025 was \$290 (June 30, 2024 - \$2,626). Warrant vesting recovery during the year ended June 30, 2025 of \$1,755 (June 30, 2024 - expense of \$2,024), was reflected as a sales recovery and increase of revenue in the Company's consolidated statements of comprehensive income (loss).

The following is the continuity of the contract asset related to the warrants during the year ended June 30, 2025:

At July 1, 2023	\$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
Amortization		(2,024)
At June 30, 2024		602
Fair market value adjustment		(2,336)
Amortization		1,755
At June 30, 2025	\$	21
Current portion	\$	21
Long-term portion	\$	–

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The following is the continuity of the financial liability related to the warrants during the year ended June 30, 2025:

At July 1, 2023	\$	–
Fair value upon inception		1,615
Fair market value adjustment		1,011
At June 30, 2024		2,626
Fair market value adjustment		(2,336)
At June 30, 2025	\$	290
Current portion	\$	290
Long-term portion	\$	–

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

Years ended June 30,		2025		2024
Weighted average share price	\$	9.22	\$	20.89
Expected option life		5.5 years		6.5 years
Exercise price	\$	17.09	\$	17.09
Risk-free rate of return		2.85 %		3.49 %
Dividend yield		2.00 %		1.05 %
Volatility factor		30.18 %		28.00 %

28. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility while managing its cost of optimizing access to capital. The Company defines its capital as current and long-term debt (excluding lease liabilities) and shareholders' equity. The Company's capital as at June 30, 2025 was \$236,682 (June 30, 2024 - \$248,003). The Company monitors its capital structure and based on changes in economic conditions, may adjust the structure through the repurchase of shares, the issuance of shares or the use of debt facilities. The Company manages its capital structure in order to ensure sufficient resources are available to fund the development and growth of next generation products and, to fund the expansion of its manufacturing facilities, providing an opportunity to reinforce its market position.

Under its borrowing agreements, the Company must satisfy certain restrictive covenants including a minimum financial ratio for the working capital and maximum financial ratio for the debt/equity ratio and the purchase of property, plant and equipment. During the year ended June 30, 2025, the Company complied with all these capital requirements. The Company did not pledge cash or cash equivalents under these borrowing agreements.

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29. SUPPLEMENTAL INFORMATION

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

Depreciation and amortization – operating activities

Years ended June 30,		2025		2024
Depreciation of property, plant and equipment	\$	3,445	\$	4,746
Depreciation of right-of-use assets		1,552		1,289
Amortization of deferred development costs		16,289		12,970
Amortization of finite-life intangible assets		3,454		3,270
Total depreciation and amortization	\$	24,740	\$	22,275

Net change in working capital – operating activities

Years ended June 30,		2025		2024
Accounts receivable	\$	46,702	\$	(11,136)
Inventories		16,369		(33,187)
Prepaid expenses		(93)		7,304
Contract assets		875		490
Accounts payable and accrued liabilities		(19,797)		9,796
Deferred revenue		(2,110)		(935)
Total change in net working capital	\$	41,946	\$	(27,668)

Capital expenditures, net – investing activities

Years ended June 30,		2025		2024
Capital expenditures:				
Property, plant and equipment	\$	(2,682)	\$	(2,510)
Intangible assets		(180)		(149)
Proceeds of disposition:				
Property, plant and equipment		161		3,861
Total capital proceeds (expenditures), net	\$	(2,701)	\$	1,202

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

Years ended June 30,		2025		2024
Wages and salaries	\$	95,803	\$	93,157
Health care benefits		6,995		6,252
Post-employment benefits		2,508		2,359
Total employee benefits expense	\$	105,306	\$	101,768

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30. CONTRACTUAL OBLIGATION

At June 30, 2025, contractual purchase obligations due within a year that are not recognized as liabilities were \$26,878 (June 30, 2024 - \$30,994). Related inventory deposits paid to contract manufacturers and classified as prepaid expenses were \$1,968 (June 30, 2024 - \$2,219).

31. RELATED PARTY TRANSACTIONS

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

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

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

The company had the following related party transactions during the year ended June 30, 2025:

Compensation of key management personnel

Years ended June 30,	2025	2024
Salaries and short-term employee benefits	\$ 2,901	\$ 2,855
Post-employment pension	136	80
Share-based compensation - stock options and PSUs	1,645	758
Total compensation of key management personnel	\$ 4,682	\$ 3,693

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

During the year ended June 30, 2025, there were 8,000 stock options awarded to key management personnel (June 30, 2024 - 9,000). As stock options awarded are granted for six years, with vesting based on performance and are equity settled, the expense is recognized rateably over a period of years and thus only a portion of the awards are included in the table above.

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There were 205,566 PSUs awarded to key management personnel during the year ended June 30, 2025 (June 30, 2024 - 20,000). During the year ended June 30, 2025, nil PSUs vested (June 30, 2024 - nil); which had a fair value of \$nil (June 30, 2024 - \$nil). Each vested PSU is settled for one common share of the Company.

Building lease

The Company entered into a building lease on August 1, 2022 with one of the principal shareholders. The lease terms are at fair market value. During the year ended June 30, 2025, total lease payments, including interest, were \$125 (June 30, 2024 - \$188). The building was being used for additional inventory storage. As of February 1, 2025, the building was sold by the principal shareholders and therefore, no longer subject to a related party relationship.

Shareholder loan

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

32. RESTRUCTURING COSTS

During the year ended June 30, 2025, the Company incurred \$2,798 of restructuring costs pursuant to its workforce reorganization announced on December 9, 2024. As at June 30, 2025, the Company reflected a \$310 severance provision for employees who had not signed an agreement at the reporting date with the remaining \$111 included in accrued liabilities.

33. PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2025, the Company noted that its term loan facility, described in note 18, should have been presented as a current liability as at June 30, 2024 and July 1, 2023, as the maturity date was within 365 days of the year-end and an extension was not granted by the lender until subsequent to June 30, 2024 and June 30, 2023. The following adjustment was made retrospectively to the consolidated financial statements as at June 30, 2024 and July 1, 2023 as a result.

	June 30, 2024			July 1, 2023		
	Previously Stated	Adjustment	Restated	Previously Stated	Adjustment	Restated
Current portion of long-term debt	\$ 2,433	\$ 11,774	\$ 14,207	\$ 2,260	\$ 12,854	\$ 15,114
Long-term debt	\$ 15,399	\$ (11,774)	\$ 3,625	\$ 14,123	\$ (12,854)	\$ 1,269

34. SUBSEQUENT EVENT

On September 23, 2025, the Board of Directors declared a dividend of \$0.055 per common share, payable on October 10, 2025 to shareholders of record as at November 3, 2025 consistent with its previously announced dividend policy.