

Vecima Networks Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
May 11, 2026

This Management's Discussion and Analysis ("MD&A") provides a review of significant developments that have affected the performance of Vecima Networks Inc. ("Vecima" or the "Company") during the three and nine months ended March 31, 2026.

Our MD&A supplements, but does not form part of, our interim condensed consolidated financial statements and related notes for the three and nine months ended March 31, 2026 and 2025. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the interim condensed consolidated financial statements and accompanying notes for the three and nine months ended March 31, 2026 and 2025 which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Our MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance and financial position, as well as for internal planning purposes.

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

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

Table of Contents

1.	COMPANY OVERVIEW	2
2.	INDUSTRY DEVELOPMENTS	4
3.	FISCAL 2026 Q3 HIGHLIGHTS	5
4.	OUTLOOK	7
5.	CONSOLIDATED RESULTS OF OPERATIONS	8
6.	SUMMARY OF QUARTERLY RESULTS OF OPERATIONS	12
7.	SEGMENTED INFORMATION	13
8.	LIQUIDITY AND CAPITAL RESOURCES	19
9.	OFF-BALANCE SHEET ARRANGEMENTS	22
10.	TRANSACTIONS BETWEEN RELATED PARTIES	22
11.	PROPOSED TRANSACTIONS	22
12.	CRITICAL ACCOUNTING ESTIMATES	22
13.	ACCOUNTING PRONOUNCEMENTS AND STANDARDS	23
14.	DISCLOSURE CONTROLS AND PROCEDURES	23
15.	INTERNAL CONTROL OVER FINANCIAL REPORTING	23
16.	LEGAL PROCEEDINGS	23
17.	RISKS AND UNCERTAINTIES	24
18.	OUTSTANDING SHARE DATA	26
19.	ADDITIONAL INFORMATION	26

1. Company Overview

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

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

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

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

Vecima's business is organized into three segments:

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

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

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

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

- **Entra Cable Access**
 - **Entra Remote PHY** - Multiple variants of the Entra Access Node that can operate as Remote PHY, providing a modular and highly interoperable platform for deployment of access technologies, leveraging billions of dollars of investment in coaxial cable; and
 - **Entra Remote MACPHY** - Multiple variants of the Entra Access Node that can operate as Remote MACPHY, providing the full complete next-generation access network within the Entra digital node, leveraging billions of dollars of investment in coaxial cable.
- **Entra Optical Fiber Access** - Consists of both chassis and node node-based FTTH access technologies in areas of the service provider network where FTTH is practical and advantageous;
 - **EntraVideo Adapters and Management Devices** - a suite of products facilitating the migration from legacy architectures to next-generation distributed access architectures, including:
 - the **Entra Legacy QAM Adapter and DV-12**, which provides a simple solution to adapt existing video QAM infrastructure for distributed access; and
 - the **Entra Interactive Video Controller**, which supports essential two-way network connectivity for legacy STBs that are heavily deployed and in service today.

Our Terrace, Terrace QAM™, and Terrace IQ product families meet the unique needs of the business services vertical, including multi-dwelling units and hospitality (hotels, motels, and resorts) by adapting video services to individual business requirements and leveraging existing televisions in rooms.

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

MediaScale™

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

2. Industry Developments

Video and Broadband Solutions

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

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

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

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

Content Delivery and Storage

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

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

Telematics

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

Our Strategy

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

3. Fiscal 2026 Q3 Highlights

Financial and Corporate

- Generated third quarter consolidated sales of \$64.8 million, up 1.3% from \$64.0 million in Q3 fiscal 2025, and 12.1% lower than \$73.7 million in Q2 fiscal 2026.
- Third quarter gross margin of 47.3% (adjusted gross margin of 50.7%), compared to 47.7% (adjusted gross margin of 47.4%) in Q3 fiscal 2025 and 44.9% (adjusted gross margin of 46.4%) in Q2 fiscal 2026.
- Generated strong Adjusted EBITDA (non-IFRS) of \$11.3 million, an increase of 9.2% from \$10.3 million in Q3 fiscal 2025, and up 6.4% from \$10.6 million in Q2 fiscal 2026.
- Net loss of \$0.2 million or \$0.01 per share (adjusted net income of \$1.6 million or \$0.06 per share) compared to net income of \$1.2 million or \$0.05 per share (adjusted net income of \$1.2 million or \$0.05 per share) in Q3 fiscal 2025, and net income of \$0.1 million or \$0.00 per share (adjusted net income of \$0.9 million or \$0.04 per share) in Q2 fiscal 2026.
- Ended the third quarter in a strong financial position with working capital of \$51.8 million at March 31, 2026, compared to \$51.2 million at June 30, 2025. Continued focus on debt reduction has lowered total net debt (non-IFRS) to \$54.4 million in Q3 fiscal 2026, from a high of \$92.0 million in Q3 fiscal 2024.

Video and Broadband Solutions (VBS)

- Third quarter Video and Broadband Solutions segment sales increased 9.6% to \$52.2 million, from \$47.7 million in Q3 fiscal 2025, and decreased 12.3% from \$59.6 million in Q2 fiscal 2026.
- VBS gross margin strengthened to 42.1% (adjusted gross margin of 46.2%), from a gross margin of 40.3% (adjusted gross margin of 39.8%) in Q3 fiscal 2025 and 39.9% (adjusted gross margin of 41.6%) in Q2 fiscal 2026, reflecting continued margin improvement based on Vecima's product mix.

DAA (Entra Family)

- Third quarter deployments of Entra DAA products generated revenue of \$49.3 million, up 13.5% from \$43.5 million in Q3 fiscal 2025, and a decrease of 12.4% from \$56.3 million in Q2 fiscal 2026.
 - Total customer engagements stood at 147 MSOs (Multiple Systems Operators) worldwide at quarter-end, compared to 127 a year earlier, with customer engagements continuing to deepen. Seventy-three of these customers have ordered Entra products as broader DAA deployment progresses.
 - Announced a major, multi-year /DOCSIS 4.0 agreement with Charter Communication's Spectrum, one of North America's largest broadband operators. The announcement highlights the extension of Vecima's collaborative partnership with Charter and includes:
 - Deployment of the Entra ERM422, the world's first DOCSIS 4.0 Dual Downstream Service Group RPD, which seamlessly integrates into Vecima Access Nodes, including the EN9000 GAP node and the EN8000 series nodes, and can be combined with Entra EEM210, a two-port fiber-on-demand module to provide fiber-to-the-home services from the same node platforms.
 - Continued nationwide fiber-to-the-home deployment using Vecima's Entra SF-4X Remote OLT, which provides a migration path to 50G-PON by simultaneously supporting 10G-EPON and 50G-PON.
 - Achieved highest quarterly revenue in over three years for Entra Optical products, led by Vecima's industry-leading SF-4X remote optical line terminals for fiber-to-the-home (FTTH). This achievement highlights the growing demand for Vecima's fiber-to-the-home access solutions, including 10G EPON and XGS-PON, and Vecima's leadership in this market. Fiber-to-the-home access solutions have grown to represent a material portion of Vecima's broadband product sales, enriching our comprehensive scope in global broadband networks and providing major new growth pathways, both in the near and long term.
 - Further accentuating Vecima's leadership in the fiber-access market, Dell'Oro Group, a leading industry market researcher, ranked Vecima #1 globally for PON Remote Optical Line terminals (R-OLTs), both XGS-PON and 10G EPON, in its 2025 Broadband Access & Home Networking market share reports. This marks the fifth consecutive year that Vecima has been named the global market share leader in the Fiber R-OLT segment.
 - Industry adoption of our EN9000 GAP node expanded again in the third quarter. The industry's only GAP node, the EN9000, is widely seeding broadband networks with a future-proof platform capable of being upgraded with multiple successive generations of DOCSIS and/or fiber-to-the-home technology.
 - Launched the ERM312, a new compact 1x2 module for the EN9000 and EN3400 platforms.

- Continued to advance vCMTS trial activity with the lead Tier 1 North American customer, while expanding roster of engagements for this next-generation cloud solution. During the quarter, secured a paid proof-of-concept agreement with an international Tier 1 customer, while continuing to expand lab trials and initial orders with three additional operators in Europe. Vecima's vCMTS solution is part of the Entra Cloud platform which enables operators to transform their networks for next-generation broadband access, including DOCSIS 4.0. Dell'Oro Group forecasts the global market for vCMTS will be worth approximately US\$350 million annually by calendar 2029. Currently, Vecima is just one of three vendors worldwide offering a vCMTS solution.

Commercial Video (Terrace Family)

- Commercial Video product sales were in line with expectations and included third quarter sales of \$2.9 million (Q3 fiscal 2025: \$4.2 million; Q2 fiscal 2026: \$3.2 million). These results reflect the continued transition to next-generation platforms, together with some of Vecima's newer DAA-driven Commercial Video solutions now being accounted for as part of Entra family sales.
- TerracelQ Commercial Video solution continued to gain traction with key customers in the Americas, setting the stage for substantial anticipated growth in the next twelve months.
 - Continued progress with the lead Tier 1 customer for TerracelQ. As part of a multi-year program, this customer has selected Vecima's Terrace IQ solution to support the evolution of its commercial video footprint nationally, encompassing both the upgrade of its existing TerraceQAM platforms which are currently deployed within thousands of commercial properties, along with rollouts for new commercial video services contracts going forward.

Content Delivery and Storage (CDS)

- The Content Delivery and Storage segment generated third quarter sales of \$10.7 million, a decrease of 24.1% from \$14.1 million in Q3 fiscal 2025 and 13.2% from \$12.3 million in Q2 fiscal 2026. Quarterly sales fluctuations are typical in the CDS segment and reflect project and order timing.
- Achieved strong third quarter CDS gross margin performance of 68.0% (Q3 fiscal 2025: 70.0%; Q2 fiscal 2026: 65.1%).
 - Successfully deployed Phase 2 of Vecima's targeted Dynamic Ad Insertion (DAI) solution with Hotwire Communications during the quarter. Vecima's DAI solution enables operators to deliver targeted and personalized advertising experiences, increasing video average revenue per user (ARPU), without necessitating customer rate increases. The Phase 2 deployment included the first production launch of Vecima's advertising asset workflow manager, replacing third-party systems with a more dynamic, feature-rich solution, driving higher product margins.
 - During the third quarter, a Tier 2 customer selected MediaScale Origin to replace a competitor's solution. MediaScale Origin serves as a unified origin system for live, video-on-demand and network DvR services, allowing operators to streamline video delivery to traditional cable set-top boxes and IP devices simultaneously.
 - Continued progress with content providers and operators, including Tier 1 customers, on dh/Keyframe, a Vecima-marketed generative AI-powered video optimization platform that enhances video quality while simultaneously reducing the required bitrate considerably, allowing for improved streaming efficiency.

Telematics

- The Telematics segment generated third quarter sales of \$1.9 million, a decrease of 15.8% from \$2.2 million in Q3 fiscal 2025, but 2.7% higher than the \$1.8 million achieved in Q2 fiscal 2026.
- Added 12 new customers for the NERO asset tracking platform during the third quarter, booking an additional 137 new subscriptions and bringing total asset tags under management to approximately 125,000.
- Achieved an exceptional gross margin percentage of 72.9% (Q3 fiscal 2025: 65.4%; Q2 fiscal 2026: 71.4%).

4. Outlook

We increase our revenue growth expectation for calendar 2026 to a range of 22.5% to 30.0% compared to calendar 2025, driven by Vecima's portfolio strength, major customer design wins, and essential DAA-based gigabit upgrades globally. We expect demand to ramp up sharply in the coming quarter (Q4 fiscal 2026), helping to establish a new record quarterly revenue level before rising to a higher level in the second half of calendar 2026. Our anticipated demand profile also positions Adjusted EBITDA margins to break through 20% in calendar 2026, driving Adjusted EBITDA growth of 74% to 85%, compared to calendar 2025. Our confidence in our increased forecast further strengthened in the third quarter as our customers are providing purchase orders and forecasts with clear visibility into increased volumes in the near term.

In the VBS segment, our lead North American BSP (Broadband Service Provider) customer has now begun its large-scale network upgrade using our next-generation DAA technologies. We are anticipating strong near-term contribution from our industry-leading Remote PHY device (RPD) solutions, EN9000 and EN8400 platforms, and highly successful Entra Optical fiber access portfolio. Our outlook also reflects continued rollout of newer Entra products, including the EN3400, a compact version of the EN9000 specifically designed for MDU (Multiple Dwelling Units) and enterprise applications, the EEM210, a stand-alone 10G EPON module that fits both new and existing nodes and supports global deployments, and our new PHMs (Power Holdover Modules), which support Entra's cable and fiber access products with innovative super-capacitor-based resiliency to power grid interruptions in the field.

Longer term, our outlook is bolstered by the recently announced fiber-access/DOCSIS 4.0 agreement with Charter Communication's Spectrum. This agreement includes deployment of our new ERM422, the world's first DOCSIS 4.0 Dual Downstream Service group RPD, and continued fiber-to-the-home deployment of our global market-leading Entra SF-4X Remote OLT (Optical Line Terminal). Rollout of our new vCMTS solution under additional agreements, as well as expanding engagements with customers globally are expected to further support Vecima's growth trajectory, building on our multi-year growth runway.

Commercial Video sales are also poised to expand during the 2026 calendar year as our lead Tier 1 U.S. customer begins a major, multi-year network upgrade using Vecima's TerraceIQ solution. Sales of our legacy TerraceQAM and Terrace Family products are expected to continue to trend lower in the coming quarters as customers begin their transition to TerraceIQ and as a portion of our Commercial Video solutions become DAA-driven and are accounted for as part of Entra family sales.

In the Content Delivery and Storage segment we anticipate stronger revenue performance in Q4 fiscal 2026, while continuing to note that CDS results can fluctuate significantly from quarter-to-quarter based on order and project timing. Our outlook for the CDS segment anticipates the addition of new IPTV customers, as well as subscriber growth and network expansions among existing customers. Vecima's promising Dynamic Ad Insertion technology is also expected to provide increasing contribution as customer adoption increases.

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

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

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

5. Consolidated Results of Operations

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

Interim Condensed Consolidated Statements of Comprehensive Income (Loss) Data <i>(in thousands of dollars except common share data)</i>	Three months ended March 31,				Nine months ended March 31,							
	2026		2025		2026		2025					
Sales	\$	64,832	100%	\$	63,979	100%	\$	209,628	100%	\$	217,107	100%
Cost of sales:												
Cost of product and services		32,359	50%		32,647	51%		111,934	53%		125,013	58%
Write-down of inventory to net realizable value		1,822	3%		796	1%		4,045	2%		1,471	1%
Total cost of sales		34,181	53%		33,443	52%		115,979	55%		126,484	58%
Gross profit		30,651	47%		30,536	48%		93,649	45%		90,623	42%
Operating expenses												
Research and development ⁽¹⁾		13,498	21%		11,500	18%		38,806	18%		35,062	16%
Sales and marketing		8,728	13%		8,238	13%		26,933	13%		24,937	11%
General and administrative		6,904	11%		6,945	11%		20,199	10%		21,335	10%
Restructuring costs		–	–%		–	–%		–	–%		2,798	1%
Share-based compensation		360	1%		486	1%		1,311	1%		1,494	1%
Other expense		40	–%		19	–%		65	–%		506	–%
		29,530	45%		27,188	43%		87,314	42%		86,132	40%
Operating income		1,121	2%		3,348	5%		6,335	3%		4,491	2%
Finance expense		(1,813)	(3)%		(2,033)	(3)%		(6,847)	(3)%		(6,751)	(3)%
Foreign exchange gain (loss)		211	–%		251	–%		(260)	–%		(3,513)	(2)%
Income (loss) before income taxes		(481)	(1)%		1,566	2%		(772)	–%		(5,773)	(3)%
Income tax expense (recovery)		(235)	1%		384	1%		(843)	–%		(1,215)	(1)%
Net income (loss)		(246)	–%		1,182	2%		71	–%		(4,558)	(2)%
Other comprehensive income (loss)		1,394	2%		(786)	(1)%		1,383	1%		4,303	2%
Comprehensive income (loss)	\$	1,148	2%	\$	396	1%	\$	1,454	1%	\$	(255)	–%
Net income (loss) per share⁽²⁾												
Basic - Total	\$	(0.01)		\$	0.05		\$	0.00		\$	(0.19)	
Diluted - Total	\$	(0.01)		\$	0.05		\$	0.00		\$	(0.19)	
Other Data:												
Research and development expenditures ⁽³⁾	\$	16,221		\$	15,192		\$	47,463		\$	46,568	
Adjusted EBITDA ⁽⁴⁾	\$	11,270		\$	10,317		\$	33,348		\$	22,150	
Adjusted earnings (loss) per share ⁽⁵⁾	\$	0.06		\$	0.05		\$	0.15		\$	(0.14)	
Number of employees ⁽⁶⁾		612			582			612			582	

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

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

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

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

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

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

Interim Condensed Consolidated Statements of Financial Position <i>(in thousands of dollars except common share data)</i>	March 31,		June 30,	
	2026		2025	
Cash and cash equivalents	\$	2,511	\$	3,441
Working capital ⁽¹⁾	\$	51,812	\$	51,164
Total assets	\$	342,067	\$	332,069
Total debt ⁽²⁾	\$	37,260	\$	28,263
Net debt ⁽¹⁾	\$	54,441	\$	53,610
Shareholders' equity	\$	212,323	\$	213,569
Number of common shares outstanding ⁽³⁾		24,314,594		24,314,594

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

⁽²⁾ Excludes the Company's revolving line of credit.

⁽³⁾ Based on the weighted average number of common shares outstanding during the first nine months of fiscal 2026.

Adjusted Net Income and Adjusted Earnings per Share

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

Calculation of Adjusted Earnings per Share <i>(in thousands of dollars)</i>	Three months ended March 31,		Nine months ended March 31,					
	2026		2025					
Net income (loss)	\$	(246)	\$	1,182	\$	71	\$	(4,558)
Write-down of inventory to net realizable value, net of tax		1,482		750		3,134		95
Loss on sale of non-core PP&E, net of tax		16		5		43		83
Warrant expense (recovery), net of tax		304		(770)		447		(1,374)
Acquisition-related fees, net of tax		–		3		–		309
Restructuring costs, net of tax		–		–		–		2,210
Adjusted net income (loss)	\$	1,556	\$	1,170	\$	3,695	\$	(3,235)
Net income (loss) per share	\$	(0.01)	\$	0.05	\$	0.00	\$	(0.19)
Write-down of inventory to net realizable value, net of tax		0.06		0.03		0.13		0.00
Loss on sale of non-core PP&E, net of tax		0.00		0.00		0.00		0.00
Warrant expense (recovery), net of tax		0.01		(0.03)		0.02		(0.05)
Acquisition-related fees, net of tax		0.00		0.00		0.00		0.01
Restructuring costs, net of tax		0.00		0.00		0.00		0.09
Adjusted earnings (loss) per share⁽¹⁾⁽²⁾	\$	0.06	\$	0.05	\$	0.15	\$	(0.14)

⁽¹⁾ Adjusted earnings (loss) per share includes non-cash share-based compensation of \$0.4 million or \$0.01 per share, and \$1.3 million or \$0.05 per share for the three and nine months ended March 31, 2026, respectively, and \$0.5 million or \$0.02 per share, and \$1.5 million or \$0.06 per share for the three and nine months ended March 31, 2025, respectively. The non-cash share-based compensation primarily reflects the grant-date fair value of shares issued pursuant to the Company's Performance Share Unit Plan.

⁽²⁾ Adjusted earnings (loss) per share includes foreign exchange loss of \$0.2 million or \$0.01 per share, and \$0.3 million or \$0.01 per share for the three and nine months ended March 31, 2026, respectively, and \$0.3 million or \$0.01 per share, and \$3.5 million or \$0.14 per share for the three and nine months ended March 31, 2025, respectively.

Adjusted Gross Margin

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

Calculation of Adjusted Gross Margin (in thousands of dollars)	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Sales	\$ 64,832	\$ 63,979	\$ 209,628	\$ 217,107
Cost of sales	34,181	33,443	115,979	126,484
Gross profit	30,651	30,536	93,649	90,623
Warrant expense (recovery) ⁽¹⁾	385	(974)	566	(1,739)
Write-down of inventory to net realizable value	1,822	796	4,045	1,471
Adjusted gross profit	\$ 32,858	\$ 30,358	\$ 98,260	\$ 90,355
Adjusted gross margin %	50.7 %	47.4 %	46.9 %	41.6 %

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

EBITDA and Adjusted EBITDA

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

Calculation of Adjusted EBITDA (in thousands of dollars)	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Net income (loss)	\$ (246)	\$ 1,182	\$ 71	\$ (4,558)
Income tax expense (recovery)	(235)	384	(843)	(1,215)
Interest expense	1,823	2,042	6,864	6,788
Depreciation of property, plant and equipment	705	754	2,369	2,714
Depreciation of right-of-use assets	408	378	1,198	1,113
Amortization of deferred development costs	5,386	4,119	15,317	11,501
Amortization of intangible assets	789	987	2,476	2,638
EBITDA	8,630	9,846	27,452	18,981
Write-down of inventory to net realizable value	1,876	949	3,967	120
Loss on sale of assets	19	6	53	105
Warrant expense (recovery)	385	(974)	566	(1,739)
Share-based compensation	360	486	1,310	1,494
Acquisition-related costs	–	4	–	391
Restructuring costs	–	–	–	2,798
Adjusted EBITDA	\$ 11,270	\$ 10,317	\$ 33,348	\$ 22,150
Percentage of sales	17%	16%	16%	10%

Net Debt

The following table reconciles the cash and cash equivalents, revolving line of credit, current portion of long-term debt, and long-term debt reported in accordance with IFRS Accounting Standards as shown on the consolidated statements of financial position to our net debt below:

Calculation of Net Debt (in thousands of dollars)	March 31,		June 30,	
As at	2026		2025	
Revolving line of credit	\$	25,455	\$	33,938
Current portion of long-term debt ⁽¹⁾		12,977		8,336
Long-term debt ⁽¹⁾		24,283		19,927
		62,715		62,201
Less: cash and cash equivalents		(2,511)		(3,441)
Less: lease liabilities		(5,763)		(5,150)
Net debt	\$	54,441	\$	53,610

⁽¹⁾ Current and long-term debt includes lease liabilities on the statement of financial position.

Total Research and Development Expenditures

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

Calculation of R&D Expenditures (in thousands of dollars)	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
R&D expense per interim condensed consolidated statements of comprehensive income (loss)	\$ 13,498	\$ 11,500	\$ 38,806	\$ 35,062
Deferred development costs	8,070	7,771	23,857	22,873
Investment tax credits	39	40	117	134
Amortization of deferred development costs	(5,386)	(4,119)	(15,317)	(11,501)
Total research and development expenditures	\$ 16,221	\$ 15,192	\$ 47,463	\$ 46,568
Percentage of sales	25%	24%	23%	21%

6. Summary of Quarterly Results of Operations

The following information has been derived from our interim condensed consolidated financial statements for the three and nine months ended March 31, 2026 and 2025 in accordance with IFRS Accounting Standards. This information should be read in conjunction with those financial statements and their related notes as well as with the balance of this MD&A.

(in thousands of dollars except per share amounts)	Fiscal 2026			Fiscal 2025			Fiscal 2024	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	\$ 64,832	\$ 73,722	\$ 71,074	\$ 68,756	\$ 63,979	\$ 71,223	\$ 81,905	\$ 87,476
Cost of sales⁽¹⁾	34,181	40,629	41,169	49,959	33,443	45,307	47,734	45,548
Gross profit⁽¹⁾	30,651	33,093	29,905	18,797	30,536	25,916	34,171	41,928
Operating expenses								
Research and development ⁽²⁾	13,498	13,176	12,132	11,992	11,500	11,288	11,624	11,041
Sales and marketing ⁽¹⁾	8,728	9,398	8,807	9,814	8,238	7,257	9,442	9,529
General and administrative ⁽¹⁾⁽²⁾	6,904	6,738	6,557	6,655	6,945	7,320	7,720	8,757
Impairment expense	–	–	–	6,949	–	–	–	–
Restructuring costs	–	–	–	–	–	2,798	–	–
Share-based compensation	360	434	517	361	486	462	546	248
Other expense (income)	40	39	(14)	34	19	194	293	189
	29,530	29,785	27,999	35,805	27,188	29,319	29,625	29,764
Operating income (loss)	1,121	3,308	1,906	(17,008)	3,348	(3,403)	4,546	12,164
Finance expense	(1,813)	(2,133)	(2,901)	(3,249)	(2,033)	(2,345)	(2,373)	(3,184)
Foreign exchange gain (loss)	211	(1,360)	889	1,480	251	(4,272)	508	(2,029)
Income (loss) before income taxes	(481)	(185)	(106)	(18,777)	1,566	(10,020)	2,681	6,951
Income tax expense (recovery)	(235)	(298)	(310)	(5,573)	384	(2,135)	536	(1,306)
Net income (loss)	(246)	113	204	(13,204)	1,182	(7,885)	2,145	8,257
Other comprehensive income (loss)	1,394	(1,173)	1,162	(4,464)	(786)	6,001	(912)	959
Comprehensive income (loss)	\$ 1,148	\$ (1,060)	\$ 1,366	\$ (17,668)	\$ 396	\$ (1,884)	\$ 1,233	\$ 9,216
Net income (loss) per share								
Basic - Total	\$ (0.01)	\$ 0.00	\$ 0.01	\$ (0.54)	\$ 0.05	\$ (0.32)	\$ 0.09	\$ 0.34
Diluted - Total	(0.01)	0.00	0.01	(0.54)	0.05	(0.32)	0.09	0.34
Adjusted EBITDA as reported	\$ 11,270	\$ 10,596	\$ 11,482	\$ 6,706	\$ 10,317	\$ (258)	\$ 12,091	\$ 14,494

⁽¹⁾ The Company has restated the fiscal 2024 comparative periods for a change in commission expense presentation.

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

Quarter-to-Quarter Sales Variances

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

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

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

7. Segmented Information

Sales

Periods ended March 31,	Three months		Nine months	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 52,248	\$ 47,650	\$ 169,764	\$ 179,858
Content Delivery and Storage	10,692	14,083	34,225	31,524
Telematics	1,892	2,246	5,639	5,725
Total sales	\$ 64,832	\$ 63,979	\$ 209,628	\$ 217,107

Three-Month Results

We generated total sales of \$64.8 million in the third quarter of fiscal 2026, an increase of 1.3% from \$64.0 million in Q3 fiscal 2025, but a decrease of 12.1% from \$73.7 million in Q2 fiscal 2026. The year-over-year improvement primarily reflects higher VBS segment sales.

The Video and Broadband Solutions segment increased third quarter revenue to \$52.2 million, up 9.6% from the \$47.7 million achieved in Q3 fiscal 2025. Segment sales for the third quarter of fiscal 2026 included \$48.1 million of product sales (Q3 fiscal 2025 - \$43.3 million) and \$4.2 million of services revenue (Q3 fiscal 2025 - \$4.4 million). On a sequential quarterly basis, third quarter VBS revenue decreased 12.3% from \$59.6 million in Q2 fiscal 2026.

- Next-generation Entra products sales increased 13.5% to \$49.3 million, from \$43.5 million in Q3 fiscal 2025, but decreased 12.4% from the \$56.3 million achieved in Q2 fiscal 2026.
- Commercial Video products sales decreased to \$2.9 million, from \$4.2 million in Q3 fiscal 2025 and \$3.2 million in Q2 fiscal 2026. Results were in line with expectations and reflect the continued transition to next-generation platforms and the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, third quarter revenue of \$10.7 million decreased 24.1% from \$14.1 million in Q3 fiscal 2025 and 13.2% from \$12.3 million in Q2 fiscal 2026. The year-over-year change in sales reflects lower QAM VOD product sales. Segment sales for the third quarter of fiscal 2026 included \$4.7 million of product sales (Q3 fiscal 2025 - \$7.4 million) and \$5.9 million of services revenue (Q3 fiscal 2025 - \$6.7 million). As always, we note that quarterly sales variances are typical for the CDS segment.

Third quarter Telematics sales of \$1.9 million decreased approximately 15.8% from \$2.2 million in Q3 fiscal 2025, and were 2.7% higher than the \$1.8 million achieved in Q2 fiscal 2026. The year-over-year decrease reflects accelerated recognition of deferred revenue in the prior year period. The quarter-over-quarter improvement reflects an increase in assets and tags monitored.

Nine-Month Results

For the nine months ended March 31, 2026, we generated total sales of \$209.6 million, as compared to \$217.1 million in the same period of fiscal 2025, a decrease of 3.4%. The year-over-year change primarily reflects lower VBS segment sales, partially offset by higher CDS segment sales.

Nine-month Video and Broadband Solutions sales of \$169.8 million compared to \$179.9 million in the same period of fiscal 2025, a decrease of 5.6%.

- Next-generation Entra products sales of \$160.6 million were 4.4% lower than the \$168.0 million generated in the same period of fiscal 2025. The year-over-year decrease reflects customers drawing down inventory on in-flight projects as they planned for the next phase of large-scale network deployments.
- Commercial Video products contributed sales of \$9.0 million, compared to \$11.6 million during the first nine months of fiscal 2025. Results were in line with expectations and reflect the continued transition to next-generation platforms and the impact of some of Vecima's newer DAA-driven Commercial Video solutions being accounted for as part of Entra family sales.

In the Content Delivery and Storage segment, nine-month revenue climbed 8.6% to \$34.2 million, from \$31.5 million in the same period of fiscal 2025. The year-over-year increase primarily reflects strong IPTV installation and expansion activity with a 21.6% increase in product sales and consistent service revenue. CDS segment sales for the first nine months of fiscal 2026 included \$15.9 million of product sales (fiscal 2025 - \$13.1 million) and \$18.3 million of services revenue (fiscal 2025 - \$18.4 million).

Nine-month Telematics sales decreased 1.5% to \$5.6 million, from \$5.7 million in the same period of fiscal 2025. Results for the period were consistent with our expectations.

Cost of Sales

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

Periods ended March 31,	Three months		Nine months	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 30,246	\$ 28,436	\$ 102,188	\$ 113,095
Content Delivery and Storage	3,423	4,230	12,134	11,547
Telematics	512	777	1,657	1,842
Total cost of sales	34,181	33,443	115,979	126,484
Write-down of inventory to net realizable value	1,822	796	4,045	1,471
Total cost of sales before net realizable value adjustments⁽¹⁾	\$ 32,359	\$ 32,647	\$ 111,934	\$ 125,013

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

Three-Month Results

For the three months ended March 31, 2026, total cost of sales increased to \$34.2 million, 2.2% higher than \$33.4 million in Q3 fiscal 2025 and 15.9% lower than \$40.6 million in Q2 fiscal 2026. The year-over-year increase was primarily related to higher sales in fiscal 2026.

Third quarter cost of sales in the Video and Broadband Solutions segment increased 6.4% to \$30.2 million, from \$28.4 million in Q3 fiscal 2025 and decreased 15.5% from \$35.8 million in Q2 fiscal 2026. The year-over-year increase was primarily related to higher sales in fiscal 2026.

In the Content Delivery and Storage segment, third quarter cost of sales decreased 19.1% to \$3.4 million, from \$4.2 million in Q3 fiscal 2025 and \$4.3 in Q2 fiscal 2026. The year-over-year decrease primarily reflects lower segment sales.

Third quarter cost of sales from the Telematics segment slightly decreased to \$0.5 million, from \$0.8 million in Q3 fiscal 2025, and remained consistent with Q2 fiscal 2026.

Nine-Month Results

For the nine months ended March 31, 2026, total cost of sales decreased by 8.3% to \$116.0 million, from \$126.5 million in the same period in fiscal 2025. The year-over-year decrease reflects lower sales in the current period, together with a higher-margin product mix.

Cost of sales in the Video and Broadband Solutions segment decreased 9.6% to \$102.2 million in the first nine months of fiscal 2026, from \$113.1 million in same period in fiscal 2025. The year-over-year decrease primarily reflects lower sales in the current year, together with a higher-margin product mix.

Cost of sales in the Content Delivery and Storage segment increased by 5.1% to \$12.1 million in the first nine months of fiscal 2026, from \$11.5 million in the same period in fiscal 2025. The year-over-year change was primarily driven by increased CDS sales.

Cost of sales in the Telematics segment was slightly lower at \$1.7 million in the first nine months of fiscal 2026, from \$1.8 million in the same period of fiscal 2025.

Gross Profit and Gross Margin

Periods ended March 31,	Three months		Nine months	
	2026	2025	2026	2025
Gross profit				
Video and Broadband Solutions	\$ 22,002	\$ 19,214	\$ 67,576	\$ 66,763
Content Delivery and Storage	7,269	9,853	22,091	19,977
Telematics	1,380	1,469	3,982	3,883
Total gross profit	\$ 30,651	\$ 30,536	\$ 93,649	\$ 90,623
Gross margin				
Video and Broadband Solutions	42.1 %	40.3 %	39.8 %	37.1 %
Content Delivery and Storage	68.0 %	70.0 %	64.5 %	63.4 %
Telematics	72.9 %	65.4 %	70.6 %	67.8 %
Total gross margin	47.3 %	47.7 %	44.7 %	41.7 %
Adjusted gross margin				
Video and Broadband Solutions	46.2 %	39.8 %	42.4 %	36.8 %
Content Delivery and Storage	68.6 %	70.5 %	65.2 %	64.3 %
Telematics	72.9 %	65.4 %	70.6 %	67.8 %
Total adjusted gross margin	50.7 %	47.4 %	46.9 %	41.6 %

Three-Month Results

For the three months ended March 31, 2026, total gross profit of \$30.7 million was in line with the \$30.5 million generated in Q3 fiscal 2025, and 7.4% lower than \$33.1 million in Q2 fiscal 2026. The consistency in year-over-year results primarily reflects increased VBS segment sales, offset by an equal decrease in CDS segment sales, with a slight fluctuation in gross margin. Third quarter gross margin decreased to 47.3% (adjusted gross margin of 50.7%), from 47.7% (adjusted gross margin of 47.4%) in Q3 fiscal 2025, but increased from 44.9% (adjusted gross margin of 46.4%) in Q2 fiscal 2026 due to a higher-margin product mix in the current quarter.

Video and Broadband Solutions segment gross profit for the third quarter increased to \$22.0 million from \$19.2 million in Q3 fiscal 2025, and decreased from \$23.8 million in Q2 fiscal 2026. The improvement in year-over-year results primarily reflects a higher-margin product mix and increased sales, with third quarter VBS gross margin increasing to 42.1% (adjusted gross margin of 46.2%), from 40.3% (adjusted gross margin of 39.8%) in Q3 fiscal 2025 and 39.9% (adjusted gross margin of 41.6%) in Q2 fiscal 2026.

In the Content Delivery and Storage segment, third quarter gross profit decreased 26.2% to \$7.3 million, from \$9.9 million in the same period last year, and was 9.3% lower than \$8.0 million in Q2 fiscal 2026. These decreases primarily reflect lower product sales. Third quarter CDS gross margin percentage decreased to 68.0% (adjusted gross margin of 68.6%), from 70.0% (adjusted gross margin of 70.5%) in the same period last year, and increased from 65.1% (adjusted gross margin of 65.8%) in Q2 fiscal 2026.

Third quarter gross profit from the Telematics segment of \$1.4 million (gross margin of 72.9%), decreased slightly from the \$1.5 million (gross margin of 65.4%) achieved in Q3 fiscal 2025, and increased from \$1.3 million (gross margin of 71.4%) in Q2 fiscal 2026.

Nine-Month Results

For the nine months ended March 31, 2026, gross profit increased to \$93.6 million, 3.3% higher than the \$90.6 million generated in the same period of fiscal 2025. The improvement in gross profit reflects a higher-margin product mix in fiscal 2026, partially offset by lower VBS sales. Gross margin for the first nine months of fiscal 2026 increased to 44.7% (adjusted gross margin of 46.9%), from 41.7% (adjusted gross margin of 41.6%) in the same period last year.

The Video and Broadband Solutions segment increased gross profit to \$67.6 million (gross margin of 39.8%; adjusted gross margin of 42.4%) in the first nine months of fiscal 2026, from \$66.8 million (gross margin of 37.1%; adjusted gross margin of 36.8%) in the same period of fiscal 2025. The 1.2% year-over-year improvement in gross profit is mainly attributed to a higher-margin product mix, partially offset by lower sales.

Content Delivery and Storage segment gross profit increased 10.6% to \$22.1 million (gross margin of 64.5%; adjusted gross margin of 65.2%) in the first nine months of fiscal 2026, from \$20.0 million (gross margin of 63.4%; adjusted gross margin of 64.3%) in the same period of fiscal 2025. The year-over-year increase primarily reflects higher segment sales, paired with a slightly higher gross margin.

The Telematics segment increased nine-month gross profit slightly to \$4.0 million (gross margin of 70.6%), from \$3.9 million (gross margin of 67.8%) in the same period of fiscal 2025.

Operating Expenses

Periods ended March 31,	Three months		Nine months	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ 22,491	\$ 19,389	\$ 65,203	\$ 61,902
Content Delivery and Storage	5,924	6,698	18,802	21,174
Telematics	1,115	1,101	3,309	3,056
Total operating expense	\$ 29,530	\$ 27,188	\$ 87,314	\$ 86,132

Three-Month Results

For the three months ended March 31, 2026, total operating expenses increased to \$29.5 million, from \$27.2 million in Q3 fiscal 2025 and decreased from \$29.8 million in Q2 fiscal 2026. As a percentage of sales, Q3 fiscal 2026 operating expenses increased to 46%, from 42% in Q3 fiscal 2025 and 40% in Q2 fiscal 2026. The year-over-year increase was primarily driven by increased amortization of deferred development costs, as well as higher salaries, wages and benefits in the current period.

Video and Broadband Solutions operating expenses increased to \$22.5 million, from \$19.4 million in Q3 fiscal 2025 and \$22.1 million in Q2 fiscal 2026. The \$3.1 million year-over-year increase primarily reflects increased amortization of deferred development costs, as well as higher salaries, wages and benefits in the current year period. The quarter-over-quarter increase reflects an increase in salaries, wages and benefits, offset by an increase in capitalized software development costs.

Content Delivery and Storage operating expenses decreased to \$5.9 million in Q3 fiscal 2026, from \$6.7 million in both Q3 fiscal 2025 and Q2 fiscal 2026. The year-over-year decrease primarily reflects lower salaries, wages and benefits, as well as decreased amortization of deferred development costs. The quarter-over-quarter decrease reflects lower salaries, wages and benefits, as well as an increase in capitalized software development costs.

Telematics operating expenses remained consistent at \$1.1 million for both Q3 fiscal 2026 and 2025.

Research and development expenses for Q3 fiscal 2026 were \$13.5 million, or 21% of sales, as compared to \$11.5 million, or 18% of sales in the same period of fiscal 2025. The increase primarily reflects higher deferred development cost amortization, and increased salaries, wages and benefits, offset by higher capitalized development labour costs in the quarter. The majority of our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for Q3 fiscal 2026 were \$16.2 million, or 25% of sales, compared to \$15.2 million, or 24% of sales in Q3 fiscal 2025.

Sales and marketing expenses increased to \$8.7 million, or 13% of sales in Q3 fiscal 2026, from \$8.2 million, or 13% of sales in the same period last year. This increase primary reflects slightly higher salaries, wages and benefits, as well as higher travel expenses.

General and administrative expenses remained consistent at \$6.9 million or 11% of sales for both Q3 fiscal 2026 and 2025.

Stock-based compensation expense decreased slightly to \$0.4 million, from \$0.5 million in Q3 fiscal 2025.

Other expense was \$nil both Q3 fiscal 2026 and 2025.

Nine-Month Results

For the nine months ended March 31, 2026, total operating expenses increased to \$87.3 million, from \$86.1 million in the same period of fiscal 2025. The year-over-year increase primarily reflects an additional quarter of Falcon expenses in fiscal 2026, as the acquisition occurred in Q2 fiscal 2025, as well as higher amortization of deferred development costs and a \$1.3 million year-over-year decrease in excess and obsolescence inventory recovery. These increases were partially offset by restructuring costs of \$2.8 million recorded in the prior-year period that did not recur in the current year. As a percentage of sales, total operating expenses were 42%, compared to 40% last year, reflecting lower VBS segment sales.

Video and Broadband Solutions operating expenses increased to \$65.2 million in the first nine months of fiscal 2026, from \$61.9 million in the same period of fiscal 2025. The year-over-year increase reflects an additional quarter of Falcon expenses in fiscal 2026, an increase in amortization of deferred development costs, an increase in salaries, wages and benefits, and a \$1.3 million year-over-year decrease in excess and obsolescence inventory recovery. These increases were partially offset by restructuring costs of \$2.3 million recorded in the prior-year period that did not recur in the current year.

Content Delivery and Storage operating expenses decreased to \$18.8 million in the first nine months of fiscal 2026, from \$21.2 million in the same period last year. The decrease primarily reflects lower salaries, wages and benefits expenses following last year's restructuring, as well as the absence of \$0.5 million of restructuring costs recorded in the prior-year period, that did not recur in the current period.

Telematics operating expenses increased to \$3.3 million in the first nine months of fiscal 2026, from \$3.1 million in the same period of fiscal 2025, reflecting higher salaries, wages and benefits.

Research and development expenses for the first nine months of fiscal 2026 were \$38.8 million, or 19% of sales, as compared to \$35.1 million, or 16% of sales in the same period of fiscal 2025. The increase primarily reflects higher deferred development cost amortization. The majority of our investment in research and development supports the launch of new products. Until these products are in commercial production, the development costs are deferred to future periods. Total research and development costs before deferrals, amortization of deferred development costs and income tax credits for the first nine months of fiscal 2026 decreased slightly to \$47.5 million, or 23% of sales, from \$46.6 million, or 21% of sales in the same period of fiscal 2025.

Sales and marketing expenses increased to \$26.9 million, or 13% of sales in the first nine months of fiscal 2026, from \$24.9 million, or 11% of sales in the same period of fiscal 2025. This increase primary reflects an inventory allowance reversal of \$1.3 million in the prior-year period, compared to just \$0.1 million in the current period, as well as higher freight and shipping expenses. These increases were partially offset by lower marketing and conference expenses in the current period.

General and administrative expenses decreased to \$20.2 million, or 10% of sales in the first nine months of fiscal 2026, from \$21.3 million, or 10% of sales in the first nine months of fiscal 2025. The year-over-year decrease primarily reflects lower professional fees, subcontractor expenses, and salaries, wages and benefit, partially offset by higher amortization of intangible assets from the addition of Falcon.

Restructuring costs were \$nil in the first nine months of fiscal 2026, compared to \$2.8 million in the same period of fiscal 2025 and reflect the workforce reduction in the prior year.

Stock-based compensation expense of \$1.3 million in the first nine months of fiscal 2026 compared to \$1.5 million in the same period of fiscal 2025.

Other expense was \$0.1 million in the first nine months of fiscal 2026, compared to \$0.5 million in the same period of fiscal 2025. This decrease is largely due to acquisition-related costs of \$0.4 million incurred in the prior-year period related to our acquisition of Falcon.

Operating Income (Loss)

Periods ended March 31,	Three months		Nine months	
	2026	2025	2026	2025
Video and Broadband Solutions	\$ (489)	\$ (175)	\$ 2,373	\$ 4,861
Content Delivery and Storage	1,345	3,155	3,289	(1,197)
Telematics	265	368	673	827
Total operating income	\$ 1,121	\$ 3,348	\$ 6,335	\$ 4,491

Three-Month Results

Operating income for the third quarter of fiscal 2026 decreased to \$1.1 million, from \$3.3 million in Q3 fiscal 2025. The \$2.2 million decrease primarily reflects increased amortization of deferred development costs and salaries, wages and benefits.

The Video and Broadband Solutions segment incurred a third quarter operating loss of \$0.5 million, down from \$0.2 million in Q3 fiscal 2025. The year-over-year decline was primarily due to increased amortization of deferred development costs, as well as higher salaries, wages and benefits.

The Content Delivery and Storage segment generated operating income of \$1.3 million in the third quarter, compared to \$3.2 million in the same period of fiscal 2025. The year-over-year decrease primarily reflects lower sales in the current-year period, offset by lower operating expenses as described above.

Telematics operating income decreased slightly to \$0.3 million in the third quarter, from \$0.4 million in Q3 fiscal 2025.

Nine-Month Results

Operating income for the first nine months of fiscal 2026 grew to \$6.3 million, from \$4.5 million in the same period of fiscal 2025. The \$1.8 million improvement primarily reflects increased CDS segment sales and a higher-margin product mix.

The Video and Broadband Solutions segment generated operating income of \$2.4 million in the first nine months of fiscal 2026, as compared to \$4.9 million in the same period of fiscal 2025. The year-over-year decrease primarily reflects lower VBS segment revenue, together with inventory allowances of \$3.8 million in the current year, compared to recoveries of \$0.2 million in the same period of fiscal 2025, offset by a higher-margin product mix.

The Content Delivery and Storage segment increased operating income to \$3.3 million in the first nine months of fiscal 2026, from an operating loss of \$1.2 million in the same period of fiscal 2025. The year-over-year improvement primarily reflects the \$2.7 million increase in sales, as well as the restructuring costs incurred in the prior year that did not repeat in the current period.

Telematics operating income decreased slightly to \$0.7 million in the first nine months of fiscal 2026, from \$0.8 million in the same period of fiscal 2025.

Other Expenses

Three-Month Results

Finance expense decreased to \$1.8 million in the third quarter of fiscal 2026, from \$2.0 million in Q3 fiscal 2025, reflecting lower interest expense on the revolving line of credit and lower accounts receivable factoring costs.

Foreign exchange gain for the third quarter decreased slightly to \$0.2 million, from \$0.3 million in the same period of fiscal 2025.

Nine-Month Results

Finance expense remained consistent at \$6.8 million during the first nine months of both fiscal 2026 and 2025.

Foreign exchange loss for the first nine months of fiscal 2026 decreased to \$0.3 million, from \$3.5 million in the same period of fiscal 2025, reflecting the positive impact of a weakening Canadian dollar on our outstanding U.S.-denominated intercompany receivables.

Income Tax Expense (Recovery), Net Income (Loss) and Comprehensive Income (Loss)

Three-Month Results

Income tax expense decreased to \$0.2 million in Q3 fiscal 2026, from \$0.4 million in Q3 fiscal 2025, reflecting a lower net income before taxes.

Net loss for Q3 fiscal 2026 was \$0.2 million or \$0.01 per share, as compared to net income of \$1.2 million or \$0.05 per share in Q3 fiscal 2025 due to the variances outlined in Gross Profit, Operating Expenses, and Other Expenses.

Other comprehensive income increased to \$1.4 million in Q3 fiscal 2026, from \$0.8 million in the same period in fiscal 2025. The change reflects the impact of a weakening Canadian dollar on the translation of non-monetary U.S. net assets as at the reporting date when compared to the same period in fiscal 2025.

Comprehensive income for Q3 fiscal 2026 increased slightly to \$1.1 million, from \$0.4 million in Q3 fiscal 2025, reflecting the changes described above.

Nine-Month Results

Income tax recovery decreased to \$0.8 million for the nine months ended March 31, 2026, from \$1.2 million in the prior year period, reflecting a lower net loss before taxes.

Net income for the nine months ended March 31, 2026 was \$0.1 million or \$0.00 per share, compared to a net loss of \$4.6 million or \$0.19 per share in the same period of fiscal 2025 due to the variances outlined in Gross Profit, Operating Expenses, and Other Expenses.

Other comprehensive income decreased to \$1.4 million during the nine months ended March 31, 2026, from \$4.3 million in the same period in fiscal 2025. The change reflects the impact of a stronger Canadian dollar on the translation of non-monetary U.S. net assets as at the reporting date when compared to the same period in fiscal 2025.

Comprehensive income for the nine months ended March 31, 2026 increased to \$1.5 million, from a loss of \$0.3 million in the prior year period, reflecting the changes described above.

8. Liquidity and Capital Resources

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

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

Operating Activities

For the three months ended March 31, 2026, cash flow provided by operating activities increased to \$19.5 million, from cash flow used in operating activities of \$4.0 million in the same period of fiscal 2025. The improvement primarily reflects favorable changes in working capital of \$22.4 million, along with a \$1.0 million increase in cash flows from other operating items.

For the nine months ended March 31, 2026, cash flow provided by operating activities was \$33.0 million, compared to \$35.7 million in the same period of fiscal 2025. The \$2.7 million decrease reflects unfavorable changes in working capital of \$18.1 million, partially offset by a \$15.4 million increase in cash flows from other operating items.

Investing Activities

For the three months ended March 31, 2026, cash flow used in investing activities was \$9.3 million, compared to \$8.4 million in the same period of fiscal 2025. This year-over-year change reflects an increase in deferred development expenditures to \$8.1 million in Q3 fiscal 2026 (Q3 fiscal 2025 - \$7.8 million), and an increase in capital expenditures to \$1.2 million in Q3 fiscal 2026 (Q3 fiscal 2025 - \$0.6 million).

For the nine months ended March 31, 2026, cash flow used in investing activities decreased slightly to \$27.3 million, from \$28.7 million in the same period of fiscal 2025. This decrease reflects the acquisition of Falcon V for \$3.9 million in fiscal 2025, partially offset by an increase in capital expenditures to \$3.5 million in fiscal 2026 (fiscal 2025 - \$2.1 million), and an increase in deferred development expenditures to \$23.9 million in fiscal 2026 (fiscal 2025 - \$22.9 million).

Financing Activities

For the three months ended March 31, 2026, we repaid \$1.5 million of our long-term debt (Q3 fiscal 2025 - \$0.6 million), repaid lease liabilities of \$0.5 million (Q3 fiscal 2025 - \$0.4 million), made net repayments of \$7.9 million on our revolving line of credit (Q3 fiscal 2025 - net draws of \$13.6 million), received proceeds from debt of \$0.7 million (Q3 fiscal 2025 - \$0.9 million), and paid dividends of \$1.3 million (Q3 fiscal 2025 - \$1.3 million).

For the nine months ended March 31, 2026, we repaid \$2.3 million of our long-term debt (fiscal 2025 - \$1.5 million), repaid lease liabilities of \$1.3 million (fiscal 2025 - \$1.1 million), made net repayments of \$8.5 million on our revolving line of credit (fiscal 2025 - \$6.0 million), received proceeds from debt of \$10.7 million (fiscal 2025 - \$0.9 million), received proceeds from a shareholder loan of \$nil (fiscal 2025 - \$5.0 million), and paid dividends of \$4.0 million (fiscal 2025 - \$4.0 million).

Working Capital

Working capital represents current assets less current liabilities. Our working capital was \$51.8 million at March 31, 2026, in line with \$51.2 million at June 30, 2025. We note that our working capital balances can be subject to significant swings from quarter to quarter. Our product shipments can be "lumpy", reflecting the requirements of our major customers. It is not unusual to ship \$5 to \$6 million of product in a one-week period. If this level of sales occurs in the first week of a succeeding quarter, we would expect to experience an increase in inventory levels and a drop in receivables in the prior quarter. Other timing issues, like contracts with greater than 30-day payment terms, also affect working capital, particularly if shipments are backend weighted for a quarter.

Accounts receivable balance increased to \$27.2 million at March 31, 2026, from \$23.9 million at June 30, 2025. The change reflects the timing of revenue billings throughout the quarter.

Inventories decreased by \$9.0 million to \$101.7 million at March 31, 2026, from \$110.6 million as at June 30, 2025. The change reflects the sale of inventory, paired with further excess and obsolete inventory writedowns to net realizable value. We manufacture and assemble products with the result that inventory levels will be substantially higher than other companies in the industry that outsource manufacturing and assembly.

Prepaid expenses and other current assets balance increased to \$9.2 million at March 31, 2026, from \$6.7 million and June 30, 2025. The increase was primarily due to increases in prepayments for contract manufacturer inventory purchases, software licenses, and insurance.

Revolving line of credit decreased to \$25.5 million at March 31, 2026, from \$33.9 million at June 30, 2025.

Accounts payable and accrued liabilities decreased to \$35.0 million at March 31, 2026, from \$37.7 million at June 30, 2025.

Current portion of long-term debt, including the current portion and lease liabilities, increased to \$13.0 million at March 31, 2026, from \$8.3 million at June 30, 2025, reflecting the current portion of the second tranche of the Export Development Canada loan added in August 2025.

Revolving Line of Credit

As at March 31, 2026, we had an authorized line of credit of \$75.0 million (June 30, 2025 - \$75.0 million), subject to a general security agreement limit as described below, of which \$50.7 million was available and \$25.5 million was drawn (June 30, 2025 - \$50.0 million available; \$33.9 million drawn). The line of credit is secured by a general security agreement and is limited to a maximum amount available of 75% of accounts receivable plus 40% of the value, up to \$42.5 million, of certain inventory. Interest on the outstanding line of credit is calculated at prime plus 0.25% on the respective outstanding U.S. and Canadian denominated balances. The Canadian prime rate as at March 31, 2026 was 4.45% (June 30, 2025 - 4.95%) while the U.S. 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 March 31, 2026, we were in compliance with all covenants related to the line of credit.

Factoring Programs

Accounts Receivable

During the three and nine months ended March 31, 2026, we recognized an accounts receivable factoring cost of \$0.7 million and \$3.6 million, respectively (March 31, 2025 - \$0.8 million and \$3.0 million, respectively) in accordance with our factoring arrangement with a major customer and US chartered bank. As at March 31, 2026, \$nil of outstanding accounts receivable were selected for factoring and were received in January 2026 (June 30, 2025 - \$0.1 million received in July 2025). These amounts were included in accounts receivable as at March 31, 2026 and June 30, 2025.

Accounts Payable

During Q3 fiscal 2025, we entered into a supply-chain financing (or "reverse-factoring") arrangement with a third party for certain of our accounts payable. The new payable provides an extension of 120 days on the original invoice due date. We reverse-factored accounts payable of \$6.7 million, with the resulting payable to the third party due between June 6, 2025 and July 10, 2025. As at March 31, 2026, \$nil remained in accounts payable and accrued liabilities (June 30, 2025 - \$2.9 million).

Dividends

Declaration Date	Dividend Amount (per share)	Record Date	Payable Date
May 13, 2025	\$0.055	May 30, 2025	June 23, 2025
September 23, 2025	\$0.055	October 10, 2025	November 3, 2025
February 10, 2026	\$0.055	February 27, 2026	March 23, 2026
May 11, 2026	\$0.055	May 29, 2026	June 22, 2026

Contractual Obligations

As at March 31, 2026, lease liabilities reported in our consolidated statements of financial position were \$5.8 million. Our lease liabilities do not include short-term leases and low-value asset leases, as permitted under IFRS 16, and are of nominal value.

As at March 31, 2026, our undiscounted future cash payments in respect of our lease liabilities were as follows: due within one year is \$1.5 million; due between two-to-five years is \$4.7 million; and thereafter is \$nil.

At March 31, 2026, contractual purchase obligations to certain contract manufacturers due within a year that are not recognized as liabilities were \$31.1 million (June 30, 2025 - \$26.9 million). Related inventory deposits paid to these contract manufacturers and classified as prepaid expenses were \$2.6 million (June 30, 2025 - \$2.0 million).

Foreign Exchange

Approximately 98% of our revenues are denominated in U.S. dollars. We translate U.S. dollar sales to Canadian dollars on the date of delivery and subsequently when the accounts receivable is collected. If the U.S. dollar appreciates relative to the Canadian dollar after we collect the accounts receivable in U.S. dollars, we will receive more Canadian dollars when the U.S. dollars are converted to Canadian dollars in subsequent months. We also enjoy a natural hedge since the majority of our materials and components purchased are in U.S. dollars.

As at March 31, 2026, the exchange rate on the Canadian dollar relative to the U.S. dollar weakened to \$1.393 from \$1.368 as at June 30, 2025. This \$0.025 exchange difference increased the value of our \$62.4 million U.S. dollar net assets by approximately \$1.5 million Canadian.

Financial Instruments

We periodically enter into forward contracts to partially manage our exposure to currency fluctuations between Canadian and U.S. dollars. Forward contracts are entered into based on our projected requirements for converting U.S. to Canadian dollars. We do not recognize these contracts in the interim condensed consolidated financial statements when they are entered into, nor do we account for them as hedges. Instead, the contracts are marked to fair value at each balance sheet date. Changes to fair value are recorded in income. The fair value of these contracts is included in accounts receivable when in an asset position or accounts payable when in a liability position. We had no forward contracts outstanding at March 31, 2026.

Expected use of Proceeds and Financing

In December 2024, we received a shareholder loan of \$5.0 million from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate plus 4.30% and is collateralized by a general security agreement. The loan agreement was executed at arms length, approximates fair value and was used to fund short-term working capital requirements.

In June 2025, we entered into a \$16.0 million credit facility in the form of a term loan with Export Development Canada ("EDC"). The loan is made available to us in two tranches: (1) \$6.0 million to assist in the refinancing of our acquisition of Falcon V Systems and (2) \$10.0 million 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 plus 3.00%, is collateralized by a general security agreement, and is subject to covenants similar to our revolving line of credit. We received the first tranche in June 2025, which is repayable in monthly principal installments of \$0.1 million plus interest over 54 months, with the first repayment paid in January 2026. In August 2025, the second tranche was received for \$10.0 million, which is repayable over a period of 30 months in monthly principal installments of \$0.3 million plus interest. The first repayment of the second tranche was paid in February 2026.

9. Off-Balance Sheet Arrangements

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

10. Transactions Between Related Parties

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

We had the following related party transactions in the first nine months of fiscal 2026:

Building Lease

We 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 nine months ended March 31, 2026, total lease payments, including interest, were \$nil (March 31, 2025 - \$nil and \$0.1 million, respectively).

Shareholder Loan

We received a shareholder loan in the second quarter of fiscal 2025 of \$5.0 million from 684739 B.C., a company owned by the principal shareholders, which is repayable on demand and requires monthly accrued interest payments only with no set terms for principal repayments. It carries an interest rate at the Bank of Canada prime rate of 4.45% plus 4.30% and is collateralized by a general security agreement. During the three and nine months ended March 31, 2026, the Company incurred \$0.1 million and \$0.3 million of interest expense, respectively, pursuant to the shareholder loan (March 31, 2025 - \$0.1 million and \$0.2 million, respectively). The loan agreement was executed at arms length, approximates fair value and will be used to fund short-term working capital requirements.

There were no other related party transactions in the first nine months of fiscal 2026.

11. Proposed Transactions

There are no proposed asset or business acquisitions or dispositions that our Board of Directors have decided to proceed with or for which our senior management believes confirmation by the Board of Directors is probable.

12. Critical Accounting Estimates

See our 2025 annual MD&A and our 2025 annual audited consolidated financial statements and notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of our business operations and results of our operations.

13. Accounting Pronouncements and Standards

Recent accounting pronouncements

The following new and amended standards and interpretations issued by the IASB are effective after our March 31, 2026 quarter-end date and have not yet been adopted by us:

IFRS 18, "Presentation and Disclosure in Financial Statements"

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

Amendment to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures"

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

14. Disclosure Controls and Procedures

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

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of our disclosure controls and procedures as defined under rules adopted by the Canadian securities regulatory authorities. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as at March 31, 2026.

15. Internal Control over Financial Reporting

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

Our CEO and CFO have evaluated the effectiveness of the internal control over financial reporting as at March 31, 2026 in accordance with Internal Control - Integrated Framework (2013), published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our CEO and CFO have determined that the internal control over financial reporting is effective as at March 31, 2026. There has been no change in the internal controls over financial reporting that occurred during the period beginning on July 1, 2025 and ended on March 31, 2026 that has materially affected, or is reasonably likely to materially affect our internal controls on financial reporting.

16. Legal Proceedings

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

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

17. Risks and Uncertainties

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

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

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

While we maintain multi-layered security controls and engage with third-party providers that implement security controls, no system, product or service is immune from cybersecurity threats. We continue to invest in enhancing our cyber defense posture, including resilience, detection, monitoring, vulnerability management, incident response and recovery capabilities. Our employees are also required to participate in ongoing security awareness training. As threat vectors evolve rapidly, we may need to commit additional resources to update, strengthen or maintain these capabilities.

A successful cyberattack or other security incident could materially adversely affect our business, financial condition and results of operations. Threat actors are using increasingly advanced techniques, including those augmented by artificial intelligence, which can evade traditional detection methods, automate or scale attacks, exploit software vulnerabilities, generate more persuasive phishing or social-engineering attempts, and remain dormant until triggered. Such methods may make it more difficult to anticipate, detect and respond to cybersecurity incidents.

Third-party risks remain a significant concern, particularly where we rely on integrated systems or data sharing arrangements with vendors, service providers, cloud platforms, contract manufacturers and other supply-chain participants. Although we seek to address cybersecurity and data privacy risks through contractual provisions, vendor diligence and, where appropriate, security requirements or equivalent controls, these efforts do not guarantee protection against breaches from third-party sources. Vulnerabilities in third-party software, inadequate vendor security controls, supply-chain compromises, cloud or hosting failures, or other operational failures could result in the compromise of the confidentiality, integrity or availability of our systems, products, services or data, including data housed in third-party solutions.

In the event of a security breach or other material cybersecurity incident, we could be subject to public scrutiny, regulatory action, litigation, contractual claims, loss of customer trust, loss of trust from third parties with whom we conduct business, or adverse impacts on the market perception of our effectiveness. The failure of our information and technology systems or disaster recovery plans could also cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, customer data, network data, telemetry, support information and other confidential information. Such outcomes could have a material adverse effect on our business, financial condition and results of operations.

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

Changes in international trade policy, geopolitical instability and disruptions to energy, shipping or commodity markets may materially and adversely affect us.

Our operations rely on cross-border sourcing and shipments of electronic components, semiconductors, memory components, sub-assemblies, servers, finished network equipment and related services. Trade actions and countermeasures, including new, increased or retaliatory tariffs, quotas, export controls, sanctions, domestic-sourcing requirements, changes to customs enforcement, rules of origin, CUSMA eligibility, forced-labor import restrictions and other trade compliance requirements, can be introduced, expanded, modified or withdrawn with little notice.

These measures may increase material, logistics and compliance costs; delay or disrupt deliveries and product deployments; require re-sourcing of suppliers or contract manufacturers; compress pricing and margins under fixed-price or multi-year customer agreements; increase foreign exchange volatility; and affect customer purchasing decisions or deployment timelines. We cannot predict the scope, timing, duration or impact of actions by the United States, Canada or other jurisdictions relevant to our supply chain, customers or end markets. Prolonged uncertainty or escalation could materially affect our revenues, gross margins, cash flows and overall financial condition.

Geopolitical instability, armed conflict, military escalation, sanctions, countermeasures or disruptions to strategic trade corridors may also affect our business directly or indirectly. Conflicts or instability in regions such as the Middle East may increase energy prices, shipping and logistics costs, insurance costs, commodity prices, inflation, interest rates, foreign exchange volatility, supplier costs and customer capital spending uncertainty. Disruptions to key shipping routes, energy markets or global supply chains, including any disruption affecting the Strait of Hormuz or other strategic trade corridors, could increase costs, delay deliveries, constrain component availability, affect customer deployment timelines and materially adversely affect our margins, cash flows and results of operations.

Disruptions, shortages, obsolescence or cost increases affecting components, suppliers or contract manufacturers, including AI-driven demand for memory components, may materially and adversely affect us.

We depend on third-party suppliers, contract manufacturers and logistics providers for electronic components, semiconductors, memory components, sub-assemblies, servers, finished goods and related services used in our products. Certain components may be available from a limited number of suppliers, may have long procurement lead times, may be subject to allocation, obsolescence, end-of-life notices, quality issues, cybersecurity concerns, forced-labor import restrictions, export controls, tariffs or other trade restrictions. Any inability to obtain components or manufacturing capacity on acceptable terms, or at all, could delay customer deployments, increase costs, require product redesigns or requalification, affect warranty or support obligations, impair our ability to satisfy purchase orders or contractual commitments, and adversely affect revenues, margins, customer relationships and results of operations.

Demand for memory components, including DRAM, NAND, SSDs and other memory or storage components, has increased and may continue to increase due to the rapid growth of artificial intelligence infrastructure, data centers and related computing applications. This demand may reduce availability, lengthen lead times, increase prices, or shift supplier capacity away from components used in our products, servers, contract manufacturing, testing equipment or customer deployments. Any resulting shortages, allocation, price increases or inability to secure memory components on acceptable terms could increase our costs, delay production or shipments, require product redesign or requalification, affect our ability to satisfy customer orders or support obligations, and materially adversely affect our margins, revenue, customer relationships and results of operations.

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

The exploration, procurement, development, deployment or use of artificial intelligence (“AI”), including machine learning, generative AI and agentic AI, may expose us to new and evolving risks that could materially adversely affect our business, financial condition and results of operations. We are evaluating and, in certain cases, may use or integrate AI-enabled tools and capabilities across our operations, products or support functions.

The integration of AI into our business carries operational, legal, technical, regulatory and reputational risks. There can be no assurance that AI initiatives will perform as intended, be cost effective, or deliver competitive advantages. AI-enabled tools may produce inaccurate, incomplete, biased, unreliable or untested outputs, and inappropriate reliance on such outputs could result in operational errors, product issues, customer dissatisfaction, compliance concerns or reputational harm. Any failure by us to implement AI capabilities as efficiently or successfully as competitors could also result in a relative loss of market position or commercial opportunity.

Customers, regulators or industry standards may increasingly require assurances regarding the security, explainability, testing, data governance, reliability, oversight or responsible use of AI-enabled features, tools or processes. The regulatory landscape surrounding AI is evolving in Canada and internationally, and existing or future laws and standards may impose requirements relating to governance, risk management, documentation, transparency, human oversight, vendor management, impact assessment, intellectual property, cybersecurity and accountability. Ensuring compliance with applicable or emerging requirements could require significant legal, operational and technology investments. Failure to meet applicable standards could result in investigations, fines, litigation, contractual disputes or reputational harm.

AI adoption also presents data privacy, cybersecurity, confidentiality and intellectual property risks. Training or fine-tuning models on third-party or public content may raise licensing, database, confidentiality or derivative-works issues, and generative outputs may inadvertently infringe third-party rights, incorporate personal information or disclose confidential or proprietary information. Employee use of public AI tools may lead to unauthorized disclosure of confidential or proprietary information. Reliance on third-party AI vendors or cloud models may create additional security, data transfer, data residency, vendor lock-in, contractual and operational risks.

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

We may conduct business, directly or indirectly, in jurisdictions or with counterparties that present elevated risks relating to corruption, sanctions, export controls, money laundering, terrorism financing, sanctions circumvention or other unlawful activity. We are required to comply with applicable anti-bribery, anti-corruption, sanctions, export control and anti-money laundering laws, including the Canadian Corruption of Foreign Public Officials Act, Canada's sanctions and export control regimes, and comparable laws in other jurisdictions in which we do business.

Our policies, procedures, contractual protections, screening processes, diligence efforts and internal controls may not prevent all violations or alleged violations, particularly where we rely on third-party representatives, distributors, resellers, suppliers, logistics providers or other business partners. Changes in sanctions, export controls or enforcement priorities may also restrict our ability to transact with certain counterparties, supply certain products, source components, ship products or receive payment.

Any actual or alleged violation by us, our directors, officers, employees, agents or business partners could result in government investigations, regulatory proceedings, criminal or civil penalties, disgorgement, injunctions, debarment from government contracts, restrictions on exports or imports, reputational harm and other remedial measures. Any of the foregoing could materially adversely affect our business, results of operations and financial condition.

18. Outstanding Share Data

As at May 11, 2026, we had common shares outstanding as well as stock options outstanding that are exercisable for an additional 27,000 common shares, and performance share units outstanding that are exercisable for an additional 543,657 common shares.

Vecima was founded by Dr. Surinder Kumar in 1988. Voting control of Vecima is held by 684739 B.C. Ltd. (the "Principal Shareholder") which is beneficially owned by Dr. Surinder Kumar, Sumit Kumar and Saket Kumar. As at March 31, 2026, the Principal Shareholder collectively owned approximately 57% of Vecima's common shares outstanding. Each common share carries the right to one vote. We have no other classes of voting securities.

19. Additional Information

Financial Governance

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

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

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

Forward-Looking Information

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

Forward-looking information in this MD&A includes, but is not limited to, statements that: we anticipate multiple top-tier and mid-tier players to engage in further large-scale deployments of DAA over the next several years; Dell'Oro Group forecasts the global market for vCMTS will be worth approximately \$350 million annually by calendar 2029; with respect to the Company's TerracelQ Commercial Video solution, increased demand from a key customer is expected to lead to significant growth in the next twelve months; we believe that our current working capital position, access to loan facilities and anticipated cash flow from operations will be sufficient to meet our working capital requirements and capital expenditure requirements for the foreseeable future; and we are continuing with the payment of our quarterly dividend. Forward-looking information also includes our Strategy, our Industry Developments and our Outlook in this MD&A.

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

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Known risk factors include, among others: higher import duties on key raw materials and finished goods may raise production and procurement costs; disruptions in supply chains may lead to significant operational challenges; our statement of financial position, as well as the value of our core technologies, changes in trade policies could lead to delays, higher costs, and potential shortages of critical components; potential countermeasures between United States, Canada, China, and Mexico could impact our ability to export goods or maintain competitive pricing in those markets; business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from the exercise of stock options or settlement of performance share units; liquidity of common shares; our share price shall fluctuate; we may be unable to deliver products associated with key contracts; failure to manage our business or growth successfully may adversely affect our operating results; if we cannot meet our customers' requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; we continue to adapt content delivery products to add features allowing deployments to cable, IPTV, and Internet CDN providers to enable multi-screen video delivery; the failure to execute on this transition

or execute quickly enough, may adversely affect our business; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for our products would be more limited than we currently believe; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders generally large in volume, while availability of parts and production capacity can influence the timing of product deliveries; our operations depend on information technology systems, which may be disrupted or may not operate as desired; our ability to recruit and retain management and other qualified personnel is crucial to our business; if we are required to change our pricing models to compete successfully, our margins and operating results may be adversely affected; our reliance on third party suppliers and contract manufacturers reduces our control over our performance; if our intellectual property is not adequately protected, we may lose our competitive advantage; failure to implement AI capabilities as efficiently or successfully as competitors could result in a relative loss of market position or commercial opportunity; adoption of AI may not yield benefits to the extent anticipated, if at all; we utilize open source software, which could enable our competitors to gain access to our source code and distribute it without paying us any license fees; we have software license agreements covering the use of our software as combined with software provided by specific key integrated circuit vendor(s) and the associated integrated circuits provided by those vendor(s), failure to maintain these agreements or maintain them with commercially reasonable terms could limit our ability to market certain products and affect our business; successful warranty or product liability claims could harm our business; acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to shareholders; there are risks associated with our international operations; impacts to trade relationships between the United States and China may adversely affect Vecima's profitability; currency fluctuations may adversely affect us; changes in interest rates on debt securities may adversely affect us; growth in our key markets may not continue; our inability to adapt to technological change, new products and standards could harm our business; increased competition could have an adverse effect on our business; competition from new or existing technologies may adversely affect our business; the cable and telecommunications industries are experiencing consolidation, which could result in delays or reductions in purchases of products and services, which could have a material adverse effect on Vecima's business; government regulation of our products and new government regulation could harm our business; third parties may allege that we infringe on their intellectual property; we may be subject to liability if private information supplied to our customers is misused; and epidemics, pandemics or other public health crises. A more complete discussion of the risks and uncertainties facing us is disclosed under the heading "Risks and Uncertainties" above and under the heading "Risk Factors" in our Annual Information Form for our most recently completed fiscal year, as well as in our continuous disclosure filings with Canadian securities regulatory authorities available at www.sedarplus.ca.

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