Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique

Financial Statements

March 31, 2026

Contents

For the year ended March 31, 2026

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, 2026, 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, 2026, 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's current liabilities exceeded its total assets by $636,379. 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 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.

MNP LLP

Kingston, Ontario

Chartered Professional Accountants

June 30, 2026

Licensed Public Accountants

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique
Statement of Financial Position
As at March 31, 2026

	NSERC Funded Portion of the National Design Network	Other	RSF	FABrIC	2026	2025
Assets						
Current						
Cash *(Note 3)*	-	873,587	-	-	873,587	776,971
Accounts receivable *(Note 4)*	-	344,459	-	3,109,902	3,454,361	1,670,363
Prepaid expenses and deposits	-	681,646	-	983,159	1,664,805	2,015,594
Due from funds	-	3,021,671	1,463	-	3,023,134	2,284,186
HST recoverable	-	32,416	-	-	32,416	66,709
	-	4,953,779	1,463	4,093,061	9,048,303	6,813,823
Capital assets *(Note 5)*	6,474	44,542	-	-	51,016	70,167
Advances to RDiUS	-	20,943	-	-	20,943	14,776
Investment in RDiUS	-	137	-	-	137	137
	6,474	5,019,401	1,463	4,093,061	9,120,399	6,898,903
Liabilities						
Current						
Funds owing to Queen's University	-	157	-	-	157	157
Due to funds	-	-	-	3,023,134	3,023,134	2,284,186
Accounts payable and accrued liabilities *(Note 6)*	-	3,465,069	-	130,683	3,595,752	2,467,103
HST payable	-	33,573	-	-	33,573	83,484
Deferred revenue	-	2,440,816	-	591,250	3,032,066	4,151,279
	-	5,939,615	-	3,745,067	9,684,682	8,986,209
Net Assets						
Invested in capital assets	6,474	44,542	-	-	51,016	70,168
Restricted net assets	-	-	1,463	-	1,463	1,463
Unrestricted net assets	-	(964,756)	-	347,994	(616,762)	(2,158,937)
	6,474	(920,214)	1,463	347,994	(564,283)	(2,087,306)
	6,474	5,019,401	1,463	4,093,061	9,120,399	6,898,903

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique

Statement of Revenue and Expenditures

For the year ended March 31, 2026

	NSERC Funded Portion of the National Design Network	Other	RSF	FABrIC	2026	2025
Revenue						
ISED	-	-	-	16,100,612	16,100,612	6,388,416
Non-subscriber fabrication	-	3,124,872	-	-	3,124,872	4,144,356
Subscriptions	-	800,850	-	200,212	1,001,062	979,644
Subscriber fabrication	-	-	-	726,323	726,323	1,104,028
Training revenue	-	-	-	185,057	185,057	209,154
Sponsorship	-	9,818	-	142,120	151,938	77,248
Other industrial	-	128,476	-	-	128,476	158,978
Interest	-	66,734	-	-	66,734	57,549
Provincial contribution	-	-	-	35,608	35,608	107,231
R&D consulting	-	10,131	-	-	10,131	192,579
Other academic	-	-	-	4,950	4,950	-
	-	4,140,881	-	17,394,882	21,535,763	13,419,183
Expenses						
Salaries and benefits	-	3,992,878	-	3,866,768	7,859,646	7,876,088
UR challenge projects	-	-	-	3,535,310	3,535,310	-
Software tools and annual leases	-	380,886	-	2,363,249	2,744,135	2,437,108
Fabrication and packaging industrial	-	2,176,337	-	-	2,176,337	3,265,455
Fabrication and packaging academic	-	-	-	1,641,088	1,641,088	1,672,397
Professional fees	-	162,551	-	721,400	883,951	492,296
Outreach	-	53,640	-	408,638	462,278	289,274
Office and administration	-	367,497	-	-	367,497	435,508
Rent and relocation	-	98,572	-	147,857	246,429	280,431
Training and development	-	32,641	-	56,570	89,211	138,480
Equipment purchases and maintenance	-	40,287	-	16,146	56,433	30,520
Foreign exchange loss (gain)	-	30,282	-	-	30,282	(20,008)
Depreciation	2,725	16,426	-	-	19,151	41,425
Research and development	-	(99,008)	-	-	(99,008)	127,046
Contribution to indirect costs	-	(2,126,722)	-	2,126,722	-	-
	2,725	5,126,267	-	14,883,748	20,012,740	17,066,020
Excess (deficiency) of revenue over expenditures	(2,725)	(985,386)	-	2,511,134	1,523,023	(3,646,837)

The accompanying notes are an integral part of these financial statements

Canadian Microelectronics Corporation/Société Canadienne de Micro-électronique
Statement of Changes in Net Assets
For the year ended March 31, 2026

					2026	*2025*
	NSERC Funded Portion of the National Design Network	***Other***	***RSF***	***FABrIC***	***Total***	*Total*
Net assets, beginning of year	**9,199**	**(1,055,359)**	**1,463**	**(1,042,609)**	**(2,087,306)**	1,559,531
Excess (deficiency) of revenues over expenditures	**(2,725)**	**(985,386)**	**-**	**2,511,134**	**1,523,023**	(3,646,837)
Interfund transfer (Note 7)	**-**	**1,120,531**	**-**	**(1,120,531)**	**-**	**-**
Net assets, end of year	**6,474**	**(920,214)**	**1,463**	**347,994**	**(564,283)**	(2,087,306)
Represented by:						
Invested in capital assets	**6,474**	**44,542**	**-**	**-**	**51,016**	70,167
Restricted net assets, end of year	**-**	**-**	**1,463**	**-**	**1,463**	1,463
Unrestricted net assets, end of year	**-**	**(964,756)**	**-**	**347,994**	**(616,762)**	(2,158,936)
	6,474	**(920,214)**	**1,463**	**347,994**	**(564,283)**	(2,087,306)

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, 2026

	2026	2025
Cash provided by (used for) the following activities		
Operating		
Cash receipts from ISED	**14,010,464**	6,149,367
Cash received from other sources	**4,539,737**	11,234,029
Interest received	**66,734**	57,549
Cash paid to suppliers and employees	**(18,514,152)**	(18,356,489)
	102,783	(915,544)
Investing		
Advances to RDiUS Inc.	**(6,167)**	(4,515)
Increase (decrease) in cash resources	**96,616**	(920,059)
Cash resources, beginning of year	**776,814**	1,696,873
Cash resources, end of year	**873,430**	776,814
Cash resources are composed of:		
Cash	**873,587**	776,971
Funds owing (to)/from Queen's University	**(157)**	(157)
	873,430	776,814

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

Nature of Business

Canadian Microelectronics Corporation/Societe Canadienne de Micro-electronique (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.

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 activitie are 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

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Equipment	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years

Computer Equipment Located at Universities

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

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.

1. Significant accounting policies *(Continued from previous page)*

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 translation

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.

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.

Customer’s accounting for cloud computing arrangement

The Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Organization recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred and have been included in office and administration and software tools and annual leases in the Statement of Revenue and Expenditures.

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 $17,799 denominated in U.S. dollars.

4. Accounts receivable

	2026	*2025*
Fabrication cost sharing	**1,019,754**	624,054
Other	**344,459**	764,437
FABRiC	**2,090,148**	239,049
Accrued receivables	**-**	42,823
	3,454,361	1,670,363

Accounts receivable includes $621,392 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 Expenditures under fabrication and packaging expenditures in the Other fund.

5. Capital assets

	Cost	***Accumulated amortization***	***2026 Net book value***	*2025 Net book value*
Computer software	**80,071**	**80,071**	**-**	3
Other furniture and fixtures	**150,237**	**135,055**	**15,182**	18,979
Leasehold improvements	**147,407**	**147,407**	**-**	1
Equipment	**466,834**	**431,000**	**35,834**	51,184
	844,549	**793,533**	**51,016**	70,167

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

6. Accounts payable and accrued liabilities

	2026	*2025*
Trade accounts payable	**1,793,403**	2,016,020
Vacation pay accrual	**257,243**	311,583
Accrued liabilities	**1,545,106**	139,500
	3,595,752	2,467,103

Trade accounts payable includes $163,439 denominated in U.S. dollars.

7. Interfund transfer

During the year, the Organization transferred $1,120,531 from the FABrIC fund to the Other fund in recognition of prior year FABrIC income adjustments made in the Contribution Agreement amendment in October 2025. This amendment allows the Organization to recognize subscription revenue as in support of operations.

8. 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 $2,130 per month.

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

2027	243,847
2028	243,847
2029	181,008
2030	160,687
	829,389

9. Contractual Obligations

The Organization has outstanding purchase orders issued at March 31, 2026 totaling $2,326,745. Of this amount, $937,931 are denominated in U.S. dollars. These amounts are not reflected in the financial statements.

10. Pension Plans

The combined expense for all Organization pension plans for the year was $453,069 (2025 - $474,833); this includes $236,755 (2025 - $212,727) under the RRSP plan and $216,314 (2025 - $262,106) under the University plan.

11. Economic dependence

The Organization is economically dependent on support from the Government of Canada's Strategic Response Fund (SRF). In 2024, the Organization secured funding of $120 million through the SRF, funding 75-100% of costs to support the design, manufacturing and commercialization of semiconductors and intelligent sensor technology.

12. 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, HST payable/recoverable, advances to RDiUS 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. Any 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.

Foreign 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 3, 4, 6 and 9, 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 issuing sales invoices in U.S. dollars, thereby acquiring foreign currency 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.