



*Interim Condensed Consolidated Financial Statements of*

**VECIMA NETWORKS INC.**

*For the three and six months ended December 31, 2025 and 2024*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

**VECIMA NETWORKS INC.**  
**Interim Condensed Consolidated Statements of Financial Position**  
*(unaudited - in thousands of Canadian dollars)*

As at	Note	December 31, 2025	June 30, 2025
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 3,123	\$ 3,441
Accounts receivable	3	25,394	23,916
Income tax receivable		1,692	1,690
Inventories	4	101,244	110,631
Prepaid expenses and other current assets	5	6,738	6,685
Contract assets		2,274	1,159
<b>Total current assets</b>		<b>140,465</b>	<b>147,522</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	11,318	10,935
Right-of-use assets		4,021	4,824
Goodwill		16,588	16,934
Intangible assets	7	105,260	101,610
Investment tax credits		23,045	22,157
Deferred tax assets		29,009	27,656
Other long-term assets		460	431
<b>Total assets</b>		<b>\$ 330,166</b>	<b>\$ 332,069</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Revolving line of credit	8	\$ 33,322	\$ 33,938
Accounts payable and accrued liabilities		35,281	37,694
Provisions		1,089	874
Current portion of deferred revenue		9,073	15,226
Current portion of financial liability		462	290
Current portion of long-term debt	9	11,986	8,336
<b>Total current liabilities</b>		<b>91,213</b>	<b>96,358</b>
<b>Non-current liabilities</b>			
Provisions		509	460
Deferred revenue		1,540	1,755
Long-term debt	9	24,752	19,927
<b>Total liabilities</b>		<b>118,014</b>	<b>118,500</b>
<b>Shareholders' equity</b>			
Share capital	10	24,152	24,152
Reserves		6,917	5,966
Retained earnings		179,500	181,857
Accumulated other comprehensive income		1,583	1,594
<b>Total shareholders' equity</b>		<b>212,152</b>	<b>213,569</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 330,166</b>	<b>\$ 332,069</b>

*Contractual Obligation - Note 19; Subsequent Event - Note 21  
The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

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

Periods ended December 31,	Note	Three months		Six months	
		2025	2024	2025	2024
<b>Sales</b>	11,15	\$ 73,722	\$ 71,223	\$ 144,796	\$ 153,128
<b>Cost of sales:</b>					
Cost of product and services		39,577	44,981	79,575	92,366
Write-down of inventory to net realizable value		1,052	326	2,223	675
<b>Total cost of sales</b>		<b>40,629</b>	<b>45,307</b>	<b>81,798</b>	<b>93,041</b>
<b>Gross profit</b>		<b>33,093</b>	<b>25,916</b>	<b>62,998</b>	<b>60,087</b>
<b>Operating expenses</b>					
Research and development		13,176	11,288	25,308	22,912
Sales and marketing		9,398	7,257	18,205	16,699
General and administrative		6,738	7,320	13,295	15,040
Restructuring costs		–	2,798	–	2,798
Share-based compensation	10	434	462	951	1,008
Other expense	12	39	194	25	487
<b>Total operating expenses</b>		<b>29,785</b>	<b>29,319</b>	<b>57,784</b>	<b>58,944</b>
<b>Operating income (loss)</b>		<b>3,308</b>	<b>(3,403)</b>	<b>5,214</b>	<b>1,143</b>
Finance expense	13	(2,133)	(2,345)	(5,034)	(4,718)
Foreign exchange loss		(1,360)	(4,272)	(471)	(3,764)
<b>Loss before income taxes</b>		<b>(185)</b>	<b>(10,020)</b>	<b>(291)</b>	<b>(7,339)</b>
Income tax recovery		(298)	(2,135)	(608)	(1,599)
<b>Net income (loss)</b>		<b>\$ 113</b>	<b>\$ (7,885)</b>	<b>\$ 317</b>	<b>\$ (5,740)</b>
<b>Other comprehensive income (loss)</b>					
<b>Item that may be subsequently reclassified to net income</b>					
Exchange differences on translation of foreign operations		\$ (1,173)	\$ 6,001	\$ (11)	\$ 5,089
<b>Comprehensive income (loss)</b>		<b>\$ (1,060)</b>	<b>\$ (1,884)</b>	<b>\$ 306</b>	<b>\$ (651)</b>
<b>Net income (loss) per share</b>					
Basic	14	\$ 0.00	\$ (0.32)	\$ 0.01	\$ (0.24)
Diluted	14	\$ 0.00	\$ (0.32)	\$ 0.01	\$ (0.24)
<b>Weighted average number of common shares</b>					
Shares outstanding – basic		24,314,594	24,311,812	24,314,594	24,312,185
Shares outstanding – diluted		24,314,594	24,311,812	24,315,025	24,312,185

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

**VECIMA NETWORKS INC.****Interim Condensed Consolidated Statements of Changes in Equity***(unaudited - in thousands of Canadian dollars)*

	Note	Share capital	Reserves	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at June 30, 2024		\$ 24,117	\$ 4,120	\$ 204,968	\$ 1,755	\$ 234,960
Net loss		–	–	(5,740)	–	(5,740)
Other comprehensive income		–	–	–	5,089	5,089
Dividends		–	–	(2,674)	–	(2,674)
Shares issued by exercising options	10	23	(6)	–	–	17
Share-based payment expense	10	–	1,008	–	–	1,008
<b>Balance as at December 31, 2024</b>		<b>\$ 24,140</b>	<b>\$ 5,122</b>	<b>\$ 196,554</b>	<b>\$ 6,844</b>	<b>\$ 232,660</b>
Balance as at June 30, 2025		\$ 24,152	\$ 5,966	\$ 181,857	\$ 1,594	\$ 213,569
Net income		–	–	317	–	317
Other comprehensive loss		–	–	–	(11)	(11)
Dividends		–	–	(2,674)	–	(2,674)
Share-based payment expense	10	–	951	–	–	951
<b>Balance as at December 31, 2025</b>		<b>\$ 24,152</b>	<b>\$ 6,917</b>	<b>\$ 179,500</b>	<b>\$ 1,583</b>	<b>\$ 212,152</b>

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

**VECIMA NETWORKS INC.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
*(interim - in thousands of Canadian dollars)*

Periods ended December 31,	Note	Three months		Six months	
		2025	2024	2025	2024
<b>OPERATING ACTIVITIES</b>					
Net income (loss)		\$ 113	\$ (7,885)	\$ 317	\$ (5,740)
Adjustments for non-cash items:					
Loss on sale of property, plant and equipment		22	79	34	99
Depreciation and amortization	18	7,163	6,158	14,071	11,728
Share-based compensation	10	434	462	951	1,008
Warrant expense (recovery)		49	(871)	181	(765)
Write-down (recovery) of inventory to net realizable value		979	(1,340)	2,092	(829)
Income tax expense		(1,106)	983	401	2,923
Deferred income tax recovery		808	(3,118)	(1,009)	(4,522)
Interest expense	13	2,134	2,105	5,041	4,505
Interest income	13	(1)	–	(7)	(27)
Net change in working capital	18	(2,548)	20,559	(4,297)	36,213
Decrease in other long-term assets		460	106	456	182
Increase in provisions		255	707	264	814
Increase in investment tax credits		(42)	(45)	(78)	(94)
Income tax paid		–	(526)	(3)	(1,113)
Interest received		1	–	7	27
Interest paid		(1,940)	(2,164)	(4,878)	(4,751)
<b>Cash provided by operating activities</b>		<b>6,781</b>	<b>15,210</b>	<b>13,543</b>	<b>39,658</b>
<b>INVESTING ACTIVITIES</b>					
Capital expenditures	18	(1,405)	(395)	(2,249)	(1,480)
Proceeds from sale of property, plant and equipment	18	–	56	–	153
Business acquisitions, net of cash acquired		–	(3,881)	–	(3,881)
Deferred development costs	7	(8,615)	(8,426)	(15,787)	(15,102)
<b>Cash used in investing activities</b>		<b>(10,020)</b>	<b>(12,646)</b>	<b>(18,036)</b>	<b>(20,310)</b>
<b>FINANCING ACTIVITIES</b>					
Net repayments (draws) from revolving line of credit		1,574	(3,853)	(616)	(19,620)
Principal repayments of lease liabilities	9	(395)	(418)	(812)	(655)
Repayment of short and long-term debt		(400)	(406)	(820)	(860)
Proceeds from short and long-term debt		–	–	10,000	–
Proceeds from shareholder loan		–	5,000	–	5,000
Dividends paid		(2,674)	(2,674)	(2,674)	(2,674)
Issuance of shares through exercised options		–	14	–	23
<b>Cash provided by (used in) financing activities</b>		<b>(1,895)</b>	<b>(2,337)</b>	<b>5,078</b>	<b>(18,786)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(5,134)</b>	<b>227</b>	<b>585</b>	<b>562</b>
Effect of change in exchange rates on cash		(309)	(91)	(903)	(342)
Cash and cash equivalents, beginning of period		8,566	2,220	3,441	2,136
<b>Cash and cash equivalents, end of period</b>		<b>\$ 3,123</b>	<b>\$ 2,356</b>	<b>\$ 3,123</b>	<b>\$ 2,356</b>

*The accompanying notes are an integral part of these interim condensed 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***(a) Statement of compliance***

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") under International Accounting Standard 34 - Interim Financial Reporting (IAS 34). These interim condensed consolidated financial statements do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2025.

### ***(b) Basis of presentation***

These interim condensed consolidated financial statements have been prepared using the same basis of presentation, accounting policies and methods of computation as outlined in Note 2 - Material Accounting Policies in our consolidated financial statements for the year ended June 30, 2025, except as noted below.

The interim condensed consolidated financial statements of the Company were approved by the Board of Directors and authorized for issue on February 10, 2026.

### ***(c) Recent Accounting Pronouncements***

#### 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.

**VECIMA NETWORKS INC.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**Three and six months ended December 31, 2025 and 2024**  
*(in thousands of dollars except otherwise noted)*

**3. ACCOUNTS RECEIVABLE**

As at	December 31, 2025	June 30, 2025
Trade receivables	\$ 23,970	\$ 22,867
Less: allowance for doubtful accounts	(108)	(60)
<b>Total trade receivables</b>	<b>23,862</b>	<b>22,807</b>
Goods and services tax	1,084	1,058
Government grants receivable	416	–
Other receivables	32	51
<b>Total accounts receivable</b>	<b>\$ 25,394</b>	<b>\$ 23,916</b>

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 three and six months ended December 31, 2025, the Company recognized an accounts receivable factoring cost of \$1,011 and \$2,838, respectively (December 31, 2024 - \$944 and \$2,166, respectively) in accordance with its factoring arrangement with a major customer and US chartered bank. As at December 31, 2025, \$1,733 of outstanding accounts receivable were selected for factoring and were received in January 2026 (June 30, 2025 - \$108 received in July 2025). These amounts were included in accounts receivable as at December 31, 2025 and June 30, 2025.

**4. INVENTORIES**

As at	December 31, 2025	June 30, 2025
Raw materials	\$ 60,804	\$ 73,090
Work-in-progress	14,787	8,247
Finished goods	25,653	29,294
<b>Total inventory</b>	<b>\$ 101,244</b>	<b>\$ 110,631</b>

**5. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

As at	December 31, 2025	June 30, 2025
Payments to contract manufacturers for inventory purchases	\$ 3,248	\$ 2,637
Software licenses	1,797	1,818
Insurance	417	572
Other	1,276	1,658
<b>Total prepaid expenses and other current assets</b>	<b>\$ 6,738</b>	<b>\$ 6,685</b>

**VECIMA NETWORKS INC.**  
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*(in thousands of dollars except otherwise noted)*

**6. PROPERTY, PLANT AND EQUIPMENT**

	Land	Land improvements & building	Lab, operating & production equipment	Other Equipment <sup>(1)</sup>	Total
<b>At cost</b>					
At July 1, 2025	\$ 321	\$ 8,271	\$ 30,580	\$ 14,847	\$ 54,019
Additions	–	256	1,437	324	2,017
Disposals	–	(90)	(1,256)	(47)	(1,393)
Effect of foreign exchange	–	(7)	44	(5)	32
<b>At December 31, 2025</b>	<b>\$ 321</b>	<b>\$ 8,430</b>	<b>\$ 30,805</b>	<b>\$ 15,119</b>	<b>\$ 54,675</b>
<b>Accumulated depreciation</b>					
At July 1, 2025	\$ –	\$ 3,825	\$ 24,875	\$ 14,384	\$ 43,084
Depreciation	–	136	1,307	221	1,664
Disposals	–	(89)	(1,224)	(47)	(1,360)
Effect of foreign exchange	–	(5)	(21)	(5)	(31)
<b>At December 31, 2025</b>	<b>\$ –</b>	<b>\$ 3,867</b>	<b>\$ 24,937</b>	<b>\$ 14,553</b>	<b>\$ 43,357</b>
<b>Net book value</b>					
At June 30, 2025	\$ 321	\$ 4,446	\$ 5,705	\$ 463	\$ 10,935
<b>At December 31, 2025</b>	<b>\$ 321</b>	<b>\$ 4,563</b>	<b>\$ 5,868</b>	<b>\$ 566</b>	<b>\$ 11,318</b>

<sup>(1)</sup> Other equipment includes furniture, computer hardware, and automotive equipment.

**7. INTANGIBLE ASSETS**

	Indefinite-life intangible assets	Finite-life intangible assets				Total
		Trademarks and other licenses	Customer contracts	Patents	Intellectual property	
<b>At cost</b>						
At July 1, 2025	\$ 59	\$ 23,374	\$ 1,566	\$ 12,046	\$ 134,773	\$ 171,818
Additions	–	–	232	–	15,787	16,019
Investment tax credits	–	–	–	–	(810)	(810)
Effect of foreign exchange	–	3	(1)	16	(9)	9
<b>At December 31, 2025</b>	<b>\$ 59</b>	<b>\$ 23,377</b>	<b>\$ 1,797</b>	<b>\$ 12,062</b>	<b>\$ 149,741</b>	<b>\$ 187,036</b>
<b>Accumulated amortization</b>						
At July 1, 2025	\$ –	\$ 17,533	\$ 1,058	\$ 10,050	\$ 41,567	\$ 70,208
Amortization	–	1,386	115	185	9,931	11,617
Effect of foreign exchange	–	(14)	(1)	7	(41)	(49)
<b>At December 31, 2025</b>	<b>\$ –</b>	<b>\$ 18,905</b>	<b>\$ 1,172</b>	<b>\$ 10,242</b>	<b>\$ 51,457</b>	<b>\$ 81,776</b>
<b>Net book value</b>						
At June 30, 2025	\$ 59	\$ 5,841	\$ 508	\$ 1,996	\$ 93,206	\$ 101,610
<b>At December 31, 2025</b>	<b>\$ 59</b>	<b>\$ 4,472</b>	<b>\$ 625</b>	<b>\$ 1,820</b>	<b>\$ 98,284</b>	<b>\$ 105,260</b>

**VECIMA NETWORKS INC.**  
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*(in thousands of dollars except otherwise noted)*

**8. REVOLVING LINE OF CREDIT**

As at December 31, 2025, the Company had an authorized line of credit of \$75,000 (June 30, 2025 - \$75,000), subject to a general security agreement limit as described below, of which \$47,564 was available (June 30, 2025 - \$49,997) and \$33,322 was drawn (June 30, 2025 - \$33,938). 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 December 31, 2025 was 4.45% (June 30, 2025 - 4.95%) while the US prime rate was 6.75% (June 30, 2025 - 7.50%).

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 December 31, 2025, the Company was in compliance with all covenants related to the line of credit.

**9. LONG-TERM DEBT**

As at	Note	December 31, 2025	June 30, 2025
Term credit facility		\$ 369	\$ 519
Term loan facility		10,929	11,234
Shareholder loan	20	5,000	5,000
EDC loan		16,000	6,000
Insurance financing		–	360
Lease liabilities		4,440	5,150
<b>Total term facilities and lease liabilities</b>		<b>\$ 36,738</b>	<b>\$ 28,263</b>
Current portion of term facilities and lease liabilities		\$ 11,986	\$ 8,336
Long-term portion of term facilities and lease liabilities		\$ 24,752	\$ 19,927

Term credit facility

The term credit facility is with a Canadian chartered bank. The facility is repayable in monthly installments of \$21 principal plus interest at Canadian prime rate of 4.45% (June 30, 2025 - 4.95%), 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 2.30% plus 0.30% (June 30, 2025 - 2.75% plus 0.30%), 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.

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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 of 4.45% (June 30, 2025 - 4.95%) plus 3.00%; is collateralized by a general security agreement; and is subject to covenants similar to the Company's revolving line of credit. The Company received the first tranche in June 2025 which is repayable in monthly principal installments of \$111 plus interest over 54 months, with the first repayment deferred until January 2026. In August 2025, the second tranche was received for \$10,000, which is repayable over a period of 30 months in monthly principal installments of \$333 plus interest. The first repayment of the second tranche is deferred until February 2026.

Insurance financing loan

The Company finances certain of its insurance policies with short-term loans, the period of which spans the calendar year. As at December 31, 2025, the loan balance was \$nil (June 30, 2025 - \$360). The short-term insurance financing loans carry interest rates ranging between 7.00% to 11.00% and are repayable in aggregate in 12 monthly installments of \$73.

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 December 31, 2025:

2026	\$	7,764
2027		6,186
2028		5,944
2029		2,277
2030		1,943
Thereafter		8,184
<b>Total future principal repayments</b>	<b>\$</b>	<b>32,298</b>

Lease liabilities:

The following is a reconciliation of the Company's lease liabilities as at December 31, 2025:

At July 1, 2025	\$	5,150
Net additions during the period		25
Interest on lease liabilities		117
Principal repayments of lease liabilities		(812)
Effect of foreign exchange		(40)
<b>At December 31, 2025</b>	<b>\$</b>	<b>4,440</b>
Current portion	\$	1,091
Long-term portion	\$	3,349

**VECIMA NETWORKS INC.**  
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The contractual lease payments related to the lease liabilities are as follows:

As at	December 31, 2025
Within one year	\$ 1,298
After one year but not more than five years	4,262
More than five years	46
<b>Total contractual lease payments</b>	<b>\$ 5,606</b>

## 10. SHARE CAPITAL

### (a) Share capital

As at December 31, 2025 and June 30, 2025, the Company had 24,314,594 common shares outstanding with a carrying value of \$24,152. There were no common shares issued during the three and six months ended December 31, 2025.

### (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 interim condensed consolidated statements of comprehensive income (loss):

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
Stock options	\$ 7	\$ 8	\$ 15	\$ 18
Performance share units	427	454	936	990
<b>Total share-based compensation</b>	<b>\$ 434</b>	<b>\$ 462</b>	<b>\$ 951</b>	<b>\$ 1,008</b>

#### Stock options

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

Changes in the stock option plan for the six months ended December 31, 2025 are as follows:

<i>(in number of units, except prices)</i>	Number of Options	Weighted average exercise price per option
Outstanding, July 1, 2025	32,000	\$ 14.76
Cancelled	(5,000)	8.25
<b>Outstanding, December 31, 2025</b>	<b>27,000</b>	<b>15.96</b>
<b>Vested and exercisable, December 31, 2025</b>	<b>14,190</b>	<b>\$ 15.82</b>

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Performance share unit ("PSU") plan

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

During the three and six months ended December 31, 2025, the Company did not issue any PSUs to eligible persons under the PSU plan (December 31, 2024 - 10,566 and 205,566 PSUs, respectively). 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 three and six months ended December 31, 2025 and 2024, nil PSUs vested.

As at December 31, 2025 and June 30, 2025 the Company had 543,657 PSUs outstanding.

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.

**11. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Disaggregated revenue

In the following table, gross revenue from contracts with customers is disaggregated by reporting segment and type. Refer to Note 15 - Segmented Financial Information for additional segmented financial information.

	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
<b>For the three months ended December 31, 2025</b>				
Product sales	\$ 54,760	\$ 6,038	\$ 209	\$ 61,007
Provision of services	4,806	6,275	1,634	12,715
<b>Total sales</b>	<b>\$ 59,566</b>	<b>\$ 12,313</b>	<b>\$ 1,843</b>	<b>\$ 73,722</b>
For the three months ended December 31, 2024				
Product sales	\$ 54,904	\$ 4,335	\$ 227	\$ 59,466
Provision of services	4,367	5,870	1,520	11,757
<b>Total sales</b>	<b>\$ 59,271</b>	<b>\$ 10,205</b>	<b>\$ 1,747</b>	<b>\$ 71,223</b>
<b>For the six month ended December 31, 2025</b>				
Product sales	\$ 108,170	\$ 11,183	\$ 463	\$ 119,816
Provision of services	9,346	12,350	3,284	24,980
<b>Total sales</b>	<b>\$ 117,516</b>	<b>\$ 23,533</b>	<b>\$ 3,747</b>	<b>\$ 144,796</b>
For the six month ended December 31, 2024				
Product sales	\$ 123,853	\$ 5,700	\$ 462	\$ 130,015
Provision of services	8,355	11,741	3,017	23,113
<b>Total sales</b>	<b>\$ 132,208</b>	<b>\$ 17,441</b>	<b>\$ 3,479</b>	<b>\$ 153,128</b>

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**12. OTHER EXPENSE**

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
Loss on sale of property, plant and equipment	\$ 22	\$ 79	\$ 34	\$ 99
Acquisition-related costs	–	131	–	387
Contract cancellation fees	19	10	19	27
Other income	(2)	(26)	(28)	(26)
<b>Total other expense</b>	<b>\$ 39</b>	<b>\$ 194</b>	<b>\$ 25</b>	<b>\$ 487</b>

**13. FINANCE EXPENSE**

Periods ended December 31,	Note	Three months		Six months	
		2025	2024	2025	2024
Interest income		\$ (1)	\$ –	\$ (7)	\$ (27)
Revolving line of credit interest expense		494	1,009	987	1,773
Term and loan credit facilities interest expense		436	191	789	403
Shareholder loan interest expense	20	112	39	228	39
Accounts receivable factoring costs	3	1,011	944	2,838	2,166
Accounts payable reverse-factoring costs		18	–	54	–
Other expense		6	98	28	240
<b>Finance expense before interest on lease liabilities</b>		<b>2,076</b>	<b>2,281</b>	<b>4,917</b>	<b>4,594</b>
Interest expense on lease liabilities	9	57	64	117	124
<b>Total finance expense</b>		<b>\$ 2,133</b>	<b>\$ 2,345</b>	<b>\$ 5,034</b>	<b>\$ 4,718</b>

**14. NET INCOME PER SHARE**

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

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
Net income	\$ 113	\$ (7,885)	\$ 317	\$ (5,740)
<b>Weighed average number of shares outstanding:</b>				
Basic	24,314,594	24,311,812	24,314,594	24,312,185
Dilution adjustment for stock options	–	–	431	–
<b>Diluted</b>	<b>\$ 24,314,594</b>	<b>\$ 24,311,812</b>	<b>\$ 24,315,025</b>	<b>\$ 24,312,185</b>
Net income per share – basic	\$ 0.00	\$ (0.32)	\$ 0.01	\$ (0.24)
Net income per share – diluted	\$ 0.00	\$ (0.32)	\$ 0.01	\$ (0.24)

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Stock options could potentially dilute basic net income per share in the future. Dilutive stock options are calculated using the treasury stock method. For the three months ended December 31, 2025, there were nil dilutive stock options (December 31, 2024 - nil) which resulted in a dilution adjustment of nil (December 31, 2024 - nil). For the six months ended December 31, 2025, there were 1,879 dilutive stock options (December 31, 2024 - nil) which resulted in a dilution adjustment of 431 (December 31, 2024 - nil). There were 23,562 and 49,149 shares excluded from the calculation in the three and six months ended December 31, 2024 due to their impact being anti-dilutive.

**15. 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**

<b>For the three months ended December 31, 2025</b>	<b>Video and Broadband Solutions</b>	<b>Content Delivery and Storage</b>	<b>Telematics</b>	<b>Total</b>
<b>Sales</b>	<b>\$ 59,566</b>	<b>\$ 12,313</b>	<b>\$ 1,843</b>	<b>\$ 73,722</b>
<b>Cost of sales</b>				
Cost of materials and labour	34,831	4,218	528	39,577
Write-downs of inventory to net realizable value	974	78	–	1,052
<b>Total cost of sales</b>	<b>35,805</b>	<b>4,296</b>	<b>528</b>	<b>40,629</b>
<b>Gross profit</b>	<b>23,761</b>	<b>8,017</b>	<b>1,315</b>	<b>33,093</b>
Operating expenses	16,435	5,492	694	22,621
Depreciation and amortization	5,615	1,164	385	7,164
<b>Operating income</b>	<b>1,711</b>	<b>1,361</b>	<b>236</b>	<b>3,308</b>
Finance expense				(2,133)
Foreign exchange loss				(1,360)
Income tax recovery				298
<b>Net income</b>			<b>\$</b>	<b>113</b>

**VECIMA NETWORKS INC.****Notes to the Interim Condensed Consolidated Financial Statements****Three and six months ended December 31, 2025 and 2024***(in thousands of dollars except otherwise noted)*

For the three months ended December 31, 2024	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
<b>Sales</b>	\$ 59,271	\$ 10,205	\$ 1,747	\$ 71,223
<b>Cost of sales</b>				
Cost of materials and labour	40,132	4,264	585	44,981
Write-downs of inventory to net realizable value	151	175	–	326
<b>Total cost of sales</b>	<b>40,283</b>	<b>4,439</b>	<b>585</b>	<b>45,307</b>
<b>Gross profit</b>	<b>18,988</b>	<b>5,766</b>	<b>1,162</b>	<b>25,916</b>
Operating expenses	16,283	6,096	616	22,995
Depreciation and amortization	4,530	1,378	416	6,324
<b>Operating income (loss)</b>	<b>(1,825)</b>	<b>(1,708)</b>	<b>130</b>	<b>(3,403)</b>
Finance expense				(2,345)
Foreign exchange loss				(4,272)
Income tax recovery				2,135
<b>Net loss</b>				<b>\$ (7,885)</b>

  

For the six months ended December 31, 2025	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
<b>Sales</b>	\$ 117,516	\$ 23,533	\$ 3,747	\$ 144,796
<b>Cost of sales</b>				
Cost of materials and labour	69,880	8,550	1,145	79,575
Write-downs of inventory to net realizable value	2,062	161	–	2,223
<b>Total cost of sales</b>	<b>71,942</b>	<b>8,711</b>	<b>1,145</b>	<b>81,798</b>
<b>Gross profit</b>	<b>45,574</b>	<b>14,822</b>	<b>2,602</b>	<b>62,998</b>
Operating expenses	31,819	10,488	1,405	43,712
Depreciation and amortization	10,893	2,390	789	14,072
<b>Operating income</b>	<b>2,862</b>	<b>1,944</b>	<b>408</b>	<b>5,214</b>
Finance expense				(5,034)
Foreign exchange loss				(471)
Income tax recovery				608
<b>Net income</b>				<b>\$ 317</b>

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For the six months ended December 31, 2024	Video and Broadband Solutions	Content Delivery and Storage	Telematics	Total
<b>Sales</b>	\$ 132,208	\$ 17,441	\$ 3,479	\$ 153,128
<b>Cost of sales</b>				
Cost of materials and labour	84,209	7,092	1,065	92,366
Write-downs of inventory to net realizable value	450	225	–	675
<b>Total cost of sales</b>	<b>84,659</b>	<b>7,317</b>	<b>1,065</b>	<b>93,041</b>
<b>Gross profit</b>	<b>47,549</b>	<b>10,124</b>	<b>2,414</b>	<b>60,087</b>
Operating expenses	33,933	12,035	1,248	47,216
Depreciation and amortization	8,580	2,441	707	11,728
<b>Operating income (loss)</b>	<b>5,036</b>	<b>(4,352)</b>	<b>459</b>	<b>1,143</b>
Finance expense				(4,718)
Foreign exchange loss				(3,764)
Income tax recovery				1,599
<b>Net loss</b>				<b>\$ (5,740)</b>

**Sales by geographical region**

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
<b>Sales to external customers:</b>				
United States	\$ 66,903	\$ 64,812	\$ 126,895	\$ 139,854
Canada	3,646	3,053	7,334	5,450
Japan	902	869	7,023	4,222
Europe	1,185	1,858	1,710	2,527
Other	1,086	631	1,834	1,075
<b>Total sales</b>	<b>\$ 73,722</b>	<b>\$ 71,223</b>	<b>\$ 144,796</b>	<b>\$ 153,128</b>

**Non-current assets by geographical region**

As at	December 31, 2025	June 30, 2025
<b>Non-current assets:</b>		
United States	\$ 85,689	\$ 79,536
Canada	97,426	97,643
Japan	1,046	1,221
Europe	5,077	5,521
China	463	626
<b>Total non-current assets</b>	<b>\$ 189,701</b>	<b>\$ 184,547</b>

**Sales to major customers**

During the three and six months ended December 31, 2025, sales to a major customer accounted for \$51,040 or 69%, and \$94,319 or 65%% of total sales, respectively (December 31, 2024 - \$43,998 or 62%, and \$103,743 or 68%%, respectively). Sales to this customer is with the Video and Broadband Solutions and Content Delivery and Storage segments.

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**16. 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 three and six months ended December 31, 2025, there were no transfers between Level 1 and Level 2 fair value classifications. As at December 31, 2025, the Company had customer-based warrants which are classified as Level 2. Refer to Note 17 - Financial Instruments Risk Management for further information.

**17. FINANCIAL INSTRUMENTS RISK MANAGEMENT**

Accounts receivable

As at December 31, 2025, the weighted average age of customer accounts receivable was 33 days (June 30, 2025 - 32 days), and the weighted average age of past-due accounts receivable approximated 38 days (June 30, 2025 - 47 days). Accounts are considered to be past due when customers have failed to make the required payments by their contractually agreed upon due date. The aging of trade receivables that are not considered to be impaired are as follows:

As at	December 31, 2025	June 30 2025
Current	\$ 20,716	\$ 20,704
1 to 30 days	1,990	654
31 to 60 days	171	1,389
Over 60 days	985	60
<b>Total accounts receivable</b>	<b>\$ 23,862</b>	<b>\$ 22,807</b>

Currency exposure

The Company periodically enters into forward foreign exchange contracts to manage foreign currency exchange risk related to exposures to the exchange rates for the Canadian dollar. Forward contracts are entered into based on projected requirements for converting U.S. to Canadian dollars. The Company does not recognize these contracts in the consolidated financial statements when they are entered into, nor accounts for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes in fair value are recorded in the interim condensed consolidated statements of comprehensive income (loss) in foreign exchange gain. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position. As at December 31, 2025 and June 30, 2025, the Company did not have any forward contracts.

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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 December 31, 2025 was \$462 (June 30, 2025 - \$290). Warrant vesting expense during the three and six months ended December 31, 2025 of \$49 and \$181, respectively (December 31, 2024 - recovery of \$871 and \$765, respectively), was reflected as a reduction of revenue in the Company's interim condensed consolidated statements of comprehensive income (loss).

**18. SUPPLEMENTAL INFORMATION**

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

Depreciation and amortization – operating activities

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
Depreciation of property, plant and equipment	\$ 912	\$ 1,101	\$ 1,664	\$ 1,960
Depreciation of right-of-use assets	388	373	790	735
Amortization of deferred development costs	4,997	3,848	9,931	7,382
Amortization of finite-life intangible assets	866	836	1,686	1,651
<b>Total depreciation and amortization</b>	<b>\$ 7,163</b>	<b>\$ 6,158</b>	<b>\$ 14,071</b>	<b>\$ 11,728</b>

Net change in working capital – operating activities

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
Accounts receivable	\$ (5,590)	\$ 15,100	\$ (1,509)	\$ 35,472
Inventories	5,384	6,143	7,271	3,460
Prepaid expenses	173	1,478	(57)	2,434
Contract assets	367	427	(1,139)	694
Accounts payable and accrued liabilities	(972)	(5,686)	(2,411)	(4,372)
Deferred revenue	(1,910)	3,097	(6,452)	(1,475)
<b>Total change in net working capital</b>	<b>\$ (2,548)</b>	<b>\$ 20,559</b>	<b>\$ (4,297)</b>	<b>\$ 36,213</b>

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Capital expenditures, net – investing activities

Periods ended December 31,	Three months		Six months	
	2025	2024	2025	2024
<b>Capital expenditures:</b>				
Property, plant and equipment	\$ 1,207	\$ 338	\$ 2,017	\$ 1,394
Intangible assets	198	57	232	86
<b>Proceeds of disposition:</b>				
Property, plant and equipment	–	–	–	(97)
Intangible assets	–	(56)	–	(56)
<b>Total capital expenditures, net</b>	<b>\$ 1,405</b>	<b>\$ 339</b>	<b>\$ 2,249</b>	<b>\$ 1,327</b>

**19. CONTRACTUAL OBLIGATION**

At December 31, 2025, contractual purchase obligations due within a year that are not recognized as liabilities were \$25,771 (June 30, 2025 - \$26,878). Related inventory deposits paid to contract manufacturers and classified as prepaid expenses were \$1,968 (June 30, 2025 - \$1,968).

**20. RELATED PARTY TRANSACTIONS**

The company had the following related party transactions during the three and six months ended December 31, 2025:

Building lease

The Company entered into a building lease on August 1, 2022 with one of the principal shareholders, with lease terms at fair market value. 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. During the three and six months ended December 31, 2025, total lease payments, including interest, were \$nil (December 31, 2024 - \$47 and \$94, respectively).

Shareholder loan

The Company received a shareholder loan in the second quarter of fiscal 2025 of \$5,000 from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.45% plus 4.30% and is collateralized by a general security agreement. During the three and six months ended December 31, 2025, the Company incurred \$112 and \$228 of interest expense, respectively, pursuant to the shareholder loan (December 31, 2024 - \$39 and \$39, respectively). 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.

**21. SUBSEQUENT EVENT**

On February 10, 2026, the Board of Directors declared a dividend of \$0.055 per common share, payable on March 23, 2026 to shareholders of record as at February 27, 2026 consistent with its previously announced dividend policy.