

## Unaudited Interim Condensed Consolidated Financial Statements

### **D-BOX Technologies Inc.**

For the three months ended June 30, 2025

#### **Notice**

The Company's independent auditor has not reviewed these interim condensed consolidated financial statements in accordance with standards established by CPA Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

**D-BOX Technologies Inc.****UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

As at

[in thousands of Canadian dollars]

		<b>June 30, 2025</b>	<b>March 31, 2025</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>	4		
<b>Current assets</b>			
Cash and cash equivalents		<b>10,450</b>	7,812
Short-term deposits		<b>—</b>	107
Accounts receivable		<b>7,368</b>	6,881
Inventories	3	<b>6,005</b>	5,609
Prepaid expenses and deposits		<b>757</b>	608
Current portion of finance leases receivable		<b>68</b>	61
		<b>24,648</b>	21,078
<b>Non-current assets</b>			
Property and equipment		<b>5,518</b>	5,621
Intangible assets		<b>1,235</b>	1,349
Finance leases receivable		<b>312</b>	375
		<b>31,713</b>	28,423
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Credit facility	4	<b>240</b>	—
Accounts payable and accrued liabilities		<b>5,016</b>	5,459
Derivative financial instruments		<b>—</b>	484
Provisions	5	<b>284</b>	182
Deferred revenues		<b>2,879</b>	980
Current portion of lease liabilities		<b>264</b>	249
Current portion of long-term debt	6	<b>289</b>	301
		<b>8,972</b>	7,655
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,551</b>	3,581
Long-term debt	6	<b>860</b>	920
		<b>13,383</b>	12,156
<b>Equity</b>			
Share capital	7.1	<b>66,532</b>	66,470
Share-based payments reserve	7.2	<b>204</b>	498
Foreign currency translation reserve		<b>(114)</b>	(138)
Deficit		<b>(48,292)</b>	(50,563)
		<b>18,330</b>	16,267
		<b>31,713</b>	28,423

See accompanying notes.

**D-BOX Technologies Inc.****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

For the three months ended June 30

[in thousands of Canadian dollars, except share and per-share amounts]

		2025	2024
	Notes	\$	\$
<b>Revenues</b>			
System sales		9,044	6,326
Rights for use, rental and maintenance		3,994	2,436
		13,038	8,762
Cost of goods sold		5,722	4,211
<b>Gross profit</b>		7,316	4,551
<b>Other expenses</b>			
Selling and marketing		1,685	1,830
Administration	5	2,235	1,811
Research and development		1,432	1,111
Foreign exchange (gain) loss		(13)	72
		5,339	4,824
<b>Net profit (loss) before financial expenses (income) and income taxes</b>		1,977	(273)
<b>Financial expenses (income)</b>			
Financial expenses	8.2	90	138
Interest income		(65)	(2)
		25	136
<b>Net profit (loss) before income taxes</b>		1,952	(409)
Income taxes		—	10
<b>Net profit (loss)</b>		1,952	(419)
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation gain (loss)		24	(20)
<b>Comprehensive income (loss)</b>		1,976	(439)
<b>Basic and diluted net profit (loss) per share</b>		0.009	(0.002)

See accompanying notes.

**D-BOX Technologies Inc.****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Three month periods ended June 30

[in thousands of Canadian dollars]

	Notes	Share capital	Share-based payments reserve	Foreign currency translation reserve	Deficit	Total
		\$	\$	\$	\$	\$
Balance as at March 31, 2024		66,227	783	(210)	(54,670)	12,130
Loss		—	—	—	(419)	(419)
Foreign currency translation loss		—	—	(20)	—	(20)
Comprehensive loss		—	—	(20)	(419)	(439)
Share-based payments	7.2	—	19	—	—	19
Cancellation and expiration of stock options	7.2	—	(54)	—	54	—
Balance as at June 30, 2024		66,227	748	(230)	(55,035)	11,710
<b>Balance as at March 31, 2025</b>		<b>66,470</b>	<b>498</b>	<b>(138)</b>	<b>(50,563)</b>	<b>16,267</b>
<b>Profit</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>1,952</b>	<b>1,952</b>
<b>Foreign currency translation gain</b>		<b>—</b>	<b>—</b>	<b>24</b>	<b>—</b>	<b>24</b>
<b>Comprehensive income</b>		<b>—</b>	<b>—</b>	<b>24</b>	<b>1,952</b>	<b>1,976</b>
<b>Exercise of stock options</b>	7.1	<b>62</b>	<b>(27)</b>	<b>—</b>	<b>—</b>	<b>35</b>
<b>Share-based payments</b>	7.2	<b>—</b>	<b>52</b>	<b>—</b>	<b>—</b>	<b>52</b>
<b>Cancellation and expiration of stock options</b>	7.2	<b>—</b>	<b>(319)</b>	<b>—</b>	<b>319</b>	<b>—</b>
<b>Balance as at June 30, 2025</b>		<b>66,532</b>	<b>204</b>	<b>(114)</b>	<b>(48,292)</b>	<b>18,330</b>

See accompanying notes.

**D-BOX Technologies Inc.**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Three month periods ended June 30

[in thousands of Canadian dollars]

		2025	2024
	Notes	\$	\$
<b>OPERATING ACTIVITIES</b>			
Net profit (loss)		1,952	(419)
Items not affecting cash:			
Amortization of property and equipment		318	259
Amortization of intangible assets		144	142
Amortization of financing costs	8.2	—	6
Share-based payments	7.2	52	19
Change in fair value of derivative financial instruments		(484)	106
Unrealized foreign exchange gain (loss)		87	(34)
Interest income on lease receivable		(18)	(18)
Interest expense on lease liabilities	8.2	62	63
Accretion of interest expense on long-term debt		4	5
Cash flows provided by operations before changes in working capital items		2,117	129
<b>Changes in working capital items:</b>			
Short-term deposits		107	(2)
Accounts receivable		(474)	(1,043)
Inventories		(396)	(172)
Prepaid expenses and deposits		(149)	151
Accounts payable and accrued liabilities		(440)	(672)
Provisions		102	(15)
Deferred revenues		1,899	163
		649	(1,590)
<b>Cash flows provided by (used in) operating activities</b>		<b>2,766</b>	<b>(1,461)</b>
<b>INVESTING ACTIVITIES</b>			
Finance lease receivables payments		63	41
Additions to property and equipment		(259)	(57)
Additions to intangible assets		(30)	(84)
<b>Cash flows used in investing activities</b>		<b>(226)</b>	<b>(100)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from the credit facility		240	520
Exercise of stock options	7.1	35	—
Repayment of long-term debt		(76)	(112)
Payment of lease liabilities		(77)	(70)
<b>Cash flows provided by financing activities</b>		<b>122</b>	<b>338</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(24)	2
<b>Net change in cash and cash equivalents</b>		<b>2,638</b>	<b>(1,221)</b>
Cash and cash equivalents, beginning of period		7,812	2,916
<b>Cash and cash equivalents, end of period</b>		<b>10,450</b>	<b>1,695</b>
<b>Cash and cash equivalents consist of:</b>			
Cash		10,450	1,695
<b>Interest and income taxes included in operating activities:</b>			
Interest		12	48
Income taxes		—	10

See accompanying notes.

**D-BOX Technologies Inc.****NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

*[Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts]***1 DESCRIPTION OF BUSINESS**

D-BOX Technologies Inc. ["D-BOX" or the "Company"], incorporated under the *Canada Business Corporations Act*, is domiciled at 2172 de la Province Street, Longueuil, Québec, Canada.

D-BOX designs, manufactures and commercializes haptic motion systems intended for theatrical entertainment, sim racing and simulation and training customers. This patented technology uses motion effects specifically programmed for each visual content, which are sent to a motion system integrated into either a platform, a seat or any other product. The resulting motion is synchronized with the on-screen action, thus creating a realistic immersive experience.

The Company evaluates its operating results and allocates resources based on its single operating segment which is the design, manufacture, and sale of motion systems.

The unaudited interim condensed consolidated financial statements were approved by the Company's Board of Directors on August 13, 2025.

**2 BASIS OF PRESENTATION**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ["IAS 34"], *Interim Financial Reporting*. They are interim condensed consolidated financial statements because they do not include all disclosures required under International Financial Reporting Standards ["IFRS"] for annual consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the March 31, 2025 annual consolidated financial statements which include the same accounting policies and methods of computation used in the preparation of these financial statements.

**3 INVENTORIES**

	June 30, 2025	March 31, 2025
	\$	\$
Parts and components	4,146	3,890
Finished goods	1,859	1,719
	6,005	5,609

**D-BOX Technologies Inc.****NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

[Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts]

**4 CREDIT FACILITY**

On July 31, 2024, the Company signed an amended agreement with the National Bank of Canada ["NBC"] related to the availability of a line of credit amounting to \$8,000 for the ongoing operations and working capital of the Company. The balance outstanding as at June 30, 2025 was \$240 [\$nil as at March 31, 2025]. This line of credit is renewable annually and bears interest at prime rate [4.95% as at June 30, 2025 and March 31, 2025] plus 2.50%. The line of credit is secured by first-ranking hypothec and security interests on all assets of the Company and its U.S. subsidiary. As at June 30, 2025, the Company was in compliance with the financial ratios required under the facility.

**5 PROVISIONS**

	<b>Warranty claims</b>	<b>Restructuring</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
At April 1, 2025	182	—	182
Charged to profit or loss	42	850	892
Utilised in period	(40)	(750)	(790)
<b>Due within one year or less at June 30, 2025</b>	<b>184</b>	<b>100</b>	<b>284</b>

**Warranty claims**

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns and repairs on the warrant period for all products sold. The corresponding expense is recorded in cost of goods sold.

**Restructuring**

During the period ended June 30, 2025, the Company announced a change in Chief Executive Officer. The resulting termination costs of the outgoing Chief Executive Officer was recorded in the following:

	<b>\$</b>
Administration	<b>850</b>

**D-BOX Technologies Inc.****NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

[Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts]

**6 LONG-TERM DEBT**

	<b>June 30, 2025</b>	March 31, 2025
	<b>\$</b>	<b>\$</b>
Loan with the NBC amounting to \$1,000 for ongoing operations and working capital of the Company, bearing interest at the fixed rate of 4% payable monthly, and principal repayable in monthly installments of \$9 and the balance at maturity in September 2027. The loan is secured by a first-ranking hypothec and security interests on all assets of the Company and its U.S. subsidiary and is guaranteed by BDC.	<b>694</b>	722
Loan with Canada Economic Development amounting to \$846 for ongoing operations and working capital of the Company, repayable in monthly capital installments of \$16 until maturity in December 2027. The loan does not bear interest [effective interest rate of 4%] and is not secured. At inception of this loan, the discounting was recognized as government assistance and recorded as a reduction of administration expense.	<b>455</b>	499
	<b>1,149</b>	1,221
Less: Current portion of long-term debt	<b>289</b>	301
	<b>860</b>	920

Debt payments for the next years are as follows:

	<b>\$</b>
2026	289
2027	295
2028	566
	1,150
Less: discounting	1
	1,149

During the period ended June 30, 2025, the interest expense on long-term debt charged to net profit amounted to \$11, including an amount of \$4 accounted for as an accretion of interest expense [\$41, including an amount of \$5 accounted for as an accretion expense for the year ended June 30, 2024].



## **7 EQUITY**

### **7.1 Share-capital**

#### *7.1.1 Authorized*

Unlimited number of Class A common shares without par value, voting and participating.

Class B preferred shares, issuable in series, ranking senior to Class A common shares. The directors are entitled to determine the number of shares per series and their characteristics [rights, privileges and restrictions].

#### *7.1.2 Issued*

Changes in Class A common shares of the Company for the three month periods ended June 30 are shown in the following table:

	2025		2024	
	#	\$	#	\$
Balance at beginning of period	<b>221,939,573</b>	<b>66,470</b>	220,226,573	66,227
Exercise of stock options	<b>370,000</b>	<b>62</b>	—	—
Balance at end of period	<b>222,309,573</b>	<b>66,532</b>	220,226,573	66,227

During the period, the Company issued 370,000 common shares pursuant to the exercise of stock options for gross cash proceeds of \$35. The fair value of \$27 was transferred from the share-based payments reserve to share capital.

## 7.2 Share-based payments

Changes in the Company's stock options for the three month periods ended June 30 are summarized in the following table:

	2025		2024	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	#	\$	#	\$
<b>Balance as at March 31</b>	<b>8,054,500</b>	<b>0.15</b>	9,067,500	0.12
Granted	5,000,000	0.24	—	0
Exercised	(370,000)	0.09	—	—
Cancelled and expired	(3,625,000)	0.17	(800,000)	0.09
<b>Balance as at June 30</b>	<b>9,059,500</b>	<b>0.19</b>	8,267,500	0.12
<b>Options exercisable at end of period</b>	<b>1,384,502</b>	<b>0.12</b>	5,977,500	0.13

The fair value of the options granted during the period ended June 30, 2025 was estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions: 2.96% weighted average risk-free interest rate; no dividends; 100.71% weighted average volatility factor of the expected market price of the Company's shares; \$0.24 weighted average share price; and a 6-year expected weighted average option life. The expected volatility reflects the assumption that historical volatility over a term similar to the option term is indicative of future trends, which might not be the case. The weighted average forfeiture rate used was 11.01%. The weighted average of the estimated fair value at the grant date of the options awarded was \$0.19 per option, amortized through net profit over the vesting periods of the options.

For the period ended June 30, 2025, the share-based payment expense charged to net profit amounted to \$52 [\$19 in 2024] with a corresponding amount recognized under the share-based payments reserve. For the period ended June 30, 2025, the cancellation and expiry of options resulted in a reclassification of \$319 from the share-based payment reserve to the deficit [\$54 in 2024].

## 8 SUPPLEMENTARY INFORMATION ON THE UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET PROFIT (LOSS) AND COMPREHENSIVE INCOME (LOSS)

### 8.1 Revenues

Revenues are disaggregated by customer grouping as follows for the three month periods ended June 30:

	2025	2024
Customer grouping	\$	\$
Theatrical	8,075	2,996
Simulation and training	2,179	2,094
Sim racing	2,301	2,590
Other	483	1,082
<b>Total revenues</b>	<b>13,038</b>	<b>8,762</b>

### 8.2 Financial expenses

The key components of financial expenses are detailed as follows for the three month periods ended June 30:

	2025	2024
	\$	\$
Interest expense on long-term debt	11	41
Interest expense on credit facility	5	7
Interest expense on lease liabilities	62	63
Amortization of financing costs	—	6
Other interest and bank charges	12	21
	<b>90</b>	<b>138</b>

**D-BOX Technologies Inc.****NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2025

*[Amounts are in thousands of Canadian dollars, except share, option, per-share and per-option amounts]***8.3 Government assistance**

For the three months ended June 30, 2025, the Company recognized government assistance from various governmental entities. Government assistance received has been recorded as a reduction of the related expenses as follows for the three month periods ended June 30:

	2025	2024
	\$	\$
Research and development	70	99

**9 SUBSEQUENT EVENT**

On August 13, 2025, the Company announced a change in Chief Financial Officer effective August 13, 2025. Provisions related to the termination costs of the outgoing Chief Financial Officer will be recorded during Q2 of fiscal 2026.