

**Canadian Microelectronics
Corporation/Société Canadienne de Micro-électronique**
Financial Statements
March 31, 2025

**Canadian Microelectronics Corporation/Société Canadienne de Micro-
électronique
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For the year ended March 31, 2025

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Independent Auditor's Report

To the Board of Directors of Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique:

Opinion

We have audited the financial statements of Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Organization has incurred a net loss of \$3,646,837 during the year ended March 31, 2025 and, as of that date, the Organization's current liabilities exceeded its total assets by \$2,087,306. As stated in Note 2, these events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

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circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Kingston, Ontario

June 6, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique
Statement of Financial Position

For the year ended March 31, 2025

					2025	2024
	<i>NSERC Funded Portion of the National Design Network</i>	<i>Other</i>	<i>RSF</i>	<i>FABriC</i>	<i>Total</i>	<i>Total</i>
Assets						
Current						
Cash (Note 3)	-	776,971			776,971	1,697,165
Accounts receivable (Note 4)	-	1,431,314	-	239,049	1,670,363	3,086,598
Prepaid expenses and deposits	-	447,498	-	1,568,096	2,015,594	570,087
Due from funds	-	2,282,723	1,463	-	2,284,186	2,043,219
HST recoverable	-	66,709	-	-	66,709	11,493
	-	5,005,215	1,463	1,807,145	6,813,823	7,408,562
Capital assets (Note 5)	9,199	60,968	-	-	70,167	111,592
Advance to RDiUS	-	14,776	-	-	14,776	10,261
Investment in RDiUS	-	137	-	-	137	137
	9,199	5,081,096	1,463	1,807,145	6,898,903	7,530,552
Liabilities						
Current						
Funds owing to Queen's University	-	157	-	-	157	292
Due to funds	-	-	-	2,284,186	2,284,186	2,043,219
Accounts payable and accrued liabilities (Note 6)	-	2,305,915	-	161,188	2,467,103	2,353,480
HST payable	-	83,484	-	-	83,484	10,222
Deferred revenue	-	3,746,899	-	404,380	4,151,279	1,563,809
	-	6,136,455	-	2,849,754	8,986,209	5,971,022
Net Assets						
Invested in capital assets	9,199	60,968	-	-	70,167	111,592
Restricted net assets	-	-	1,463	-	1,463	1,463
Unrestricted net assets	-	(1,116,327)	-	(1,042,609)	(2,158,936)	1,446,475
	9,199	(1,055,359)	1,463	(1,042,609)	(2,087,306)	1,559,530
	9,199	5,081,096	1,463	1,807,145	6,898,903	7,530,552

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique

Statement of Revenue and Expenditures

For the year ended March 31, 2025

	<i>NSERC Funded Portion of the National Design Network</i>	<i>Other</i>	<i>RSF</i>	<i>FABRIC</i>	<i>2025</i>	<i>2024</i>
Revenue						
ISED	-	-	-	6,388,416	6,388,416	1,285,719
Non-subscriber fabrication	-	4,144,356	-	-	4,144,356	5,292,903
Subscriber fabrication	-	-	-	1,104,028	1,104,028	1,033,941
Subscriptions	-	-	-	979,644	979,644	757,289
Training revenue	-	-	-	209,154	209,154	91,395
R&D Consulting	-	192,579	-	-	192,579	306,648
Other industrial	-	158,978	-	-	158,978	269,866
Provincial Contribution	-	-	-	107,231	107,231	-
Sponsorship	-	25,195	-	52,053	77,248	-
Interest	-	57,549	-	-	57,549	75,854
CFI-MSI	-	-	-	-	-	4,575,000
Province of Quebec	-	-	-	-	-	1,775,545
Other Academic	-	-	-	-	-	52,155
SponsorChip	-	-	-	-	-	50,000
	-	4,578,657	-	8,840,526	13,419,183	15,566,315
Expenditures						
Salaries and benefits	-	3,854,117	-	4,021,971	7,876,088	6,933,083
Fabrication and packaging industrial	-	3,265,455	-	-	3,265,455	-
Software tools and annual leases	-	897,167	-	1,539,941	2,437,108	1,512,669
Fabrication and packaging academic	-	224,267	-	1,448,130	1,672,397	5,601,256
Professional Fees	-	162,777	-	329,519	492,296	415,056
Office and administration	-	435,508	-	-	435,508	318,200
Outreach	-	6,980	-	282,294	289,274	270,879
Rent and relocation	-	280,431	-	-	280,431	241,276
Training and development	-	89,284	-	49,196	138,480	151,592
Research and development	-	127,046	-	-	127,046	764,833
Depreciation	3,967	37,458	-	-	41,425	68,759
Equipment purchases and maintenance	-	30,520	-	-	30,520	115,868
Foreign exchange loss (gain)	-	(20,008)	-	-	(20,008)	26,680
Contribution to Indirect Costs	-	(2,212,084)	-	2,212,084	-	-

The accompanying notes are an integral part of these

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique
Statement of Revenue and Expenditures

For the year ended March 31, 2025

	<i>NSERC Funded Portion of the National Design Network</i>	<i>Other</i>	<i>RSF</i>	<i>FABRIC</i>	<i>2025</i>	<i>2024</i>
	3,967	7,178,918	-	9,883,135	17,066,020	16,420,151
Deficiency of revenue over expenditures	(3,967)	(2,600,261)	-	(1,042,609)	(3,646,837)	(853,836)

The accompanying notes are an integral part of these

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique

Statement of Changes in Net Assets

For the year ended March 31, 2025

For the year ended March 31, 2025						
		2025	2024			
	<i>NSERC Funded Portion of the National Design Network</i>	<i>Other</i>	<i>RSF</i>	<i>FABrIC</i>	<i>Total</i>	<i>Total</i>
Net assets, beginning of year	13,166	1,544,902	1,463	-	1,559,531	2,413,367
Deficiency of revenues over expenditures	(3,967)	(2,600,261)	-	(1,042,609)	(3,646,837)	(853,836)
Net assets, end of year	9,199	(1,055,359)	1,463	(1,042,609)	(2,087,306)	1,559,531
Represented by:						
Invested in capital assets	9,199	60,968	-	-	70,167	99,092
Restricted net assets, end of year	-	-	1,463	-	1,463	1,463
Unrestricted net assets, end of year	-	(1,116,327)		(1,042,609)	(2,158,936)	1,458,976
	9,199	(1,055,359)	1,463	(1,042,609)	(2,087,306)	1,559,531

The accompanying notes are an integral part of these financial statements

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Statement of Cash Flows

For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Cash receipts from ISED	6,149,367	1,285,719
Cash receipts from CFI-MSI	-	4,575,000
Cash received from other sources	11,234,029	6,988,218
Interest received	57,549	75,854
Cash paid to suppliers and employees	(18,356,489)	(15,130,446)
	(915,544)	(2,205,655)
Investing		
Advances to RDiUS Inc.	(4,515)	(10,261)
Investment to RDiUS Inc.	-	(137)
Decrease in cash resources	(920,059)	(2,216,053)
Cash resources, beginning of year	1,696,873	3,912,926
Cash resources, end of year	776,814	1,696,873
Cash resources are composed of:		
Cash	776,971	1,697,165
Funds owing (to)/from Queen's University	(157)	(292)
	776,814	1,696,873

The accompanying notes are an integral part of these financial statements

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Notes to the Financial Statements

For the year ended March 31, 2025

1. Significant Accounting Policies

Nature of Business

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique (the "Organization") is incorporated without share capital under the Canada Corporations Act as a not-for-profit organization. The Organization is exempt from income tax under section 149(1)(l) of the Income Tax Act.

The Organization's principal objective is to enable and accelerate Canadian competitiveness through microsystems.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accrual Basis of Accounting

Revenue and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

Fund Accounting

The Natural Sciences and Engineering Research Council of Canada (NSERC) funded portion of the National Design Network Fund reports only NSERC granted resources that are to be used in support of the National Design Network.

The Other Fund accounts for the Organization's activities not directly supported by funders.

The RSF (Research Support Fund) accounts for some indirect expenditures incurred for the National Design Network.

The FABrIC Fund (Fabrication of integrated Components for internet's Edge) accounts for operating costs incurred for the design, manufacturing and commercialization of semiconductors and the development of state-of-the-art intelligent sensor technology.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	-30% diminishing balance basis
Furniture and fixtures	-20% diminishing balance basis
Computer software	-50% diminishing balance basis
Leasehold improvements	-5 years straight-line basis

Amortization of capital assets acquired during the year is calculated at one-half rates.

Computer Equipment Located at Universities

The cost of acquiring computer equipment provided on long-term loan to universities is expensed when incurred.

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Notes to the Financial Statements

For the year ended March 31, 2025

1. Significant Accounting Policies (continued)

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Grant funding and unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Non-subscriber fabrication revenues are recognized using the percentage of completion method.

Contributions In-Kind

No value is ascribed in the statement of revenue and expenditures to donated material and services which are received under the matching provisions of the agreement with NSERC.

Measurement Uncertainty (use of estimates)

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Estimates have been made by management within these financial statements primarily in relation to accounts receivable, capital assets and accounts payable and accrued liabilities.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the daily exchange rate for the period, except for amortization which is translated at the rates prevailing at the dates the related assets were acquired.

At the period end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operations in the current period.

Non-monetary transactions

The Organization enters into agreements with certain customers from whom the Organization acquires goods and services. Non-monetary transactions, for which the Organization's future cash flows have been significantly affected are recorded at the fair value of the assets given up.

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Notes to the Financial Statements

For the year ended March 31, 2025

1. Significant Accounting Policies (continued)

Pension Plans

The Organization has two different pension plans for employees. In addition, the Organization provides future benefits such as medical, dental and life insurance to eligible and retired employees.

Some employees are enrolled in a RRSP matching plan whereby the Organization matches RRSP contributions made by the participant for up to 6% of their yearly maximum pensionable earnings ("YMPE") and up to 7% for amounts above YMPE up to their gross pay. YMPE is defined as the yearly maximum pensionable earnings as used in determining Canadian pension plan (CPP) contributions.

Some employees are members of the University Pension Plan ("University Plan") which is a defined benefit plan for those individuals previously paid through Queen's University payroll and which provides a minimum level of pension benefits. Under this plan, the employer contributes 9.2% up to the YMPE and 11.5% above YMPE to their gross pay.

Pension plan costs are expensed in the year in which they relate.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit and funds owing to Queen's University.

2. Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Organization's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Organization were unable to continue its operations.

3. Cash

The Organization's bank accounts are held at one chartered bank.

Bank balances include \$152,155 denominated in U.S. dollars.

4. Accounts Receivable

	2025	2024
Fabrication cost sharing	624,054	581,945
Other	764,437	461,434
Accrued receivables	42,823	757,500
FABRiC	239,049	1,285,719
	1,670,363	3,086,598

Accounts receivable includes \$352,673 denominated in U.S. dollars.

The transactions are measured using the value of the asset received and are included in the Statement of Revenue and Expense under fabrication and packaging expenditures in the Other fund.

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Notes to the Financial Statements

For the year ended March 31, 2025

5. Capital Assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer software	80,071	80,068	3	7
Other furniture and fixtures	150,237	131,258	18,979	23,723
Leasehold improvements	147,407	147,406	1	14,740
Equipment	466,834	415,650	51,184	73,122
	844,549	774,382	70,167	111,592

During the year, capital assets were acquired at an aggregate cost of \$Nil (2024 - \$Nil) for cash.

Capital assets are composed of capital assets owned and used by the Organization at its Kingston, Ontario office.

6. Accounts Payable and Accrued Liabilities

	2025	2024
Trade accounts payable	2,016,020	2,068,181
Vacation pay accrual	311,583	230,299
Accrued liabilities	139,500	55,000
	2,467,103	2,353,480

Trade accounts payable includes \$346,735 denominated in U.S. dollar.

7. Commitments

(a) The Organization rents facilities under an operating lease with Kingston Terminal Properties covering the period of March 1, 2025 to February 28, 2030. The base rent is \$7,163 per month.

(b) The Organization rents facilities under an operating lease with KRP Properties covering the period of May 1, 2025 to April 30, 2028. The base rent is \$2,769 per month.

The minimum annual payments for the two commitments above, as well as the estimated operating costs for the next five years are as follows:

2026	218,218
2027	218,218
2028	218,218
2029	160,299
2030	142,114
	957,067

8. Contractual Obligations

The Organization has outstanding purchase orders issued at March 31, 2025 totaling \$3,828,458. Of this amount, \$3,112,748 are denominated in U.S. dollars, and \$50,234 denominated in Euros. These amounts are not reflected in the financial statements.

Canadian Microelectronics Corporation/Société Canadienne de Micro- électronique

Notes to the Financial Statements

For the year ended March 31, 2025

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9. Pension Plans

The combined expense for all Organization pension plans for the year was \$474,833 (2024 - \$448,275); this includes \$212,727 (2024 - \$179,804) under the RRSP plan and \$262,106 (2024 - \$268,470) under the University plan..

10. Economic Dependence

The Organization is economically dependent on support from the Government of Canada's Strategic Innovation Fund. In 2024, the Organization secured funding of \$120 million through the Government of Canada's Strategic Innovation Fund, funding 48% of the Organization's revenue in 2025. The funding will help the Organization support the design, manufacturing and commercialization of semiconductors and intelligent sensor technology.

11. Financial Instruments

Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.

Financial instruments consist of cash, accounts receivable, funds owing to/from Queen's University, HST payable/recoverable and accounts payable and accrued liabilities.

The Organization initially recognized its financial instruments at fair value and subsequently measures them at amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year and the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

Currency Risk

The Organization is exposed to currency risk as a result of its significant foreign purchases. The risk arises as a result of fluctuations of the Organization's home currency, Canadian dollar, against those in which it is acquiring goods. As noted in Notes 4, 6 and 8, the Organization is exposed to this risk at year-end as a result of amounts owing in foreign currency for existing obligations and those relating to contractual obligations that have been issued.

The Organization attempts to mitigate this risk by acquiring foreign currencies to help offset fluctuations in foreign exchange rates from the time purchase orders are issued to when payment is made. At year-end, the Organization does not have sufficient foreign currencies held to cover those foreign currency obligations.