Financial Statements of

OCEAN NETWORKS CANADA SOCIETY

And Independent Auditor's Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ocean Networks Canada Society

Opinion

We have audited the financial statements of Ocean Networks Canada Society (the "Society"), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Society as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditor's report.

We are independent of the Society 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.

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 public sector accounting standards, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 the 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 Society'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 Society'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 Society 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.
- 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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 18, 2026

OCEAN NETWORKS CANADA SOCIETY

Statement of Financial Position

March 31, 2026, with comparative information for 2025

		2026		2025
Assets				
Current assets:				
Accounts receivable	$	3,218,195	$	4,795,841
Prepaid expenses		1,255		1,884,446
		3,219,450		6,680,287
Capital assets (note 2)		2,653,517		3,314,621
	$	5,872,967	$	9,994,908
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	76,803	$	1,631,077
Due to University of Victoria		1,261,353		1,910,434
Deferred revenue		183,581		1,595,623
		1,521,737		5,137,134
Unamortized deferred capital contributions (note 4)		2,485,155		3,021,614
		4,006,892		8,158,748
Net assets:				
Invested in capital assets		168,362		293,007
Unrestricted		1,697,713		1,543,153
		1,866,075		1,836,160
Commitments (note 7)				
	$	5,872,967	$	9,994,908

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

____________________ Director   ____________________ Director

OCEAN NETWORKS CANADA SOCIETY

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Government of Canada (note 5)	$ 3,866,867	$ 2,743,490
Contract revenue	1,626,666	807,096
Amortization of deferred capital contributions (note 4)	997,526	1,299,272
	6,491,059	4,849,858
Expenses:		
Operational expenses	4,073,150	1,983,728
Salaries and benefits	605,754	638,701
Supplies	346,611	379,334
Travel	196,342	182,993
Consulting fees	81,003	45,477
Professional fees - audit	28,900	33,971
Hospitality	7,213	5,469
Amortization of capital assets	1,122,171	1,444,574
	6,461,144	4,714,247
Excess of revenue over expenses	$ 29,915	$ 135,611

See accompanying notes to financial statements.

OCEAN NETWORKS CANADA SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets	Unrestricted	Total
Net assets, March 31, 2024	$ 340,081	$ 1,360,468	$ 1,700,549
Excess (deficiency) of revenue over expenses	(145,302)	280,913	135,611
Capital assets acquired with unrestricted net assets	98,228	(98,228)	–
Net assets, March 31, 2025	293,007	1,543,153	1,836,160
Excess (deficiency) of revenue over expenses	(124,645)	154,560	29,915
Capital assets acquired with unrestricted net assets	–	–	–
Net assets, March 31, 2026	$ 168,362	$1,697,713	$1,866,075

See accompanying notes to financial statements.

OCEAN NETWORKS CANADA SOCIETY

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

		2026		2025
Cash generated by (used in):				
Operations:				
Excess of revenues over expenses	$	29,915	$	135,611
Items not involving cash:				
Amortization of deferred capital contributions		(997,526)		(1,299,272)
Amortization of capital assets		1,122,171		1,444,574
Changes in non-cash operating working capital:				
Decrease (increase) in accounts receivable		1,577,646		(1,898,702)
Decrease (increase) in prepaid expenses		1,883,191		(1,580,931)
Increase (decrease) in accounts payable and accrued liabilities		(1,554,274)		1,284,672
Increase (decrease) in deferred revenue		(1,412,042)		1,202,135
		649,081		(711,913)
Capital:				
Acquisition of capital assets		(461,067)		(795,729)
Financing:				
Change in due from University of Victoria		(649,081)		810,141
Capital contributions		461,067		697,501
		(188,014)		1,507,642
Net change in cash, being cash, beginning and end of year	$	–	$	–

See accompanying notes to financial statements.

Ocean Networks Canada Society (“ONCS”) is a non-profit society incorporated under the Society Act of British Columbia on July 19, 2007. ONCS was established by the University of Victoria to provide an effective and unified management structure for the operation of the University’s two ocean networks, VENUS and NEPTUNE Canada. The revenues and expenses of these networks are not reflected in these financial statements. On November 28, 2016, the new Societies Act (British Columbia) became effective. The Society transitioned to the new act on November 8, 2018.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (“PSAB”) with the 4200 standards for government not-for-profit organizations. The following is a summary of the significant accounting policies used in preparation of these financial statements.

(a) Capital assets:

Capital assets are initially recorded at cost. When a capital asset no longer contributes to ONCS’s ability to provide services, its carrying value is written down to its residual value with no reversals of such write downs in subsequent periods. Rates and bases of amortization applied to write off the cost less estimated residual value of assets over their estimated useful lives are as follows:

Asset	Basis	Rate
Equipment and furniture	straight-line	8 years
Computer equipment	straight-line	3 years
Computer software	straight-line	3 years
Patents	straight-line	10 years

(b) Financial instruments:

Accounts receivable, due to/from the University of Victoria, and accounts payable and accrued liabilities are recorded at fair value on initial recognition and subsequently recorded at amortized cost. It is management's opinion that ONCS is not exposed to significant interest, currency or credit risks arising from these financial instruments.

1. Significant accounting policies (continued):

(c) Revenue recognition:

ONCS follows the deferral method of accounting for grants and contributions received.

Restricted contributions are contributions that include an implicit or explicit restriction or stipulation by the contributor. All other contributions are unrestricted. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Externally restricted capital contributions are deferred until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to unamortized deferred capital contributions or recognized as revenue but are recorded as a direct increase in net assets in the period the asset is acquired.

Unamortized deferred capital contributions are recognized as revenue on the same basis as the related capital assets are amortized.

Contract revenue is recognized as work is performed, and when the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable. The amount of revenue recognized is determined by reference to the costs incurred. Costs are the most reasonably determinable measure of performance which relate as directly as possible to the activities critical to completion of the contract. Amounts received in advance of the service being provided is deferred.

(d) Contributed materials and services:

The University of Victoria and other organizations contribute materials and services at no cost to ONCS. These transactions are not reflected in these financial statements (note 6).

(e) Foreign currency:

The functional currency of ONCS is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect at each reporting date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or reporting date is recognized in the statement of operations.

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(g) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2. Capital assets:

March 31, 2026	Cost	Accumulated amortization	Net book value
Equipment and furniture	$ 13,315,817	$ 10,979,897	$ 2,335,920
Computer equipment	3,580,514	3,284,502	296,012
Computer software	780,963	780,963	–
Patents	199,685	178,100	21,585
	$ 17,876,979	$ 15,223,462	$ 2,653,517

March 31, 2025	Cost	Accumulated amortization	Net book value
Equipment and furniture	$ 13,121,673	$ 9,966,033	$ 3,155,640
Computer equipment	3,313,591	3,188,754	124,837
Computer software	780,963	780,963	–
Patents	199,685	165,541	34,144
	$ 17,415,912	$ 14,101,291	$ 3,314,621

3. Deferred contributions:

Deferred contributions represent externally restricted contributions received but not yet spent. Changes in deferred contributions in the year are as follows:

	2026	2025
Balance, beginning of year	$ –	$ –
Contributions received	461,067	697,501
	461,067	697,501
Transfers to revenue	–	–
Transfers to unamortized deferred capital contributions	(461,067)	(697,501)
	(461,067)	(697,501)
Balance, end of year	$ –	$ –

4. Unamortized deferred capital contributions:

Unamortized deferred capital contributions represent externally restricted contributions spent on capital assets. These contributions are recognized as revenue in future periods on the same basis as amortization of the related capital asset. Changes in unamortized deferred capital contributions in the year are as follows:

	2026	2025
Balance, beginning of year	$ 3,021,614	$ 3,623,385
Transfers from deferred contributions	461,067	697,501
	3,482,681	4,320,886
Transfers to revenue	(997,526)	(1,299,272)
Balance, end of year	$ 2,485,155	$ 3,021,614

5. Government of Canada:

Government of Canada revenue is comprised of the following:

	2026	2025
Fisheries and Oceans Canada	$ 3,392,333	$ 2,617,897
Polar Knowledge	125,000	125,593
Canada Public Works and Government Services Canada Pacific Region.	349,534	–
	$ 3,866,867	$ 2,743,490

6. Related party transactions:

During the year, and consistent with prior years, ONCS received in-kind contributions from the University of Victoria consisting of various services, including the provision of certain management and administrative staff, administrative services such as payroll, cash management and premises rental, all of which are provided at no cost to ONCS. These transactions have not been recorded in these financial statements, and amounts have not been estimated due to the related party nature and difficulty to estimate fair value.

All other related party transactions have been recorded at the amount of consideration paid or received as agreed to by the related party.

7. Commitments:

During the year, ONCS entered into a three-year agreement with the University of Alberta for PONE in the amount of $6,775,423, inclusive of taxes, expiring on March 31, 2028.

During the year, ONCS entered into a two-year agreement with Public Works and Government Services Canada (PWGSC) for a maximum amount of $2,940,000 through May 2027. Task authorizations totaling $350,235 were awarded for the year ended March 31, 2026.

During the year, ONCS entered into a two-year agreement with the British Broadcasting Corporation (BBC) in the amount of $124,000, inclusive of taxes, ending April 30, 2028.

During the year, ONCS entered into a three-year agreement with MEOPAR in the amount of $150,000, ending October 14, 2028.

The Running Tides instrument recovery was rescheduled to fiscal 2026/27. Funds on hand of $65,364 have been deferred to fiscal 2026/27 and are expected to be sufficient to complete the recovery as scheduled.

During the year, the NOAA contract was extended through the 2026 calendar year, with additional funding of USD 133,974. The 2025 calendar year agreement was reduced by USD 8,765 to USD 116,444. Total funding under the agreement is now USD 367,436.

The District of Kitimat agreement was extended with no additional funding to June 30, 2026.

The Tsleil-Waututh Observatory and Community Fishers agreements were each extended at no additional cost to June 30, 2026. Amounts of $41,950 for the observatory and $23,410 for Community Fishers have been deferred to the following fiscal year.

8. Employee and Contractor Remuneration:

For the fiscal year ending March 31, 2026, the Society paid $339,833 (2025 - $329,517) to three (2025 - three) employees that had remuneration greater than $75,000. No payments were made to directors in 2026 or 2025.