

WEGENER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024

Table of Contents

| | |
|--|----|
| Consolidated Balance Sheets | 3 |
| Consolidated Statements of Operations | 4 |
| Consolidated Statements of Capital Deficit..... | 5 |
| Consolidated Statements of Cash Flows | 6 |
| <i>Notes to Consolidated Financial Statements:</i> | |
| Note 1 – General Information..... | 7 |
| Note 2 – Significant Accounting Policies..... | 7 |
| Note 3 – Critical Accounting Estimates and Judgments | 14 |
| Note 4 – Financial Risk Management | 14 |
| Note 5 – Inventories | 16 |
| Note 6 – Financial Instruments | 16 |
| Note 7 – Note Payable – Related Party | 16 |
| Note 8 – Equipment and Furniture..... | 17 |
| Note 9 – Right-of-use Assets | 17 |
| Note 10 – Borrowings..... | 17 |
| Note 11 – Warranty Provision | 18 |
| Note 12 – Income Taxes | 18 |
| Note 13 – Segment Information and Concentrations..... | 19 |
| Note 14 – Interest Expense | 20 |
| Note 15 – Related Party Transactions..... | 20 |
| Note 16 – Commitments and Contingent Liabilities..... | 21 |
| Note 17 – Employee Retention Credits..... | 21 |

WEGENER CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | NOTES | December 31, 2025 | December 31, 2024 |
|---|-------|---------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | | \$ 106,946 | \$ 9,292 |
| Accounts receivable, net | | 40,900 | 83,855 |
| Inventories | 5 | 115,873 | 157,262 |
| Note receivable - related party | 7 | 315,324 | 503,435 |
| Other | | 243,047 | 209,528 |
| Total Current Assets | | 822,090 | 963,372 |
| Non-Current Assets | | | |
| Equipment and Furniture and Right of use assets | 8,9 | 212,053 | 305,379 |
| Total Non-Current Assets | | 212,053 | 305,379 |
| TOTAL ASSETS | | \$ 1,034,143 | \$ 1,268,751 |
| LIABILITIES AND CAPITAL DEFICIT | | | |
| Current Liabilities | | | |
| Trade and other payables | | \$ 538,680 | \$ 624,564 |
| Current portion of borrowings | 10 | 243,212 | 183,147 |
| Note Payable - related party | 7 | 386,444 | 543,114 |
| Customer deposits | | 131,940 | 44,370 |
| Deferred revenue - current portion | | 328,827 | 222,614 |
| Total Current Liabilities | | 1,629,103 | 1,617,809 |
| Non-Current Liabilities | | | |
| Borrowings | 10 | 4,811,352 | 4,783,965 |
| Deferred revenue - Long-term portion | | 156,540 | 171,566 |
| Right of use liability | 16 | 184,446 | 225,924 |
| Total Non-Current Liabilities | | 5,152,338 | 5,181,455 |
| TOTAL LIABILITIES | | \$ 6,781,441 | \$ 6,799,264 |
| Capital Deficit | | | |
| Common stock, \$.01 par value; 100,000,000 shares authorized; 27,147,051 shares issued and outstanding | | 271,471 | 271,471 |
| Additional paid-in capital | | 20,860,850 | 20,860,850 |
| Accumulated deficit | | (26,879,619) | (26,662,834) |
| TOTAL CAPITAL DEFICIT | | (5,747,298) | (5,530,513) |
| TOTAL LIABILITIES AND CAPITAL DEFICIT | | \$ 1,034,143 | \$ 1,268,751 |

The accompanying notes are an integral part of these Consolidated Financial Statements

WEGENER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | NOTES | Year Ended December 31, | |
|---|-------|-------------------------|--------------|
| | | 2025 | 2024 |
| REVENUE | 13 | \$ 786,252 | \$ 929,858 |
| COST OF REVENUE | 17 | 339,972 | 520,369 |
| GROSS PROFIT | | 446,280 | 409,489 |
| OPERATING EXPENSES | | | |
| General and administrative | 17 | 178,775 | 491,965 |
| Research and development | 17 | 309,050 | 472,465 |
| Interest expense | 14 | 200,615 | 272,499 |
| Total operating expenses | | 688,440 | 1,236,929 |
| OPERATING INCOME (LOSS) | | (242,160) | (827,440) |
| INCOME (LOSS) BEFORE INCOME TAXES | | (242,160) | (827,440) |
| Interest | | 25,375 | 41,875 |
| Income tax recovery (expense) | 12 | - | - |
| NET INCOME (LOSS) | | \$ (216,785) | \$ (785,565) |
| INCOME (LOSS) PER SHARE: | | | |
| Basic | | \$ (0.01) | \$ (0.03) |
| Diluted | | \$ (0.01) | \$ (0.03) |
| Weighted average number of shares outstanding - basic | | 27,147,051 | 27,147,051 |
| Weighted average number of shares outstanding - diluted | | 27,147,051 | 27,147,051 |

The accompanying notes are an integral part of these Consolidated Financial Statements

WEGENER CORPORATION
CONSOLIDATED STATEMENTS OF CAPITAL DEFICIT
(Unaudited)

| | Number of Common Shares | Common Shares | Additional paid-in capital | Accumulated Deficit | Total Capital Deficit |
|-----------------------------|-------------------------------|------------------|----------------------------------|------------------------|--------------------------|
| At January 1, 2025 | | | | | |
| Total | 27,147,051 | \$ 271,471 | \$ 20,860,850 | \$ (26,662,834) | (5,530,513) |
| | 27,147,051 | 271,471 | 20,860,850 | (26,662,834) | (5,530,513) |
| Net income (loss) | - | - | - | (216,785) | (216,785) |
| At December 31, 2025 | 27,147,051 | \$ 271,471 | \$ 20,860,850 | \$ (26,879,619) | \$ (5,747,298) |

| | Number of Common Shares | Common Shares | Additional paid-in capital | Accumulated Deficit | Total Capital Deficit |
|-----------------------------|-------------------------------|------------------|----------------------------------|------------------------|--------------------------|
| At January 1, 2024 | | | | | |
| Total | 27,147,051 | \$ 271,471 | \$ 20,860,850 | \$ (25,877,270) | (4,744,949) |
| | 27,147,051 | 271,471 | 20,860,850 | (25,877,270) | (4,744,949) |
| Net income (loss) | - | - | - | (785,564) | (785,564) |
| At December 31, 2024 | 27,147,051 | \$ 271,471 | \$ 20,860,850 | \$ (26,662,834) | \$ (5,530,513) |

The accompanying notes are an integral part of these Consolidated Financial Statements

WEGENER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | NOTES | Twelve Months Ended December 31, | |
|--|-------|----------------------------------|------------------|
| | | 2025 | 2024 |
| OPERATING ACTIVITIES | | | |
| Net income (loss) | | \$ (216,785) | \$ (785,565) |
| <i>Add: Adjustments to reconcile net loss to cash provided by operating activities items not affecting cash:</i> | | | |
| Depreciation and amortization | | 121,647 | 66,198 |
| Changes in non-cash working capital items: | | | |
| Accounts receivable | | 42,955 | (25,798) |
| Inventories | | 41,389 | 81,304 |
| Other assets | | (33,519) | (336) |
| Trade and other payables | | (85,884) | 3,968 |
| Customer deposits | | 87,570 | 25,833 |
| Deferred revenue | | 91,187 | (112,757) |
| Net cash provided by (applied to) operating activities | | 48,560 | (747,153) |
| INVESTING ACTIVITIES | | | |
| | | - | - |
| FINANCING ACTIVITIES | | | |
| Note payable - related party | 7 | (156,670) | 113,133 |
| Increases in borrowings | 10 | 87,452 | 217,987 |
| Note receivable - related party | 7 | 188,111 | 253,612 |
| Payments on right of use liability | 13 | (69,799) | (56,706) |
| Net cash provided by (applied to) financing activities | | 49,094 | 528,026 |
| Net increase in cash | | 97,654 | (219,127) |
| Cash, beginning of period | | 9,292 | 228,419 |
| CASH, end of period | | \$ 106,946 | \$ 9,292 |

The accompanying notes are an integral part of these Consolidated Financial Statements

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

1. General Information and going concern

The consolidated financial statements include the accounts of Wegener Corporation (WGNR, "we," "our," "us" or the "Company") and its wholly owned subsidiary, Wegener Communications, Inc. We design, manufacture and distribute communications electronics equipment in the U.S. and internationally. All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and liquidation of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that may be necessary in the event the Company cannot continue as a going concern.

We have experienced recurring net losses which have caused an accumulated deficit of \$26,879,619 at December 31, 2025.

Our cash flow requirements were financed primarily by borrowings on our line of credit and loans from Novra Technologies Inc. See Notes 7 and 10 for details regarding these sources of financing.

We currently have limited sources of capital, including the public and private placement of equity securities and additional debt financing. No assurances can be given that additional capital or borrowings or other sources of liquidity discussed above would be available to allow us to continue as a going concern. Therefore, if we are unable to consummate the sale of the Company or alternatively, if additional capital or borrowings or other sources of liquidity are unavailable, we will likely be forced to significantly curtail or restructure our operations, which would likely have a material adverse effect on our financial position and results of operations and impact our ability to continue as a going concern and as a result may require the Company to enter into bankruptcy proceedings or cease operations.

2. Significant Accounting Policies

The significant accounting policies used in the preparation of these Financial Statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise noted.

Basis of Presentation

The Consolidated Financial Statements of Wegener are expressed in US dollars and have been prepared in accordance with US Generally Accepted Accounting Principles.

The tabular disclosures herein are presented in thousands, except for share data.

Use of Estimates

In preparing these Financial Statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. For areas involving a higher degree of management judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, refer to Note 3.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Segment reporting

ASC Topic 280 "Segment Reporting," established standards for the way that public business enterprises report information about operating segments in their financial statements. The standard defines operating segments as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Based on these standards, we have determined that we operate in a single operating segment: the manufacture and sale of communications equipment and related services.

Financial Instruments

a) Financial assets

We classify Wegener financial assets in the following categories depending on Wegener's business model for managing the financial assets and their contractual cash flow characteristics.

i) At fair value through profit or loss

Assets in this category are derivatives as well as quoted equity instruments which we have not irrevocably elected, at initial recognition or transition, to classify at FVOCI. These assets are measured at fair value with changes therein being recognized in net income or loss.

ii) At fair value through other comprehensive income

Assets in this category are those which are not held-for-trading and for which we have irrevocably elected, at initial recognition or transition, to classify at FVOCI. These assets are measured at fair value with changes therein being recognized in other comprehensive income.

iii) Amortized cost

Assets in this category are those for which our business model is to collect their contractual cash flows and the contractual cash flows represent solely payments of principal and interest. These assets are measured at amortized cost using the effective interest method.

b) Impairment of financial assets

We utilize an expected credit loss impairment model which is based on changes in credit quality at each reporting date since initial recognition. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in payment and when observable data indicates that there is a measurable decrease in the estimated future cash flows. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

c) Financial liabilities

Financial liabilities are recognized on the trade date in which we become a party to the contractual provisions of the instrument at fair value plus any directly attributable costs. We classify financial liabilities subsequently at amortized cost or fair value through profit or loss.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

d) Fair value measurement

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants.

The following table summarizes our classification and measurement of financial assets and liabilities:

| | Classification | Measurement |
|---------------------------------------|----------------|----------------|
| Financial Assets: | | |
| Cash | Amortized cost | Amortized cost |
| Accounts receivable | Amortized cost | Amortized cost |
| | | |
| Financial liabilities: | | |
| Trade and other payables | Amortized cost | Amortized cost |
| Accrued liabilities | Amortized cost | Amortized cost |
| Customer deposits | Amortized cost | Amortized cost |
| Lease liabilities | Amortized cost | Amortized cost |
| Borrowings/loan payable | Amortized cost | Amortized cost |
| Advances from related parties | Amortized cost | Amortized cost |
| Promissory notes from related parties | Amortized cost | Amortized cost |

Cash

Cash balances consist of checking account balances held at a high credit-quality financial institution.

Accounts receivable

Accounts receivable are stated at the amounts billed to customers under normal trade, less an allowance for doubtful accounts. At each reporting date, management adjusts the allowance for doubtful accounts based upon a review of: the aging of outstanding customer balances, historical default rates, customer credit worthiness and changes in customer payment to evaluate collectability of Wegener’s accounts receivable balances.

Inventories

Wegener’s inventories consist of parts and supplies, work in progress (“WIP”), and finished goods. Inventories are measured at the lower of cost and net realizable value, with cost being determined using the First In First Out method. The cost of WIP and finished goods include the cost of raw materials, direct labor, and manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Prepayments

Prepayments include short-term prepaid expenses and prepayments related to materials, insurance premiums, third party software licenses, and other deposits required in the normal course of business which are less than one year.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Impairment of Non-Financial Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test is based on undiscounted cash flows and, if impaired, the asset is written down to fair value based on either discounted cash flows or appraised values.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. We classify trade and other payables as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in earnings over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. If so, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Deferred Revenue

Deferred revenue consists of the unrecognized revenue portion of extended service maintenance contracts, undelivered software elements, and the fair value of revenue related to future performance obligations. Extended service maintenance contract revenues are recognized ratably over the maintenance contract term, which is typically one year.

Warranty Provisions

Our normal warranty is for a 12-month period beginning at the date of shipment. A longer warranty has been granted in one situation. Our general warranty provides for repair or replacement of defective products returned during the warranty period at no cost to the customer. Based on historical claim rates, provisions for warranty repairs are not material and we expense costs for warranty repairs at the point at which the expense is considered probable.

Wegener provides a one-year manufacturer's warranty for its products at no additional cost to the customer. Estimates of future warranty costs are accrued at the time of product shipment and included in cost of revenue in the Consolidated Statements of Operations and Comprehensive Income (Loss). Management periodically reviews the provision for product warranty and records adjustments based on the terms of warranties provided to customers, historical and anticipated warranty claims experience, and estimates of the timing and cost of warranty claims. Factors that could impact the provision for product warranty include the success of our productivity and quality initiatives, as well as parts and labour costs. A higher degree of scrutiny is exercised in establishing product warranty provision related to sales of new products.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Revenue Recognition

Wegener revenue consists of sales of communications equipment and network products, product repair services, installation, training, extended warranty and post contract customer support.

Revenue is measured at fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, and sales / value added taxes. We recognized revenue when there is persuasive evidence of an agreement with the customer exists, delivery has occurred or services have been provided, the sales price is fixed or determinable, collectability is reasonably assured, and risk of loss and title have transferred to the customer.

Revenue recognition for the following type of stand-alone sales is as follows:

Our principal sources of revenue are from the sale of communications equipment (“hardware products”) and network control software products (“software products”), and product repair services, extended support & maintenance contracts and installation and training services (“services”). Provisions for returns, discounts and trade-ins, based on historical experience, have not been material. Revenue is recognized when persuasive evidence of an agreement with the customer exists, delivery has occurred or services have been provided, the sales price is fixed or determinable, collectability is reasonably assured, and risk of loss and title have transferred to the customer.

Revenue from hardware products is recognized when risk of loss and title has transferred which is generally upon shipment. In some cases, particularly with international shipments and domestic shipment using common carriers arranged by the customer, customer contracts are fulfilled under terms known as ex-works, in accordance with international commercial terms. In these instances, revenue is recognized upon delivery, which is the date that the goods are made available to the customer as requested by the customer and no further obligations of the Company remain. Hardware products are typically sold on a stand-alone basis but may include separate hardware maintenance contracts. Embedded in our hardware products is internally developed software of varying applications that function together with the hardware to deliver the product's essential functionality. The embedded software is not sold separately, is not a significant focus of the marketing effort and we do not provide post-contract customer support specific to embedded software. The functionality that the software provides is marketed as part of the overall product.

When arrangements contain multiple elements, the deliverables are separated into more than one unit of accounting when the following criteria are met: (i) the delivered element(s) has value to the customer on a stand-alone basis, and (ii) if a general right of return exists relative to the delivered item, delivery or performance of the undelivered element(s) is probable and substantially in the control of the Company. We allocate revenue to all deliverables based on their relative selling prices. In such circumstances, we use a hierarchy to determine the selling price to be used for allocating revenue to deliverables: (i) vendor-specific objective evidence of selling price (“VSOE”), (ii) third-party evidence of selling price (“TPE”), and (iii) management's best estimate of the selling price (“BESP”). VSOE generally exists only when we sell the deliverable separately and is the price actually charged by the Company for that deliverable. The objective of BESP is to determine the price at which the Company would transact a sale if the product or service were sold on a stand-alone basis. We determine the BESP for a product or service by considering multiple factors including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices. If a delivered element does not meet the criteria in the applicable accounting guidance to be considered a separate unit of accounting, revenue is deferred until the undelivered elements are fulfilled. Accordingly, the determination of BESP can impact the timing of revenue recognition for an arrangement.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Software-related elements include all non-software deliverables for which a software deliverable is essential to its functionality. Typical deliverables in a software arrangement may include network control software, extended software maintenance contracts, training and installation. When software arrangements contain multiple elements and VSOE of fair value exists for all undelivered elements, we account for the delivered elements using the residual method. In arrangements where VSOE of fair value is not available for all undelivered elements, we defer the recognition of all revenue under an arrangement until all elements, except post contract support, have been delivered. When post contract support remains the only undelivered element for such contracts, revenue is then recognized using the residual method. Fair value of software-related elements is based on separate sales to other customers or upon renewal rates quoted in contracts when the quoted renewal rates are deemed to be substantive. Software and hardware maintenance contract revenues are recognized ratably over the term of the arrangement, which is typically one year.

Service revenues are recognized at the time of performance. Extended support & maintenance contract revenues are recognized ratably over the term of the arrangement, which is typically one year.

We recognize revenue in certain circumstances before delivery has occurred (commonly referred to as "bill and hold" transactions). In such circumstances, among other things, risk of ownership has passed to the buyer, the buyer has made a written fixed commitment to purchase the finished goods, the buyer has requested the finished goods be held for future delivery as scheduled and designated by them, and no additional performance obligations by the Company exist. For these transactions, the finished goods are segregated from inventory and normal billing and credit terms are granted.

We have included all shipping and handling billings to customers in revenues, and freight costs incurred for product shipments have been included in cost of revenues.

Leases

The Company records leases as right-of-use assets and lease liabilities, which are recorded at the lease commencement date. The right-of-use asset is initially measured at cost, and consequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurement of the lease liability.

Employee Benefit Plans

WCI has a 401(k) Profit Sharing Plan and Trust (the "Plan") covering substantially all employees. Amounts to be contributed to the Plan each year are subject to the approval of the Board of Directors. No profit-sharing contributions were declared for fiscal years 2025 or 2024. Eligible WCI employees are permitted to make contributions, up to certain regulatory limits, to the Plan on a tax deferred basis under Section 401(k) of the Internal Revenue Code. The Company does not match contributions.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Income Taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss), except to the extent that they relate to a business combination or items recognized in other comprehensive income (loss) or directly to equity.

1) Current income taxes

The taxes currently payable are based on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Parent and its subsidiaries operate and generate taxable income. Additionally, it includes any adjustment to tax payable in respect of previous years. Taxable profit differs from US GAAP profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

2) Deferred income taxes

Deferred income taxes are recognized using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax effects of temporary differences between financial reporting and taxable income (loss) and for tax credit and loss carry forwards. This is measured on a non-discounted basis using tax rates and laws that were enacted or substantively enacted at the dates of the Consolidated Statements of Financial Position and are expected to apply when the deferred income tax asset or liability is settled. We establish a valuation allowance when it is more likely than not that future taxable profits will not be sufficient to allow all or part of the deferred tax assets to be utilized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, management reassess unrecognized deferred tax assets. We recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future tax profit will allow the deferred tax asset to be recovered.

Given the uncertainty of recovery, deferred income tax assets have been fully reserved.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) (numerator) by the weighted average number of common shares outstanding (denominator) during the period and exclude the dilutive effect of stock options. Diluted net income per share gives effect to all dilutive potential common shares outstanding during a period. Diluted income per share would be computed using the average stock price for the period in determining the number of shares assumed to be reacquired under the treasury stock method from the hypothetical exercise of stock options. No stock options were outstanding at December 31, 2025 or at December 31, 2024, therefore, the number of shares outstanding reported for basic and dilutive net income (loss) per share were the same. These amounts are presented in the Consolidated Statement of Operations.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

3. Critical Accounting Estimates and Judgments

The preparation of our Financial Statements and related disclosures requires us to make estimates and assumptions about future events that can have a material impact on the amounts reported in our Financial Statements and accompanying notes. Consequently, actual results could differ from those estimated. Our significant accounting policies are described in Note 2. The following critical accounting policies are those that we believe require a high level of subjectivity and judgment and have a material impact on Wegener's financial condition and operating performance.

1) Revenue Recognition

Our sales arrangements occasionally involve multiple elements, including hardware, installation and professional services, extended product warranty, and post-contract technical support. We allocate revenue to all of these deliverables using the relative selling price hierarchy (see Note 2). Where VSOE of selling price does not exist for an element, we are required to then look to third-party evidence of selling price. However, third-party evidence is generally not available as our product offerings differ from those of our competitors and competitor pricing is often not available. As a result, we generally use the BESP to estimate the selling price for an element which is subject to significant management judgement.

2) Inventory Obsolescence

We exercise significant judgment to estimate a provision for obsolete and slow-moving inventory. The inventory valuation process includes a review of future demand for Wegener's products based on current sales pipeline; the stage of the product life cycle of Wegener's product; customer acceptance; ability to repurpose slow-moving finished goods into other products showing greater market interest; and an assessment of the selling price in relation to the product cost. If our demand forecast for specific products is greater than actual demand and we fail to reduce manufacturing output accordingly, Wegener could be required to write off inventory, which could negatively impact Wegener's gross profit.

4. Financial Risk Management

Financial Risk Management Objectives and Policies

In the normal course of business, we are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk of non-performance by counter parties. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring procedures. From time to time, we may use derivative financial instruments to hedge certain risk exposures.

Financial risk factors

a) *Market risk*

Market risk is the risk that changes in market prices will affect Wegener's earnings or the value of its holdings of financial instruments.

i) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument, and consequently net income, might be adversely affected by a change in the interest rates.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Borrowings issued at variable interest rates expose Wegener to cash flow interest rate risk. The revolving line of credit with the Chymiak Trust (See Note 10(b)) is subject to variable interest rates. In 2025 and 2024, we have not entered interest rate swaps to mitigate this cash flow interest rate risk.

An increase of 2% in the variable interest rate with all other variables held constant, would result in a change of \$31 thousand to interest expense for the year.

b) Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. Management monitors both actual and forecasted cash flows to ensure Wegener has sufficient liquidity to meet operational needs. Wegener has been dependent upon advances from related parties to sustain operational cash flows. Wegener expects that advances from related parties will be needed during this fiscal year to sustain operational cash flows. There can be no guarantee of continued funding from the related parties.

c) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations.

Wegener's credit risk is primarily attributable to its cash holdings and accounts receivable. We do not use credit derivatives or similar financial instruments to mitigate Wegener's credit risk.

Accounts receivable

The accounts receivable includes the following at December 31st:

| | 2025 | 2024 |
|---------------------------------------|-------|-------|
| Trade accounts receivable | \$ 41 | \$ 96 |
| Less: allowance for doubtful accounts | - | (12) |
| Net trade accounts receivable | \$ 41 | \$ 84 |

The following table shows the aging of accounts receivables that were not impaired at December 31st:

| | 2025 | 2024 |
|----------------------------|-------|-------|
| Current | \$ 40 | \$ 66 |
| Past due Less than 30 days | 1 | - |
| 31-60 | - | - |
| 61-90 | - | - |
| Greater than 90 days | - | 30 |
| | \$ 41 | \$ 96 |

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

5. Inventories

The breakdown of inventories was as follows at December 31st:

| | 2025 | 2024 |
|------------------|--------|--------|
| Raw materials | \$ 78 | \$ 130 |
| Work-in-progress | 21 | 10 |
| Finished goods | 17 | 17 |
| | \$ 116 | \$ 157 |

6. Financial Instruments

Financial instruments measured at fair value

Wegener did not have any financial assets to remeasure at fair value.

Financial instruments not measured at fair value

The carrying amounts of accounts receivable, trade and other payables, borrowings, and advances from related parties approximate fair values because of the short-term nature of these financial instruments.

The following are valuation techniques we used to estimate the fair value of financial instruments with maturities longer than 12 months:

- *Borrowings*: See Note 10 for a further breakdown of the total borrowings. We use the discounted cash flow model to estimate their respective fair values.
 - *Revolving line of credit with the Chymiak Trust*: As the variable interest rate was negotiated at arm's length (prime + 2%) and the line of credit is secured by a first line on Wegener's assets, we believe the financing cost reflects market rate and therefore the estimated fair value of this line of credit fairly approximates its carrying value.
- *Lease Liabilities*: See Note 2 for the treatment of lease liabilities. We believe the estimated fair value of the lease liabilities approximates carrying value.

7. Notes Receivable (Payable) – Related Parties

The current note receivable of \$315,324 (2024 - \$503,435) is from Novra Technologies Inc., a company owning 51.6% of the outstanding common shares of Wegener Corporation. The current note payable of \$386,444 (2024 - \$543,114) is to International Datacasting Corporation, a company owned by Novra Technologies Inc. These notes arise from cash advances and the transactions described in Note 15, and bear interest at 6% (2024 - 6%) annually, and have no set terms of repayment.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

8. Equipment and Furniture

| | Estimated Useful Life (Years) | 2025 | 2024 |
|-----------------------------------|-------------------------------------|----------|----------|
| Machinery and equipment | 3-5 | \$ 3,112 | \$ 3,112 |
| Furniture and fixtures | 5 | 163 | 163 |
| | | 3,275 | 3,275 |
| Less: Accumulated depreciation | | (3,225) | (3,177) |
| Total furniture & equipment - net | | \$ 50 | \$ 98 |

9. Right-of-use Assets

The following table presents right-of-use assets for the Company at December 31st:

| | 2025 | 2024 |
|------------------------------|--------|--------|
| Balance, beginning of year | \$ 207 | \$ 270 |
| Additions for new agreements | 28 | - |
| Depreciation | (73) | (63) |
| Balance, end of year | \$ 162 | \$ 207 |

10. Borrowings

The following is a breakdown of our total borrowings with third parties at December 31st:

| | 2025 | 2024 |
|---|----------|----------|
| Revolving line of credit with the Chymiak Trust | \$ 1,557 | \$ 1,617 |
| Government disaster assistance funding | 150 | 154 |
| Accrued Interest for Chymiak Line of Credit | 3,347 | 3,196 |
| Total borrowings | 5,054 | 4,967 |
| Current portion of borrowings | (243) | (183) |
| Total borrowings non-current | \$ 4,811 | \$ 4,784 |

a) Revolving line of credit with the Chymiak Trust

The company entered into a revolving line of credit ("loan facility") with The David E. Chymiak Trust Dated December 15, 1999 (the "Chymiak Trust"). Mr. David Chymiak controls the Chymiak Trust and owns approximately 8.5% of the remaining 48.4% minority interest of Wegener at December 31, 2025.

The line of credit facility bears interest at U.S. Prime Rate + 2% and is accrued quarterly.

b) Disaster assistance funding

In Q3 2020 Wegener received a \$150,000 loan through the U.S. Small Business Administration (SBA), Office of Disaster Assistance. These funds were advanced with the following terms: interest of 3.75%, installment payments of \$731/month beginning after 12 months and the balance of principal and interest

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

payable 30 years from the funding date. In 2021, SBA deferred repayments to begin 24 months from the funding date. In March 2022, SBA deferred repayments to begin 30 months from the funding date. Interest continues to accrue on the balance of the loan outstanding. Wegener began making repayments in November 2022. Included in borrowings is an accrued interest payable of \$nil (2024 - \$4 thousand).

11. Warranty Provision

We provide a one-year manufacturer's warranty for Wegener's products at no additional cost to the customer. These amounts are included in trade and other payable on the consolidated balance sheets. The following table shows the movement in the warranty provision for 2025 and 2024.

| | 2025 | 2024 |
|----------------------|-------|-------|
| Opening balance | \$ 40 | \$ 40 |
| Additional provision | 40 | 40 |
| Reversals | (40) | (40) |
| | \$ 40 | \$ 40 |

12. Income Taxes

No income taxes benefit were recorded for the year ended 2025 due to an increase in the deferred tax asset valuation primarily due to an increase in the net operating loss carryforward. In 2025, the deferred tax asset increased by \$50,000 which was offset by a corresponding decrease in the valuation allowance. No income tax expense was recorded for the year ended 2025 due to timing differences of tax deductions in excess of book expenses primarily related to depreciation which were fully offset by an increase in the valuation allowance.

The effective income tax rate differs from the U.S. federal statutory rate as follows:

| | Years Ended | |
|--------------------------------------|-------------------|-------------------|
| | December 31, 2025 | December 31, 2024 |
| Statutory U.S. income tax rate | 21.0% | 21.0% |
| State taxes, net of federal benefits | 4.1 | 4.3 |
| Valuation allowance | (24.9) | (25.3) |
| Non-deductible expenses | (.2) | (.2) |
| Effective income tax rate | -% | -% |

The effective tax rate for 2025 and 2024 reflected the recording of a full valuation allowance against net deferred tax assets, as further discussed below. Deferred tax assets and liabilities that arise because of temporary differences are as follows:

| | 2025 | 2024 |
|------------------------------------|---------|---------|
| Accounts receivable allowance | \$ - | \$ 3 |
| Net operating loss carryforwards | 440 | 411 |
| AMT credit carryovers | 134 | 134 |
| Depreciation | (31) | (17) |
| Accrued expenses | 867 | 829 |
| Deferred tax assets - non-current | 1,410 | 1,360 |
| Valuation allowance | (1,410) | (1,360) |
| Net deferred tax asset (liability) | \$ - | \$ - |

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

A valuation allowance is established when it is “more likely than not” that all or a portion of a deferred tax asset will not be realized. A review of all available positive and negative evidence was considered in judging the likelihood of realizing tax benefits. Forming a conclusion that a valuation allowance is not needed is difficult when there is negative evidence such as cumulative losses in recent years. Cumulative losses are one of the most difficult pieces of negative evidence to overcome in the absence of sufficient existing orders and backlog (versus forecasted future orders) supporting a return to profitability. Our assessment indicated that a full valuation allowance for our net deferred tax assets was required as of December 31, 2025 and December 31, 2024.

The Company’s net operation losses generated prior to December 29, 2017 (date of a change of control as defined by IRS regulations section 382) are limited to an annual utilization amount of approximately \$10,000 totaling approximately \$140,000 and expire generally annually beginning in 2021. These losses have been fully utilized as of December 31, 2025. Net operation losses generated in 2018 through 2025 total approximately \$2,093,108 and are available for use with no expiration under current tax law.

Assets and liabilities are recognized for a tax position, based solely on its technical merits that is believed to be more likely than not to be fully sustainable upon examination. As of December 31, 2025 and December 31, 2024, there was no accrual for interest or penalties related to uncertain tax positions. Our accounting policy for penalties and interest is to include such amounts, if any, in income tax expense.

We reassess the validity of our conclusions regarding uncertain income tax positions on a quarterly basis to determine if facts or circumstances have arisen that might cause us to change our judgment regarding the likelihood of a tax position’s sustainability under audit. As we believe that all such positions are fully supportable by existing Federal law and related interpretations, there are no uncertain positions to consider in accordance with ASC Topic 740 “Income Taxes”.

We are subject to U.S. federal income tax as well as income tax of numerous state jurisdictions. We are subject to possible U.S. federal tax examinations by tax authorities for previous years. Income tax examinations that we may be subject to from the various state taxing authorities vary by jurisdiction.

13. Segment Information and Concentrations

The following tables provide a breakdown of our revenues by category and geographic market at December 31st:

| Major Products/Service Lines | 2025 | 2024 |
|---|--------|--------|
| Hardware and software | \$ 219 | \$ 296 |
| Services, Support and Extended Warranty | 552 | 579 |
| Other | 15 | 55 |
| | \$ 786 | \$ 930 |

| Geographic Market | 2025 | 2024 |
|--------------------------------|--------|--------|
| Americas ex-USA ⁽¹⁾ | \$ 217 | \$ 143 |
| United States of America (USA) | 570 | 767 |
| EMEA ⁽²⁾ | - | 20 |
| APAC ⁽³⁾ | - | - |
| | \$ 786 | \$ 930 |

(1) The geographic region of the Americas includes North America, Central America and South America.

(2) EMEA consists of Europe, the Middle East and Africa.

(3) APAC consists of East Asia, South Asia, Southeast Asia and Oceania.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

Customer and Industry Concentrations:

Our customers principally operate in the broadcast radio and private network industries. During 2025, one customer operating in these industries represented 18.02% of the year's revenues. In 2024, two customers represented 42.92%, or 29.37% and 13.55%, of the year's revenues. Sales to a relatively small number of major customers have typically comprised a majority of our revenues and that trend is expected to continue throughout 2026 and beyond.

14. Interest Expense

Interest expense has arisen from the following activities:

| | 2025 | 2024 |
|--|--------|--------|
| Interest on Chymiak loan | \$ 151 | \$ 222 |
| Interest paid to International Datacasting | 30 | 29 |
| Interest on Government loans | 6 | 6 |
| Interest on Right of use assets | 14 | 15 |
| | \$ 201 | \$ 272 |

15. Related party transactions

Interest

During the year ended December 31, 2025, Wegener Corporation earned \$25,375 (2024 - \$41,875) in interest revenue from related party notes receivable with Novra Technologies Inc. as described in Note 7.

During the year ended December 31, 2025, International Datacasting Corporation charged interest to Wegener Corporation in the amount of \$30,247 (2024 - \$29,187) from related party loans described in Note 7.

Sales and purchases

During the year ended December 31, 2025, included in purchases is \$424 (2024 - \$nil) from Novra Technologies Inc.

During the year ended December 31, 2025, included in purchases is \$6,171 (2024 - \$6,171) from International Datacasting Corporation. Included in sales is \$nil (2024 - \$22,934) to International Datacasting Corporation.

Management fees

During the year ended December 31, 2025, Novra Technologies Inc. charged Wegener Corporation \$97,951 (2024 - \$101,622) in management fees.

During the year ended December 31, 2025, Wegener Corporation charged Novra Technologies Inc. \$3,007 (2024 - \$13,155) in management fees.

During the year ended December 31, 2025, International Datacasting Corporation charged Wegener Corporation \$94,656 (2024 - \$108,017) in management fees.

WEGENER CORPORATION

Years ended December 31, 2025 and 2024

(Tabular amounts are in 000's, except share data)

During the year ended December 31, 2025, Wegener Corporation charged International Datacasting Corporation \$12,028 (2024 - \$37,586) in management fees.

R&D expenses

During the year ended December 31, 2025, Novra Technologies Inc. and International Datacasting Corporation charged Wegener Corporation \$60,518 (2024 - \$48,955) and \$106,884 (2024 - \$30,278) respectively for R&D expenses.

16. Commitments and Contingent Liabilities

Leases

The Company leases office and production space for the head office and subsidiaries. The lease is a sixty-four (64) month agreement beginning on December 1, 2022 and ending on March 31, 2028. Lease payments are currently \$6,422 per month on this lease and are expected to increase by 3% annually each December. We are also renting additional warehouse space for \$839 per month which is expected to increase by 3% annually each February. We had no significant operating leases for equipment. The following table is a summary of the changes in the lease liabilities during the year ended December 31st:

| | 2025 | 2024 |
|------------------------------|--------|--------|
| Balance, January 1 | \$ 226 | \$ 283 |
| Interest | 14 | 15 |
| Additions for new agreements | 28 | - |
| Lease payments | (84) | (72) |
| Balance, December 31 | \$ 184 | \$ 226 |

17. Employee Retention Credits

An amount was received from IRS Employee Retention Credit related to 2020 and 2021 that were received in the year. The total amount received was \$311 thousand (2024 - \$nil). The amount was recorded and received in the current year due to the complexity of the credit and management's uncertainty regarding collection. This amount reduced Cost of Revenue and operating expenses incurred during the year.