MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended November 30, 2024

Date of Report – March 24, 2025

The following Management Discussion and Analysis of C-COM Satellite Systems Inc. ("C-COM" or the "Company") for the year ended November 30, 2024 should be read in conjunction with the financial statements and notes included in this annual report. All figures are presented in Canadian dollars in accordance with IFRS.

The following discussion of the financial condition, changes in financial condition and results of operations of C-COM is for the years ended November 30, 2024 and 2023. Historical results of operations, percentage relationships and any trends that may be inferred there from are not necessarily indicative of the operating results of future periods. Unless otherwise stated all amounts are in Canadian dollars following the requirements of the International Financial Reporting Standards ("IFRS"). The information contained herein is dated as of March 24, 2025, and is current to that date, unless otherwise stated. Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the annual filings. Our Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company and have reviewed this MD&A and the accompanying financial statements.

The Chief Executive Officer and Chief Financial Officer, in accordance with National Instrument 52-109 ("NI52-109"), have both certified that they have reviewed the annual financial statements and this MD&A ("the annual Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the annual Filings; and (b) the annual financial statements together with the other financial information included in the annual Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the dates and for the periods presented in the annual Filings.

Investors should be aware that the inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward Looking Statements

The Company cautions that the forward-looking statements in the following Management Discussion and Analysis are based on certain assumptions made by the Company that may prove inaccurate. Forward-looking statements include those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent that they relate to the Company or its management. Statements made in this Management Discussion and Analysis relating to: the Company's intention to continue quarterly dividends; management's beliefs about the sufficiency of cash resources; short and long term sources of funding for operations and innovation and development; the Company's intention to continue developing and innovating for various markets and technologies; anticipated new products and technology including the types of products and technology , the expected features and performance of such products and technology and the timing of their release; the ability of new projects to provide the Company with patentable technology; methods of selling of new products; expected sales of new products including the new ESA antenna system and BFIC chips; the ability for the Company to generate incremental revenue from the new vertical market for tracking LEO's, Smallsats and CubeSats; the Company's ability to maintain its perceived market advantages and future positioning of the Company in the markets in which it operates. These forward-looking statements are not historical facts but reflect the Company's current expectations and assumptions regarding future results or events. Assumptions made include results of research and development efforts, customer demand for the Company's products or services, the Company's ability to maintain and enhance customer relationships, as well as the Company's ability to bring to market its products or services. Furthermore, the Company cautions that

the forward-looking statements in the following Management Discussion and Analysis are based on current expectations as of March 24, 2025 and are subject to change and to risks and uncertainties. Actual results may differ due to facts such as customer demand, customer relationships, new service offerings, delivery schedules, revenue mix, competition, pricing pressure, foreign currency fluctuations, and uncertainty in the markets in which the company conducts business. Additional information identifying risks and uncertainties is contained in the Company's filings with the various provincial securities regulators. Readers should not place undue reliance on the Company's forward-looking statements.

Overview

C-COM Satellite Systems Inc. is a leader in the development and deployment of commercial grade mobile auto-deploying satellite-based technology for the delivery of two-way high-speed Internet, VoIP and Video services into vehicles. C-COM has developed a unique proprietary Mobile auto-deploying (iNetVu®) antenna that allows the delivery of high-speed satellite-based Internet services into vehicles while stationary virtually anywhere where one can drive. The iNetVu Mobile antenna has also been adapted to be deployable from transportable platforms. The Company's satellite-based products and services deliver high-quality, cost-effective solutions for both fixed and mobile applications throughout the world. More information is available at: www.c-comsat.com.

Selected Annual Information

	Year Ended November 30, 2024	Year Ended November 30, 2023	Year Ended November 30, 2022
Revenue	$ 7,886,850	$ 8,294,957	$ 11,646,934
Net Income/(Loss)	$ (211,475)	$ 1,672,907	$ 1,139,655
Basic Earnings per Share	$0.00	$0.04	$0.03
Diluted Earnings per Share	$0.00	$0.04	$0.03
Total assets	$26,558,305	$26,625,004	$26,869,999
Total Non-Current Liabilities	$1,797,929	$196,814	$224,186

Results of Operations

The income / (loss) before other income and income tax was $(931,581), compared to $1,529,990 in 2023. The Company completed the year with $15,940,440 of cash and marketable securities compared to $15,440,842 at the end of 2023.

Revenues

	Year Ended November 30, 2024	Year Ended November 30, 2023	Change $	Change %
Revenue – Hardware and Airtime	$ 7,886,850	$ 8,294,957	$ 408,107	4.9%

The root causes behind the decline in sales include – competition from low-orbit satellite antenna networks and slow world economies due to conflicts and lingering inflationary pressures.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cost of Sales and Gross Profit

	Year Ended November 30, 2024	Year Ended November 30, 2023	Change $	Change %
Gross Profit	$ 3,792,294	$ 5,748,597	$ 1,956,303	34.0%
As a percentage of revenue	48.1%	69.3%		
Allocation of amortization expense	$ (20,811)	$ (16,792)	$4,019	23.9%
Combined Gross Profit	$ 3,771,483	$ 5,731,805	$ 1,960,322	34.2%
As a percentage of revenue	47.8%	69.1%		

The drop in gross profit was a result of product sales mix and charges for obsolete goods and other inventory value adjustments.

Expenses:

	Year Ended November 30, 2024	Year Ended November 30, 2023	Change $	Change %
General and Administrative	$ 1,843,693	$ 1,862,111	18,418	1.0%
As a percentage of revenues	23.4%	22.4%		
Research and Development	$ 1,830,264	$ 1,330,188	500,076	37.6%
As a percentage of revenues	23.2%	16.0%		
Sales and Marketing	$ 1,029,107	$ 1,009,516	19,591	1.9%
As a percentage of revenues	13.0%	12.2%		

General and Administrative

General and administrative expenses decreased $18,418 or 1.0% for the year ended November 30, 2024 compared to the same period last year. This was primarily due to decreases in employee compensation, stock option expenses and bad debt expenses.

Research and Development

Research and development expenses increased $500,076 or 37.6% compared to the same period last year. This was due to a an increase in related expenditures for staff, premises and materials.

Sales and Marketing

Sales and marketing expenses increased $19,591 or 1.9% over the same period last year. This was due to higher spending on trade shows.

Investment Income

Investment income for the year of $754,713 ($694,520 in 2023) is comprised of interest earned on the Company's cash balances and guaranteed investment certificates. The large increase in investment income is due mainly to higher interest rates. Also, the principal value of higher yielding marketable securities (GIC's) rose 1% from 2023 to 2024 (+$91,518).

Income Tax Expense

The Company reports its results on a fully taxed basis. The provision for income tax for fiscal 2024 was $104,035 compared to $576,748 in 2023. The total effective tax rate for 2024, prior to considering the impact of non-taxable transactions, was 26.5% (2023 – 26.5%). The decrease in the tax expense was due to a reduction in calculated taxable income in 2024.

Summary of Quarterly Financial Data

Quarter Ended	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Revenue	$1,354,751	$1,323,548	$2,580,514	$2,628,037	$3,809,611	$1,223,479	$2,577,918	$683,949	$2,888,410
Operating Income (Loss)	$(1,068,367)	$(343,472)	$43,129	$437,129	$1,954,351	$(294,192)	$317,851	$(448,020)	$(198,345)
Net Income (Loss)	$(543,074)	$(120,700)	$61,072	$391,227	$1,655,440	$(148,135)	$341,737	$(176,135)	$(56,380)
Dividend Paid	$528,206	$528,206	$528,081	$527,330	$527,330	$522,330	$522,330	$522,330	$520,830
Dividend Rate /Share	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125	$0.0125
Basic EPS	$(0.01)	$0.00	$0.00	$0.01	$0.04	$0.00	$0.01	$0.00	$0.00
Diluted EPS	$(0.01)	$0.00	$0.00	$0.01	$0.04	$0.00	$0.01	$0.00	$0.00

The Company's operations are subject to some quarterly seasonality due to the timing of vacation periods and statutory holidays. Typically, the Company's first and third quarters will be negatively impacted as a result of the Christmas season and summer vacation period.

Liquidity and Capital Resources

	Year Ended November 30, 2024	Year Ended November 30, 2023	Change $	Change %
Cash	$ 5,890,440	$ 5,482,360	$ 408,080	7.4%
Marketable securities	$ 10,050,000	$ 9,958,482	$ 91,518	0.9%
Working capital surplus	$ 23,769,570	$ 25,577,501	$1,807,931	7.1%
Net cash provided by (used in):				
Operating activities	$ 2,603,447	$ (1,613,343)	$ 4,216,790	261.4%
Investing activities	$ (91,518)	$ (1,348,746)	$ 1,440,267	106.8%
Financing activities	$ (2,033,944)	$ (1,670,320)	$ 363,624	21.8%
Increase/(decrease) in cash	$ 408,080	$ (4,648,481)	$4,993,114	107.4%

Working Capital Surplus

The decrease in working capital surplus is due to a $1.5 million drop in accounts receivable and a $1.7 million decrease in inventory as of November 30, 2024. Current assets on November 30, 2024 were $24,973,609 (2023: $26,471,252) and current liabilities for the same periods were $1,204,039 (2023 - $893,751).

Contractual Obligations

The Company has two lease agreements for office space. Its head office lease term extends into fiscal 2029, whereas the Company's R&D space at the University of Waterloo has a 60 day no-fee cancellation clause. The aggregate minimum rental payments left under these arrangements are as follows (undiscounted cash-costs):

Head Office Lease

Contractual Obligations:	Payments Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
HO Premises Lease	$1,767,210	$374,299	1,137,450	255,461	Nil

Waterloo, Ontario Lab Lease:

Contractual Obligations:	Payments Due by Period				
	Total	Less Than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
R&D Premises Lease	$8,120	$8,120	Nil	Nil	Nil

Operating Activities

Cash flows from/(used) operating activities for the year ended November 30, 2024 were $2,538,635 compared to $(1,613,343) in 2023. This year's increase is due to lower accounts receivable and inventory balances at year-end.

Investing Activities

The marketable securities consist of the following investments, which are all held at major Canadian financial and insurance institutions:

	Year Ended November 30, 2024	Year Ended November 30, 2023
Guaranteed investment certificates	$ 10,050,000	$ 9,958,482

Financing Activities

Dividend

As a result of a strong cash position, the Company continued to pay dividends throughout fiscal 2024. The Company paid quarterly dividends totaling $2,111,824 or $0.05 annually per share compared to 2023 when the Company paid $2,094,320 in dividends or $0.05 annually per share. On January 13, 2025 the Company announced that it was suspending dividends in order to dedicate cash reserves for C-COM's commercialization of its revolutionary Ka-band Electronically Steered Antenna (ESA) and other R&D priorities.

Capital Resources

As of November 30, 2024 the Company had an overdraft protection facility of $750,000 with a Canadian chartered bank that bears interest at prime plus 0.5%. It is secured by a general security agreement providing a first charge over all company assets including accounts receivable, inventory and equipment. During fiscal 2024 the Company had no borrowings under the credit facility. Management believes that C-COM has sufficient cash resources to continue to finance its working capital requirements.

The Company operates internationally with approximately 100% of its business derived from non-Canadian sources in 2024 as compared to 96% for the same period last year. All of the Company's international business is denominated in United States dollars and therefore the Company's results from operations are affected by exchange rate fluctuations of the United States dollar relative to the Canadian dollar. The Company did not use foreign currency forward contracts or derivatives in its management of foreign currency exposure.

In the short term, the Company will continue to fund operations through cash generated from the continued profitability of the sales of its core products and services. In the longer term, additional financing may be required to fund further innovation and development of the next generation of products and services. At this time, the Company does not have plans to pursue additional sources of financing and there can be no assurance that any additional financing that may be required will be available to the Company when needed, on commercially reasonable terms, or at all. In addition, any equity financing may involve substantial dilution to the Company's existing shareholders.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements on November 30, 2024.

Critical Accounting Estimates

The preparation of financial statements of the Company requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Among other things, estimates are used in the accounting for allowances for bad debts, stock-based compensation, inventory obsolescence, product warranty, useful lives of assets and impairment of property and equipment. The reported amounts and note disclosures are determined using management's best estimates based on the assumptions that reflect the most probable set of economic conditions and planned course of action. Actual results could differ from the estimates used in these financial statements and such differences could be material.

Related Party Transactions

The Company regards the members of the Board of Directors, the partners of LaBarge Weinstein LLP, and the senior managers and their immediate families of the following entities as related parties: C-COM Satellite Systems Inc, 718133 Ontario Inc., Rampart International Corp. and Art Slaughter CPA Professional Corporation.

The Company had the following transactions and balances with related parties during the year:

		Nov. 30, 2024	Nov. 30, 2023
		$	$
Board of Directors:			
Board of Director fees	(i)	144,000	144,000
Transactions with Rampart International Corp.:			
Miscellaneous payments related to shared office space.	(ii)	11,140	27,078
Transactions with 718133 Ontario Inc.:			
Rental of office and warehouse space	(iii)	359,164	355,609
Transactions with Art Slaughter CPA Pro. Corp.:			
Purchase of consulting services	(iv)	36,437	48,625
Transactions with LaBarge Weinstein LLP:			
Legal fees and expenses	(v)	29,631	31,732

Balances with related parties

	As At Nov. 30, 2024	As At Nov. 30, 2023
	$	$
Amounts due from Rampart International Corp.	Nil	4,411
Amounts due to 718133 Ontario Inc.	Nil	4,136
Amounts due to Art Slaughter CPA Pro. Corp.	1,624	989
Amounts due to LaBarge Weinstein LLP	1,808	1,808

Balances with related parties are due upon demand and included with accounts payable and accrued liabilities.

i. The Board of Directors instituted a Board of Directors fee of $36,000 per annum per board member commencing November 3, 2022 and is paid quarterly.
ii. The sole shareholder of Rampart International Corp. is related to the Chief Executive Officer of C-COM Satellite Systems Inc.
iii. The Company has a 5-year lease commitment with 718133 Ontario Ltd. which ends July 31st, 2029, for office and warehouse space. The Company and 718133 Ontario Ltd. have common ownership.
iv. The Company purchases financial consulting services from Art Slaughter CPA Professional Corporation. The Company's Chief Financial Officer is the director of this company.
v. The Company retains a business law firm in Ottawa, Canada to provide legal services and advice. The Company's secretary is a partner of this firm.

Risk Factors

The company is subject to a number of risks and uncertainties that could significantly affect the Company's financial condition and future results of operations. Risk management is an integral part of how the Company plans and monitors the business strategies and results and we have embedded risk management activities in the operational responsibilities of management, and made them an integral part of overall governance, organizational and accountability structure. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly.

The Company is exposed to risks and uncertainties in its business, including the risk factors set forth below:

- Delays in the global supply chain and scarcity of materials may impact on the Company's ability to secure the materials and components required to meet customers' needs and contractual obligations.
- Inflationary prices may also cause a decrease in end-user spending which would negatively impact future sales.
- Global economic uncertainty caused by political turmoil, war and other factors outside of the control of the Company.
- The Company's success depends on the engagement and contributions of senior management personnel, including the Company's CEO. Any changes to the management team, including the hiring or departing of executives, could be disruptive to the business.
- Competitive conditions in the Company's industry, including new products, product announcements and incentive pricing offered by its competitors.
- The Company's business is often dependent on performance by third parties and subcontractors in connection with manufacturing of the Company's products.
- The Company's ability to hire, train and retain sufficient technical, sales, and professional services staff.
- The Company's ability to maintain existing relationships with its dealers and to create new relationships with potential dealers and manufacturing partners.
- Varying size, timing and contractual terms of orders for the Company's products.
- The nature of the end-user purchase and budget cycles and changes in their budgets for, and timing of, equipment and related purchases.

- The length and variability of the sales cycles for the Company's products.
- Order cancellations.
- Market acceptance of new and enhanced versions of the Company's products.
- Strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy.
- General weakening of the economy resulting in a decrease in the overall demand for the Company's products.
- The geographical mix of the Company's sales, together with fluctuations in foreign currency exchange rates.
- Changes in the Company's pricing policies and the pricing policies of its competitors.
- The timing of product development and new product initiatives.

Many of these risk factors can affect the Company's financial performance and are also outside of the Company's control. The nature of many of these risks is expanded upon in the commentary below.

Impact of the Russia / Ukraine Conflict

Russia's attack on Ukraine on February 24, 2022 has created much uncertainty and its economic impact has been wide-ranging. The Company has experienced the effects of supply chain disruptions, shipping delays, inflationary price pressures and the inability to sell to its Russian based re-sellers as a result of this conflict. These and other risks may have an impact on the Company in the future. The extent that the conflict will continue to affect the Company's cannot be predicted at this time.

Reliance on resellers

The Company currently relies on resellers for a significant portion of its revenues. An adverse change in the Company's relationship with any resellers could reduce the Company's sales and harm its business and prospects. If the Company is unable to retain and expand its business with key resellers on favourable terms, or develop new relationships with resellers, then the business, financial condition and results of operations of the Company could be adversely affected.

Furthermore, because the Company's quarterly revenue could be dependent upon a relatively small number of large customer deployments, even minor variations in the rate and timing of conversion of its sales prospects into revenue could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

The Company's business may be harmed if it does not continue to penetrate markets and continue to grow.

If the Company fails to further penetrate its core markets and existing geographic markets, or to successfully expand its business into new markets or through the right sales channels, the growth in sales of the Company's products, along with its operating results, could be negatively impacted. Some of the Company's competitors are larger and better capitalized and as a result, they may be better able to expand more quickly and through more sales channels. Some of the Company's competitors provide end-to-end solutions. If the various core markets in which the Company's products are offered fail to grow, or grow more slowly than the Company currently anticipates, or if the Company is unable to establish new markets for its products, the Company's business, operating results and financial condition could be materially adversely affected.

The Company's success depends on its ability to develop new products and enhance its existing products.

The markets for the Company's products are competitive and are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To keep pace with the technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, the Company must enhance and improve existing products and it must continue to introduce new products. Currently, the Company's products embody complex technology and are designed to be compatible with current and evolving industry standards. If the Company is unable to successfully develop new products or enhance and improve its existing products or if it fails to position and/or price its products to meet market demand, the Company's business and operating results will be adversely affected. Accelerated product introductions and short product life cycles require high levels of expenditure for research and development that could adversely affect its operating results. Further, any new products the Company develops could require an investment of significant resources, long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. The Company may determine that certain new products do not have sufficient potential to warrant the continued allocation of resources and may elect

to terminate one or more new product candidates. If a new product is terminated in which the Company has invested significant resources, the Company's prospects may suffer since resources were expended on a project that did not yield a return on the Company's investment and it missed the chance to allocate such resources to potentially more productive uses and this may negatively impact the Company's business, financial condition and operating results. In addition, as the Company develops new products, they may render some of its older products redundant or obsolete. As the Company discontinues the sale of these older products, it must manage the reseller commitments and customer expectations. If the Company is unable to properly manage the possible discontinuation of these older products, it could have a material adverse effect on its business, financial condition and results of operations.

Failure to manage the Company's growth successfully may adversely impact its operating results.

The growth of the Company's operations places a strain on managerial, financial and human resources. The Company's ability to manage future growth depends upon a number of factors, including its ability to rapidly:

- Build and train sales and marketing staff and resellers to create an expanding presence in the evolving marketplace for the Company's products, and to keep staff and resellers informed regarding the technical features, issues and key selling points of its products.
- Attract and retain qualified technical personnel in order to continue to develop reliable and saleable products and services that respond to evolving customer needs.
- Expand its distribution channels to ensure that resellers across multiple industry and geographic segments will perceive the Company as a credible market participant and reliable supplier that will enable the profitable growth of their business.
- Develop customer support capacity as sales increase, so that the Company can deliver cost-effective scalable support services to support its sales efforts in a manner that does not divert resources from product development efforts.
- Expand the Company's internal management, financial and IT controls significantly, so that it can maintain control over its operations and provide support to other functional areas within the Company's business as the number of personnel and size of its business increases.

Any failure to manage the Company's growth or achieve profitability could have a material adverse effect on its business, financial condition or results of operations.

The Company may lose sales, or sales may be delayed, due to the long sales and implementation cycle for its products.

The Company's customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to purchase the Company's products. Generally, the larger the potential sale, the more time, money and other resources will be invested. As a result, it may take many months after the Company's first contact with a customer before a sale can actually be completed. The Company may invest significant sales and other resources in a potential customer that may not generate revenue for a substantial period of time, if at all. The time required for implementation of the Company's products varies among its customers and may last several months, depending on its customers' needs, the resources they apply to a project and the products deployed. During these long sales and implementation cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. For example:

- Purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty.
- The Company or its competitors may announce or introduce new products.
- The customer's own budget and purchasing priorities may change.

If these events were to occur, sales of the Company's products may be cancelled or delayed, which would reduce its revenue.

If the Company is required to change its pricing models to compete successfully, its margins and operating results may be adversely affected.

The highly competitive market in which the Company conducts its business may require the Company to reduce its prices. If the Company's competitors offer discounts on certain products in an effort to recapture or gain market share of other products, the Company may be required to lower prices or offer other favourable terms to compete successfully. Any such change would likely

reduce its margins and could adversely affect its operating results. Some of the Company's competitors may bundle other products that compete with the Company for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that the Company can charge for its products. If the Company cannot offset price reductions with a corresponding increase in the number of sales or with lower spending, then the reduced revenue resulting from lower prices would adversely affect its margins and operating costs.

The financial condition of third parties may adversely affect the Company.

The Company relies on third party suppliers to provide it with components and services necessary for the completion and delivery of its products. The Company also relies on third party resellers for a significant portion of its sales and revenues. In addition, the Company periodically outsources limited aspects of the development and testing of its products to third parties and a significant increase in the price of the services provided by these third parties, or delays in their deliveries, could have a material adverse effect on the Company's business, financial condition and results of operations. In the event that any of the third parties with whom the Company has significant relationships, including its channel partners and third party suppliers, files a petition in or is assigned into bankruptcy or becomes insolvent, or makes an assignment for the benefit of creditors or makes any arrangements or otherwise becomes subject to any proceedings under bankruptcy or insolvency laws with a trustee, or a receiver is appointed in respect of a substantial portion of its property, or such third party liquidates or winds up its daily operations for any reason whatsoever, then the Company's business, financial position and results of operations may be materially and adversely affected.

The Corporation and its suppliers, partners and customers are exposed to potential interruption and damage, and partial or full loss, resulting from environmental disasters and other catastrophic events. There can be no assurance that in the event of an earthquake, hurricane, tornado, fire, flood, ice storm, tsunami, typhoon, terrorist attack, cyber-attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the operations of the Corporation or its suppliers, partners or customers will not be disrupted. The occurrence of a significant event which disrupts the ability of the Corporation or its suppliers or partners to sell the Corporation's products for an extended period, including events which reduce customer demand for the Corporation's products, could have a material negative impact on the Corporation's business.

An outbreak of infectious disease, a pandemic or a similar public health threat, or a fear of any of the foregoing, could adversely impact the Corporation by causing operating, supply chain and project development delays and disruptions, labour shortages, reduced product demand, travel disruption and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Corporation.

The Company's success depends in part on its ability to protect its rights in its intellectual property.

The Company relies on various intellectual property protections, including contractual provisions, patents, copyright, trade secrets, trademarks and know-how to preserve its intellectual property rights. Although it currently has patents and patent applications, some of the Company's core technology is primarily protected by trade secrets and copyright. The Company typically enters into agreements with its employees, consultants, customers, channel partners and vendors in an effort to control ownership of its intellectual property and access to and distribution of its software, documentation and other proprietary information. Although the Company believes that the steps it has taken are reasonable, the steps the Company takes may not prevent misappropriation of its intellectual property, and the agreements it enters into may not be enforceable. It may also be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, time-consuming and costly. Further, some foreign laws do not protect proprietary rights to the same extent as the laws of Canada or the United States. Additionally, the absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company's proprietary rights. To protect its intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of management, cause significant delays, materially disrupt the conduct of its business or adversely affect its revenue, financial condition and results of operations.

Intellectual property claims brought against the Company could be time consuming, costly to defend and disruptive to its business.

The Company cannot determine with certainty whether any existing third-party patents or the issuance of any third-party patent would require the Company to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their property rights due to the growth of software products in the Company's target markets, the overlap in functionality of these products and the prevalence of software products. The Company may become

subject to these claims either directly or through indemnities against these claims that it routinely provides to its customers. Litigation may be necessary to determine the scope, enforceability and validity of such third-party proprietary rights or to establish the Company's proprietary rights. Some of the Company's competitors have substantially greater resources than it does, and those competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such disputes could:

- Be time consuming.
- Be expensive to defend.
- Divert management's attention and focus away from the Company's business.
- Subject the Company to significant liabilities.
- Require the Company to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology.

Further, if the Company is found to have infringed any patents, trademarks or other intellectual property rights, a court could award significant damages and enjoin the Company from distributing its products that infringe the patents, trademarks or other intellectual property in jurisdictions in which such rights are affected. This could result in a material adverse effect on the Company's business, results of operations and financial condition.

The Company may be liable to its customers or third parties and may lose customers if it is unable to collect data or it otherwise loses data.

Because of the large amount of data that the Company collects and manages, it is possible that errors in the Company's systems or in third party systems used by the Company to deliver its service could cause the information that it collects to be incomplete or contain inaccuracies that the Company's customers or third parties regard as significant. Furthermore, the Company's ability to collect and report data may be interrupted by a number of factors, including its inability to access the Internet, the failure of its network or software systems or third-party network or software systems relied upon by the Company, security breaches or computer viruses. The Company may be liable to its customers or third parties for damages they may incur resulting from such events. In addition, if the Company supplies inaccurate or incomplete information or experiences interruptions in its ability to capture, store and supply information in real time or at all, the Company's reputation could be harmed, and it could lose customers.

Cyber Risks

The Company faces cyber risks that include, but are not limited to data breaches, unauthorized access and denial of service attacks as well as associated financial, reputational and business interruption risks. In its business, the Company collects and stores personal information and despite necessary precautions taken by the Company there is a risk of unauthorized access or security breaches resulting from third-party action, employee error, malfeasance or otherwise, which can lead to the loss of information, litigation, indemnity obligations and other significant liabilities. The Company could also be exposed to regulatory penalties for the unauthorized release of confidential information. Furthermore, the Company could face reputational harm relating to a negative perception of the Company's products which could result in the loss of customers. The Company monitors for these such risks and is committed to cyber security with a goal of maintaining and protecting its overall data security. However, despite such efforts by the Company, it may not be able to fully mitigate such cyber security risks given the evolving methods used to comprise data security, which are generally not identified until they are launched against a target.

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income.

Supply Chain Risk

Significant supplier capacity constraints, supplier or customer production disruptions, supplier quality and sourcing issues or price increases can increase the Company's operating costs and adversely impact the competitive positions of the Company's products. The Company's reliance on third-party suppliers, contract manufacturers and service providers to secure parts, components and sub-systems used in the Company's products exposes it to volatility in the prices and availability of these materials, parts, components, systems and services. As the Company's supply chains extend into many different countries and regions around the world, it is also

subject to global economic and geopolitical dynamics and risks associated with exporting components manufactured in particular countries. In connection with effects related to the COVID-19 pandemic and Russia/Ukraine conflict, C-COM is operating in a supply-constrained environment and is facing, and may continue to face, supply-chain shortages, inflationary pressures, logistics challenges and manufacturing disruptions that impact the Company's revenues, profitability and timeliness in fulfilling customer orders. In addition, some of the Company's suppliers or their sub-suppliers are limited (or sole source suppliers). Disruptions in deliveries, capacity constraints, production disruptions up-stream, price increases, or decreased availability of parts and supplies, including as a result of war, natural disasters, actual or threatened public health emergencies or other business continuity events, adversely affect the Company's operations and, depending on the length and severity of the disruption, can limit the Company's ability to meet its commitments to customers or significantly impact the Company's operating profit or cash flows.

Inflationary Risk

C-COM's products are sold and used all around the world. The Company's operations and the execution of its business plans and strategies are subject to the effects of global economic trends, geopolitical risks and demand or supply shocks from events that could include war, a major terrorist attack, natural disasters or actual or threatened public health emergencies (such as COVID-19). They are also affected by international, local and regional economic environments and policies, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices, currency volatility, currency controls or other limitations on the ability to expatriate cash, sovereign debt levels and actual or anticipated defaults on sovereign debt. For example, changes in local economic conditions or outlooks, such as lower rates of investment or economic growth in key markets, affect the demand for or profitability of its products.

Foreign Currency Risk Related to Contracts

The Company is exposed to foreign currency fluctuations on its cash balance, accounts receivable, accounts payable and future cash flows related to contracts denominated in a foreign currency. Future cash flows will be realized over the life of the contracts. The Company does not use foreign currency forward contracts to minimize the short-term impact of currency fluctuations on foreign currency receivables and payables.

A 10% strengthening (weakening) of the Canadian dollar against the US dollar on November 30, 2024 would have decreased (increased) net earnings by approximately $382,162 (2023 – $487,259).

Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arise principally from the Company's accounts receivable. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers, which receive credit terms, are made up of both public Companies, and large private companies which we have established long-term relationships with. A significant portion of the Company's accounts receivable are from long-time customers. In 2023 the Company provided for the potential write-off of a single accounts receivable of $74,220.

The Company limits its exposure to credit risks for cash and marketable securities by dealing only with major Canadian financial institutions. Management does not expect any of the institutions to fail to meet their obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible in advance, that it will always have sufficient liquidity to meet liabilities when due. On November 30, 2024, the Company had a cash balance of $5,890,440 and has a secured credit facility, subject to annual review. The credit facility permits the Company to borrow funds up to an aggregate of $750,000 in either Canadian or US currency. The credit facility is secured by a general security agreement providing a first charge over all Company assets including accounts receivable, inventory and equipment. As of November 30, 2024, the Company had not borrowed on the credit facility during fiscal 2024. All of the Company's financial liabilities have contractual maturities of less than 30 days.

Risks associated with disclosure controls and procedures on internal controls over financial reporting:

The Company may be adversely affected if there are deficiencies in internal controls over financial transactions and procedures or internal control over financial reporting.

The design and effectiveness of internal controls and procedures may not prevent all errors, misstatements or misrepresentations. Deficiencies, including material weaknesses, in internal control over financial reporting which may occur could result in misstatements of the Company's results and financial position. This may then cause a decline in the Company's share price and may also materially adversely affect the Company's business, reputation, future financial performance, financial condition or liquidity.

The Company's share price will fluctuate:

The trading price of the Company's common shares is subject to change and could in the future fluctuate significantly. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; announcements of technological innovations or new products by the Company, its customers or competitors; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the common shares. In addition, stock markets have occasionally experienced extreme price and volume fluctuations. The market prices for high-technology companies have been particularly affected by these market fluctuations and such effects have often been unrelated to the opening performance of such companies. These broad market fluctuations may cause a decline in the market price of the common shares.

The Company's significant shareholders will have the ability to control certain corporate actions.

The Company's significant shareholders may be in a position to exercise significant influence over all matters requiring shareholder approval, including the election of directors, determination of significant corporate actions, amendments to the Company's articles and by-laws and the approval of any business combinations.

Dividends

The Company has traditionally paid a quarterly dividend on its common shares. On January 13, 2025 the Company announced that it was suspending dividends in order to dedicate cash reserves for C-COM's commercialization of its revolutionary Ka-band Electronically Steered Antenna (ESA) and other R&D priorities. The Company's dividend policy will be reviewed from time to time by the board of directors of the Company in the context of its earnings, financial condition and other relevant factors. Depending on the results of that review, the Company may decide to reinstate paying dividends in the future.

Key Management Personnel

If the Company fails to attract and retain key employees, the development and commercialization of its products may be adversely affected. The Company is highly dependent on the key members of its management staff. If the Company loses any of these people, its business and ability to develop products could suffer. The Company's future success will also depend in large part on its ability to attract and retain other highly qualified scientific, sales and management personnel. Failure to retain and attract personnel with the appropriate skills could have a negative impact on the Company's ability to conduct business and on its financial results.

Climate Change

Climate change is predicted to lead to increased frequency and intensity of weather events and related impacts such as storms, wildfires, flooding and storm surge. Extreme weather events create a risk of physical damage to the operations of the Corporation or its suppliers, partners and customers which may not be recoverable through insurance, legal, regulatory cost recovery or other processes and could materially affect the Corporation's business, results of operations and cash flows, including its reputation with customers, regulators, governments and financial markets.

The Company does not currently perceive any risks; Physical, Regulatory, Reputational or Litigation, as a result of global climate changes. On the contrary, following the Katrina disaster and the devastating earthquake and tsunami in Japan, the Company

experienced a surge in sales to accommodate the demand for communications in the stricken areas. The Company made the decision to increase inventory levels to enable it to be ready for the increased demand caused by climate change. In addition to this, the Company is developing new products that will utilize solar energy to power the iNetVu Flyaway and Transportable antenna systems.

Facilities

The Company leases a 25,380 square foot office and warehouse facility located at 2574 Sheffield Rd. in Ottawa, Ontario. The Company has a lease for these premises with a related party, 718133 Ontario Inc. The lease term is for five years, maturing July 31, 2029. Lease payments are made monthly. The Company also leases space for its R&D team at the University of Waterloo. This lease expires Dec. 31, 2025 and contains a 60-day cancellation clause.

Summary of Outstanding Share Data

As of November 30, 2024, the Company had 42,256,500 Common shares issued and outstanding (2023 – 42,186,400).

During fiscal 2024 the Company granted 302,000 options to purchase common shares (2023 – 854,000) to employees and directors and recorded an expense and contributed surplus of $267,317 (2023 - $313,409).

During fiscal 2024, 70,100 options were exercised, and 70,100 shares were issued (2023 – 400,000 options were exercised, and 400,000 shares were issued).

Directors and Officers Compensation

During the year ended November 30, 2024, C-COM's officers and directors received the following compensation:

		Salary & Bonus	Board of Director Fees	Contractor Fees	Stock Options Granted (#)
Leslie Klein	President, C.E.O. and Director	$ 479,689	$ 36,000	Nil	Nil
Art Slaughter	Chief Financial Officer	Nil	Nil	$ 40,538	40,000
Bilal Awada	Chief Technology Officer	$ 255,712	Nil	Nil	160,000
Shane McLean	Corporate Secretary	Nil	Nil	Nil	Nil
Eli Fathi	Director	Nil	$ 36,000	Nil	Nil
Ronald Leslie	Director	Nil	$ 36,000	Nil	Nil
Arunas Slekys	Director	Nil	$ 36,000	Nil	Nil

For further information about our management compensation practices and policies please refer to the management information circular for our most recent annual meeting of shareholders which is available at *www.sedar.com.*

Outlook

Revenues for 2024 of $7.9 million were on par with 2023's level of $8.3 million. However, profitability was negatively impacted by lower gross margins and higher overall expenses in 2024.

Throughout 2024 C-COM experienced lethargic demand. Quoting volumes and booked orders were down due to geopolitical tensions and an overall weak global economy. Though we lacked larger orders of more than 25 units during 2024, we did have steady demand for our legacy products. This came mainly from the military, the oil and gas industry, as well as from the cellular backhaul and security markets.

Our largest sale for the year was for military communications in Asia. The second largest was also in Asia for oil and gas exploration. These markets are still active, and we expect more such orders in 2025 into these regions.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In 2024 we attended and exhibited at 3 trade shows (USA, UAE and Singapore) and visited customers and integrators in Japan, Middle East and Asia.

Our Manpack antennas have been selling well to the military as well as our Flyways which have been recently deployed by SES to the Peruvian Airforce. Our new 1.3m Manpack antenna has also generated a lot of interest, with a number of sold to the US military and to Japan and the Middle East for disaster management. We are also designing a new Ka-band legacy type antenna. It is presently being assessed by a satellite operator for suitability as a custom military system.

C-COM made good progress with our R&D effort during 2024. Our R&D team based in Waterloo was very busy. They completed the design of our revolutionary electronic steerable array (ESA) that is featured on the front cover of our annual report. Testing of the ESA over a satellite network was completed. The team has also worked hand in hand with the selected manufacturer of these new ESA systems to gear up for production.

In addition, this R&D team continued its work on our analog beamformer integrated circuit (BFIC). They completed the design of this integrated circuit and are now working with the chip foundry to have the initial batch of these ICs manufactured. These BFIC's will be an essential component for all our ESA antennas, and can also be sold on a stand-alone basis. This will open new markets for the Company. The analogue Beamforming Phase Shifter market was valued at US $ 2.2 billion in 2020. A market of US$ 4.9 Bn is expected to be reached by 2031. C-COM expects to start testing these new BFICs in the 3rd quarter of 2025.

As mentioned, we completed testing of our 1K element multi-orbit ESA on Telesat GEO and LEO as well as on Hughes Jupiter 3. These tests confirmed full functionality of the design. A test using a military style drone is also scheduled. The 4K element antenna will also be tested in the first quarter of 2025. Both antennas are being manufactured and the initial batch of these antennas will be used for certifications and customer trials. We expect full production by mid-2025.

Though we made excellent progress with our R&D, the past year has been fraught with uncertainty and disruption. In addition to the massive technological shift in the industry there has been challenges in the talent landscape, geopolitical tensions and the ongoing evolution of the energy transition.

More specifically, the satellite industry experienced significant advancements and faced notable challenges in shaping its role in global communications. The deployment of low Earth orbit (LEO) satellite constellations accelerated, enhancing global internet coverage. The competition in this segment of the industry delivering low-cost services to large numbers of consumers around the world has intensified and with new players entering the market, the competition especially in the consumer and in-flight connectivity market will increase even more in 2025.

C-COM, along with the entire satellite industry, is being affected by this significant industry transformation. But coping with change over its 25+ year history is not new to C-COM. Our response has been to increase investment in the development of our electronically steered Ka-band antenna (ESA), and the complementary analogue beamformer integrated circuit.

We're confident that bringing these two products to market will ensure C-COM's continued success in this rapidly changing industry. There will be several variants of this revolutionary ESA – each designed to suit the unique requirements of a specific application. There will also be opportunity to market ESA models with different price points to meet an range of budgets. This unique multi-orbit Ka-band antenna will be able to operate on existing GEO and future LEO and MEO Ka-band constellations. They can be used in moving vehicles, marine vessels, aircraft and drones.

C-COM is going to encounter significant competition on its development path. Ease of use, worldwide distribution, effective customer support, attractive pricing, and mass production capabilities coupled with high reliability are mandatory product goals to be the market leader. To date, C-COM has maintained a strong technological and historical advantage over its COTP competition, as well as a price and design advantage over other established participants in this marketplace. The Company, over its 27 years of operation, has carved out a significant worldwide market presence for its niche products.

If C-COM can maintain price, availability and technology leadership, the Company is confident that it holds a distinct advantage over others presently in this market segment or considering entering it. This is due to the many years of software development, refined hardware design, advanced product development and an impressive global base of loyal customers with over 10,000 antenna systems deployed in over 100 countries and supported by a worldwide reseller network of 600+ dedicated resellers and systems integrators.

In addition, C-COM has a compelling reputation for delivering highly reliable, cost effective and well supported products to the mobile VSAT customer base in time frames that are unmatched in the industry.

The foregoing outlook constitutes forward-looking information. Please refer to the information under the heading "Forward Looking Information" on this first page of this MD&A.

Statements about C-COM's expectations for future results, its intention to bring a compact 1K element ESA system to market in late 2025 followed by the launch of a more robust 4K ESA in early 2026, its primary focus over the next couple years and the expectation that investment in R&D will generate returns to the company all contain forward-looking information. Several factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. Product development and launch may be postponed, delayed or, in the worst case, cancelled for many reasons outside C-COM's control, anticipated benefits of the new technology may not be realized, new products and services may not be released or, if released may not gain market acceptance and factors outside of C-COM's control may cause it to focus of its efforts and investments differently than described above. Any of those events and others could influence future performance and C-COM Satellite Systems Inc.'s ability to achieve the results mentioned above.