



# **Management's Discussion and Analysis**

**D-BOX Technologies Inc.  
Three month period ended June 30, 2025**

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# **MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

### **Three month period ended June 30, 2025**

#### **1 SCOPE OF THE MD&A**

This Management’s Discussion and Analysis (“MD&A”) is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiaries, as well as key elements of its financial results. In particular, it explains changes in the Company’s financial position and operating results for the three month period ended June 30, 2025, by comparing them to the results of the corresponding period of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2025 and March 31, 2025.

This MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Obligations, and should be read in conjunction with the information included in the audited consolidated financial statements for the fiscal year ended March 31, 2025 and accompanying notes. Unless otherwise indicated, the terms “Company” and “D-BOX” refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the three months ended June 30, 2025, and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors of the Company on August 13, 2025. Unless otherwise indicated, all the amounts in this MD&A are in thousands of Canadian dollars.

#### **2 FORWARD-LOOKING STATEMENTS**

Certain information included in this MD&A may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information may include, among others, statements regarding the future plans, activities, objectives, operations, strategy, business outlook, and financial performance and condition of the Company, or the assumptions underlying any of the foregoing. In this MD&A, words such as “may”, “would”, “could”, “will”, “likely”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate” and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on several assumptions which give rise to the possibility that actual results could differ materially from the Company’s expectations expressed in or implied by such forward-looking information and no assurance can be given that any events anticipated by the forward-looking information will transpire or occur, including but not limited to the future plans, activities, objectives, operations, strategy, business outlook and financial performance and condition of the Company.

Forward-looking information is provided in this MD&A for the purpose of giving information about Management’s current expectations and plans and allowing investors and others to get a better understanding of the Company’s operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this MD&A is based on information available at the date hereof and/or management’s good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond the Company’s control.

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Company’s expectations expressed in or implied by the forward-looking information include, but are not limited to: international trade regulations; concentration of clients; dependence on suppliers; performance of content; exchange rate between the Canadian dollar and the U.S. dollar; ability to implement strategy; consumer preferences and trends; political, social and economic conditions; strategic alliances; credit risk; competition; access to content; technology standardization; future funding requirements; distribution network; indebtedness; global health crises; warranty, recalls and claims; dependence on key personnel and labour relations; legal, regulatory and litigation; intellectual property; security and management of information; and reputational risk through social media. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed under “Risk Factors” in the Company’s annual information form for the fiscal year ended March 31, 2025, a copy of which is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca). Except as may be required by Canadian securities laws, the Company does not intend nor does it undertake any obligation to update or revise any forward-looking information contained in the annual information form to reflect subsequent information, events, circumstances or otherwise.

The Company cautions readers that the risks described above are not the only ones that could have an impact on it. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company’s business, financial condition or results of operations.

### **3 CORPORATE OVERVIEW**

D-BOX is a leader in the design of haptic and immersive experiences. D-BOX is at the forefront of innovation in the field, continually redefining the boundaries of haptic and immersive entertainment experiences. Our solutions involve the use of motion, vibration, and textures to stimulate the senses, offering a unique way to engage and stimulate the imagination. D-BOX has collaborated with companies in the entertainment, simulation, and training industries to deliver new ways to enhance great content. Our motion technology enhances a wide range of media, including movies, video games, virtual reality, music, and professional simulation. D-BOX’s unique mastery of haptics provides the best possible synchronization of body movement with image and sound.

The harmonious integration of these three components ensures seamless synchronization between motion, visuals, and audio, elevating the entertainment experience to new heights:

1. Software haptic effects are programmed as a track, frame by frame, in the case of linear content, or programmed as a library for interactive content based on the content’s specific telemetry.
2. A haptic processor serving as an interface between the content and the D-BOX haptic system can recognize the content being played, regardless of the source, and associate it with the appropriate D-BOX Haptic Code. It then enables the D-BOX haptic systems to be synchronized with the content.
3. The D-BOX haptic system, consists, amongst other things, of proprietary electromechanical actuators built into a seat, platform, or other type of equipment.

The Company’s current revenue streams consist of:

1. the sale, finance or lease of D-BOX hardware including haptic actuators and haptic bases that are integrated by resellers, integrators, and equipment or seating manufacturers (known as original equipment manufacturers (“OEMs”)) into chairs, recliners, seats, haptic controllers and electronic interfaces or servers, and market the D-BOX technology under their own brands;
2. the licensing of the D-BOX Haptic Code in theaters which are equipped with the D-BOX haptic systems to play content encoded by D-BOX. The Company also receives maintenance revenue relating to the use of these theatrical haptic systems.

As at June 30, 2025, D-BOX had 96 employees compared with 102 employees as at June 30, 2024.

### 3.1 Industry Overview

#### Theatrical customers

The theatrical industry continues to captivate audiences around the world. In 2024, the industry was valued at \$72.7 billion USD, and experts project that it will register a compound annual growth rate (CAGR) of 5.3%<sup>1</sup> between 2025 and 2034. Technological advancements and premium experiences, such as the D-BOX experience, are key contributors to this industry's growth. These innovations offer audiences a more immersive cinematic experience, setting it apart from other entertainment options. The experience economy, fueled by millennials and younger generations, is a major driver of this growth, as is the rise of entertainment centers. D-BOX is strategically expanding its domestic presence in North America as well as internationally. The industry continues to invest in premium large-format screens, and other upgrades in seating, and immersive motion technology. While new system sales to this customer group are expected to remain stable, with potential for modest growth, they may fluctuate quarter to quarter and year to year due to the variable nature of our business. This said, our cumulative footprint continues to grow, supporting our rights of use, rental and maintenance revenue stream.

The success of blockbuster releases is a pivotal factor in the theatrical industry's overall performance. Studios are shifting their focus towards a strategy of producing fewer, high-impact films. We believe this strategy aligns very well with the Company's value proposition in the theatrical industry.

#### Simulation and training customers

Simulation and training through haptics allows for the unique opportunity to improve safety by allowing operators to learn and practice new skills in a controlled environment without the risk of accidents, injuries, costly damage to expensive machinery and less environmental impact in many cases. The construction, automotive and military industries are three sectors in which the Company sees growth potential in simulation and training through haptics, and these sectors are reacting positively to the D-BOX haptic experience. Simulation and training revenues have grown steadily for D-BOX over the last three years, and market analysts' expectations for the overall industry are that it continue to grow.

#### Sim racing customers

Over the last few years, sim racing has transitioned from a niche game to a legitimate e-sport. Rising adoption of virtual training solutions for racing drivers to improve their driving skills is expected to be a key driver in the demand for racing simulators. With its haptic systems that are capable of reproducing textures, velocity, engine vibrations and dynamic vehicle motion, D-BOX has drawn the attention of several leading racing simulation partners who have chosen to integrate the D-BOX haptic systems into their simulators, including Kindred Concepts and Mercedes-Benz.

### 3.2 Business Strategy

The Company engages in business activities within a single operating segment. D-BOX sells its products to OEMs including integrators, resellers and distributors. As it relates specifically to system sales revenues, the Company analyzes and discusses performance across four customer groups; theatrical, simulation and training, sim racing and other customers. While D-BOX distributes the same products across all customer groups, it recognizes that these groups have a disproportionate effect on revenue and, as such, they discuss them separately.

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<sup>1</sup> Per Global Market Insights (GMI): <https://www.gminsights.com/industry-analysis/movie-theater-market>

Theatrical customers include commercial theater circuits, theatrical OEMs, and studios. The simulation and training customer group includes OEMs and commercial entities that specialize in training professionals working in the automotive, transportation, logistics, aviation, and construction industries, along with certain military applications. Sim racing customers includes commercial entities focused on selling simulation racing rigs to the general public and certain professional racing teams. The other customers group includes all other sales to theme parks, arcades, museums, planetariums, video game peripherals and logistics revenues.

Key components of the Company’s business strategy in these customer groups are as follows:

- Increase theatrical footprint in order to increase future recurring revenues;
- Increase market penetration in three key customer groups: theatrical, sim racing, and simulation and training;
- Continue to enhance and develop D-BOX’s haptic motion technology in order to maintain our presence as a leader in immersive seated haptic experiences;
- Enter into business partnerships with market leaders in these customer groups to integrate the D-BOX haptic experience in their products and to commercialize new products and applications;
- Expand, drive growth and scale in existing customer groups by extending existing capabilities and infrastructure;
- Focus on operational excellence by controlling costs while continuing to provide leading haptic experiences.

## 4 FINANCIAL AND OPERATING HIGHLIGHTS

### *Highlights for the three month period ended June 30, 2025*

- Total revenues increased 49% to \$13.0 million compared with \$8.8 million in the previous year.
- Rights for use, rental and maintenance revenues increased 64% to \$4.0 million, a quarterly record, compared with \$2.4 million in the previous year.
- System sales revenues increased 43% to \$9.0 million compared with \$6.3 million in the previous year.
- Net profit increased to \$2.0 million compared with a net loss of \$0.4 million in the previous year.
- Adjusted EBITDA\* increased to \$3.3 million, a quarterly record, compared with \$0.3 million in the previous year.
- Cash and cash equivalents was \$10.5 million as at June 30, 2025 compared with \$7.8 million as at March 31, 2025.
- Subsequent to period end, on August 13, 2025, the Company announced a change in CFO.

	Three month periods ended June 30		
	2025	2024	Var. (%)
Revenues	<b>13,038</b>	8,762	49 %
Net profit (loss)	<b>1,952</b>	(419)	566 %
Adjusted EBITDA*	<b>3,328</b>	264	1161 %
Basic and diluted net profit (loss) per share	<b>0.009</b>	(0.002)	562 %
	<b>As at June 30, 2025</b>	<b>As at March 31, 2025</b>	
Cash and cash equivalents	<b>10,450</b>	7,812	

\* See the "Non-IFRS Financial Performance Measures" in section 8.

## 5 OPERATING RESULTS

### 5.1 Revenues

The following table presents the revenue information for the three month period ended June 30, 2025, compared with the corresponding period of the previous fiscal year:

	Three month periods			
	2025	2024	Var. (\$)	Var. (%)
<b>Revenues from</b>				
System sales				
Theatrical	<b>4,081</b>	560	3,521	629%
Simulation and training	<b>2,179</b>	2,094	85	4%
Sim racing	<b>2,301</b>	2,590	(289)	(11)%
Other	<b>483</b>	1,082	(599)	(55)%
<i>Total system sales</i>	<b>9,044</b>	6,326	2,718	43%
Rights for use, rental and maintenance	<b>3,994</b>	2,436	1,558	64%
<b>Total Revenues</b>	<b>13,038</b>	8,762	4,276	49%

#### *Three month period ended June 30, 2025*

For the three month period ended June 30, 2025, revenue increased 49% to \$13.0 million compared with \$8.8 million for the corresponding period in the previous year which was largely due to the quarterly record of rights for use revenues and strong system sales among theatrical customers.

System sales to theatrical customers increased 629% to \$4.1 million compared to \$0.6 million for the corresponding period in the previous year. The increase reflects a shift in the delivery and installation schedule for theatrical customers compared to the previous year. The ongoing expansion of our screens in the U.S., as previously announced, has led to significant growth in our footprint, with 35 net new screen installations during the quarter, compared to 4 for the same period last year. This represents a year-over-year increase of 12%, bringing the total number of active screens as of June 30, 2025, to 1,047, up from 933 the previous year.

System sales revenue among simulation and training customers increased 4% to \$2.2 million compared with \$2.1 million for the corresponding period in the previous year. The stability and slow growth of this customer group is indicative of the long lead times and customer loyalty.

System sales revenue among sim racing customers decreased 11% to \$2.3 million compared with \$2.6 million for the corresponding period in the previous year. The decrease is due to apprehension on the part of U.S. based consumers as certain sim racing rig components could be subject to tariffs.

System sales revenue among other customers decreased 55% to \$0.5 million compared with \$1.1 million for the corresponding period in the previous year. The decrease is due to the continued exiting of the direct to consumer market, previously announced.

Right for use, rental and maintenance revenues increased 64% to \$4.0 million compared with \$2.4 million for the corresponding period in the previous year. The increase is due to the year-over-year footprint increase of 12%, and the strength of the box office compared to last year. During the period ended June 30, 2025, the domestic cumulative

gross box office of the theatrical industry increased 37.4%<sup>2</sup> compared to the previous year. The strength of the box office and movie slate in the current quarter helped deliver a record quarter, in terms of D-BOX tickets sold, and points to an ongoing recovery of the box office from the challenges of the past several years. Strong results from D-BOX-encoded movies, including A Minecraft Movie, How to Train Your Dragon, Mission: Impossible – The Final Reckoning and F1: The Movie contributed in the Company’s success in outperforming the market.

## 5.2 Gross Profit

The following table reconciles gross margin to gross profit for the three month periods ended June 30:

	Three month periods	
	2025	2024
Revenues	<b>13,038</b>	8,762
Gross profit	<b>7,316</b>	4,551
Gross margin*	<b>56%</b>	52%

\* See the "Non-IFRS Financial Performance Measures" in section 8.

### ***Three month period ended June 30, 2025***

For the three month period ended June 30, 2025, gross profit increased to \$7.3 million from \$4.6 million for the corresponding period in the previous year. This is due to the increase in revenues with a large part of the increase coming from high margin rights for use, rental and maintenance revenues.

For the three month period ended June 30, 2025, gross margin increased to 56% from 52% for the corresponding period in the previous year. The increase in gross margin is due to the higher proportion (market mix) of rights for use, rental and maintenance revenues.

<sup>2</sup> According to <https://www.boxofficemojo.com/>



### 5.3 Operating Expenses

The following table presents operating expense information for the three month periods ended June 30:

	Three month periods		
	2025	2024	Var. (%)
<b>Selling and marketing</b>	<b>1,685</b>	1,830	(8)%
% of revenues	13%	21%	
<b>Administration</b>	<b>2,235</b>	1,811	23%
% of revenues	17%	21%	
<b>Research and development</b>	<b>1,432</b>	1,111	29%
% of revenues	11%	13%	
<b>Foreign exchange (gain) loss</b>	<b>(13)</b>	72	(118)%
% of revenues	–%	1%	
<b>Total operating expenses</b>	<b>5,339</b>	4,824	11%
% of revenues	41%	55%	

**Selling and Marketing:** Selling and marketing expenses consist primarily of employee costs including share-based payments, professional fees, advertising and point-of-sale material expenses and attendance at trade shows. They also include expenses related to motion coding and other marketing expenses.

For the three month period ended June 30, 2025, selling and marketing expenses decreased by 8% to \$1.7 million (13% of revenues) compared with \$1.8 million (21% of revenues) for the corresponding period in the previous year. The decrease was due primarily to a temporary reduction of employee headcount, combined with reduced spending during the quarter on point-of-sales material expenses.

**Administration:** Administration expenses consist primarily of employee costs including share-based payments, IT infrastructure costs, insurance costs, audit fees, professional fees and other general and administration expenses.

For the three month period ended June 30, 2025, administration expenses increased by 23% to \$2.2 million (17% of revenues) compared with \$1.8 million (21% of revenues) for the corresponding period in the previous year. The increase is due to the \$0.9 million restructuring charge in connection with the change in Chief Executive Officer announced on June 4, 2025. Offsetting this one-time increase are decreases to share-based payments expense (\$0.1 million), IT infrastructure costs (\$0.1 million), professional fees (\$0.1 million) as well as small reductions for board fees, insurance costs and administrative travel.

**Research and Development:** Research and development expenses mainly include costs related to product, hardware engineering and software engineering employees including share-based payments, amortization of certain intangible assets, other costs associated with maintenance and enhancements to existing products, and the cost of adapting products to various international standards, less investment tax credits.

For the three month period ended June 30, 2025, research and development expenses increased by 29% to \$1.4 million (11% of revenues) from \$1.1 million (13% of revenues) for the corresponding period in the previous year. The increase is due to projects related to the next generation of products and software development.

**Foreign Exchange (Gain) Loss:** Foreign exchange (gain) loss results primarily from the fluctuation of the Canadian dollar relative to the U.S. dollar when translating U.S. dollar operations at the prevailing rate on the date of a transaction and the translation of U.S. dollar monetary assets and liabilities at the end-of-period rate. Foreign exchange (gain) loss includes the change in fair value of derivative financial instrument related to foreign exchange.

For the three month period ended June 30, 2025, foreign exchange gain amounted to \$0.0 million compared to a loss of \$0.1 million for the corresponding periods in the previous year.

## 5.4 Financial Expenses

For the three month period ended June 30, 2025, financial expenses net of interest income amounted to \$0.0 million compared with \$0.1 million for the corresponding period in the previous year. This reduction is due to a reduction in the variable interest rate in some of the Company's credit facilities, as well as, a reduced usage of the line of credit throughout the current period, as compared to the previous period.

## 5.5 Income Taxes

With respect to accounting for future income taxes, the Company has concluded that a valuation allowance equal to its future income tax assets should be recorded. Income tax expenses, when incurred, are related to D-BOX's international operations in different countries and different foreign rules of taxation.

## 5.6 Net Profit

Net profit for the three month period ended June 30, 2025, amounted to \$2.0 million (basic and diluted net profit per share of \$0.009) compared with a \$0.4 million net loss (basic and diluted net loss per share of \$0.002) for the corresponding period in the previous year. The increase is largely due to the increase in rights for use, rental and maintenance revenues.

# 6 QUARTERLY DATA

Operating results for each of the past eight quarters are shown in the table below:

(Amounts are in thousands of Canadian dollars, except number of shares and per-share data)

	FY 2026		FY 2025		FY 2024			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
System sales	9,044	6,368	10,136	8,929	6,326	8,053	6,657	8,708
Rights for use, rental and maintenance	3,994	2,241	3,163	3,188	2,436	2,126	1,418	2,144
<b>Total Revenues</b>	<b>13,038</b>	8,609	13,299	12,117	8,762	10,179	8,075	10,852
<b>Adjusted EBITDA*</b>	<b>3,328</b>	1,578	2,565	2,905	263	619	90	1,092
<b>Net profit (loss)</b>	<b>1,952</b>	720	1,531	2,026	(419)	585	(425)	402
<b>Basic and diluted net profit (loss) per share</b>	<b>0.009</b>	0.003	0.007	0.009	(0.002)	0.003	(0.002)	0.002
<b>Weighted average number of common shares outstanding</b>	<b>222,022</b>	220,757	220,381	220,227	220,227	220,227	220,227	220,227
(in thousands)								

\* See the "Non-IFRS Financial Performance Measures" in section 8.

## 7 LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

The following table shows certain selected significant financial information from the consolidated balance sheets as at June 30, 2025 and March 31, 2025:

	As at June 30, 2025	As at March 31, 2025
Cash and cash equivalents	10,450	7,812
Inventories	6,005	5,609
Total assets	31,713	28,423
Total current liabilities	8,972	7,655
Total liabilities	13,383	12,156
Equity	18,330	16,267

Working capital increased \$2.3 million to \$15.7 million as at June 30, 2025, from \$13.4 million as at March 31, 2025. This is due to an increase in cash flows provided by operations during the period, resulting in increased cash at June 30, 2025.

Inventory increased \$0.4 million to \$6.0 million as at June 30, 2025, from \$5.6 million as at March 31, 2025. This is due to the continued expansion of the theatrical footprint, as previously announced, with Hoyts and Cinemark.

Current liabilities increased \$1.3 million to \$9.0 million as at June 30, 2025. The variation is attributable to the increase of deferred revenues of \$2.0 million, due to the continued expansion of the theatrical footprint as mentioned above, partially offset by the decrease in the derivative financial instruments of \$0.5 million. The decrease in the derivatives is due to the decrease in foreign exchange since March 31, 2025 affecting certain foreign exchange contracts. Total liabilities increased \$1.2 million due to the reasons cited above, combined with an overall increase of total indebtedness (including the credit facility). As at June 30, 2025, total indebtedness, including the current portion of long-term debt and the credit facility, stood at \$1.4 million, versus \$1.2 million as at March 31, 2025. The increase is due to the temporary use of the credit facility as at June 30, 2025. A high percentage of cash is kept in high interest savings accounts in order to maximize interest revenues. As at June 30, 2025, 88% of the cash balance is in high interest savings accounts (80% as a March 31, 2025). Timing of a payment cycle, a statutory holiday and the period end, resulted in the temporary use of the line of credit.

Equity increased \$2.1 million to \$18.3 million as at June 30, 2025, from \$16.3 million as at March 31, 2025. The increase resulted mainly from the \$2.0 million net profit for the period ended June 30, 2025.

The following table shows selected significant financial information for the three month period ended June 30, 2025, compared with the corresponding period of the previous fiscal year:

	2025	2024
Cash flows provided by (used in) operating activities	2,766	(1,461)
Cash flows used in investing activities	(226)	(100)
Cash flows provided by financing activities	122	338

For the three month period ended June 30, 2025, net change in cash and cash equivalents totaled \$2.6 million cash generated compared to \$1.2 million cash used for the corresponding period in the previous year.

### **7.1 Operating Activities**

For the three month period ended June 30, 2025, cash flows provided by operating activities totaled \$2.8 million compared with \$1.5 million cash used for the corresponding period in the previous year. This \$4.2 million variance in cash flow from operating activities is mainly attributable to the \$2.4 million increase in net profit as compared to the corresponding period in the previous year. The remaining difference is related to the increase in working capital items during the current period, specifically the \$1.7 million increase in cash from increases in deferred revenues. The increase in deferred revenues is attributable to the expansion of theatrical footprint in future periods. Included within working capital items is the payment of \$0.8 million related to restructuring costs, and \$0.1 million which remains in provisions, that further explains the variance above.

### **7.2 Investing Activities**

For the three month period ended June 30, 2025, cash flows used in investing activities amounted to \$0.2 million compared with \$0.1 million for the corresponding period in the previous year. The increase in cash used is due to an increase in the acquisition of property and equipment during the period of \$0.2 million relating to leasehold improvements and renewal of certain IT equipment. The increase in property and equipment spending was partially offset by a decrease in intangible asset development.

### **7.3 Financing Activities**

For the three month period ended June 30, 2025, cash flows provided by financing activities amounted to \$0.1 million compared with \$0.3 million for the corresponding period in the previous year. The decrease is due to a reduction of proceeds from the credit facility in the current period.

As at June 30, 2025, the effective interest rate of long-term debt was 3.29% (6.95% as at June 30, 2024). For the three month period ended June 30, 2025, the interest expense on long-term debt charged to net profit amounted to \$11 thousand compared with \$41 thousand for the corresponding period in the previous year.

## **8 NON-IFRS FINANCIAL PERFORMANCE MEASURES**

The Company uses non-IFRS financial performance measures in its MD&A and other communications. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company’s performance. The non-IFRS performance measures are described as follow:

- 1 EBITDA represents earnings before interest and financing, income taxes and depreciation and amortization. Adjustments to EBITDA are for items that are not necessarily reflective of the Company’s underlying operating performance. As there is no generally accepted method of calculating EBITDA, this measure is not necessarily comparable to similarly titled measures reported by other issuers. Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows from operations. The following table reconciles adjusted EBITDA to net profit:

	Three month periods	
	2025	2024
<b>Net profit (loss)</b>	<b>1,952</b>	<b>(419)</b>
Amortization of property and equipment	<b>318</b>	259
Amortization of intangible assets	<b>144</b>	142
Financial expenses	<b>25</b>	136
Income taxes	<b>–</b>	10
Share-based payments	<b>52</b>	64
Foreign exchange (gain) loss	<b>(13)</b>	72
Restructuring costs	<b>850</b>	–
<b>Adjusted EBITDA</b>	<b>3,328</b>	264

- Adjusted EBITDA margin is used to evaluate the Company’s capacity to generate adjusted EBITDA. The calculation is performed by dividing adjusted EBITDA by total revenues.
- Gross margin is used to evaluate the Company’s capacity to generate funds through product sales by considering the cost of these products (see the reconciliation table in section 5.2).

## 9 FULLY DILUTED SHARE CAPITAL (AUGUST 13, 2025)

	Class A common shares
Class A common shares outstanding	222,309,573
Convertible instruments	
Stock-options outstanding	9,059,500
	231,369,073

## 10 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”) STRATEGY

The Company is committed to conducting its business in an ethical, legal and socially responsible manner, with an ever more responsible approach by promoting, accelerating, and facilitating the integration of sustainable development principles into its business model.

ESG matters are interwoven with each other and must be addressed by all responsible corporate citizens. The Company recognizes that ESG has gained a greater importance among investors, policymakers, and other key stakeholders because it is seen as a way to safeguard businesses from future risks. The three pillars of ESG for D-BOX are as follows:

‘E’ or Environmental pertains to the Company’s energy use, waste, pollution, and natural resource conservation;

‘S’ or Social looks at how the Company interacts with communities where it operates, and the Company’s internal policies related to labour, diversity and inclusion policies, among others;

‘G’ or Governance relates to internal practices and policies that lead to effective decision making and legal compliance. ESG facilitates the Company’s top-line growth in the long run, attracts talent, reduces costs, and forge a sense of trust amongst consumers.

D-BOX has taken a proactive approach by adopting policies and behaviours pertaining to environment and sustainability, wellbeing, diversity and ethics. These policies and behaviours are described in the Annual Information Form (AIF) dated June 10, 2025, which is available on [www.sedarplus.ca](http://www.sedarplus.ca).

## 11 RISK AND UNCERTAINTIES

We operate in an industry which presents many risks and uncertainties. Due to the international nature of our business, we are exposed to political, economic, and regulatory changes that could impact our future revenue, costs, expenses, and overall financial condition. Our performance is highly sensitive to global economic conditions and the demand for technology hardware and software, along with continued access to the markets in which we operate. Adverse macroeconomic conditions—such as changing tariff structures, interest rates, or recessionary concerns —could negatively affect our financial performance.

Investors should carefully analyze the following risk factors in addition to the other information contained in our Annual Information Form. These risks and uncertainties are not the only ones that could affect the Company. Further risks and uncertainties that are currently unknown or that the Company deems immaterial could potentially have an impact on the commercial activities of the Company and lower the price of its shares. The materialization of any of the following risks may have an impact on the activities of the Company and a negative impact on its financial position and operating results. In that event, the price of the Company’s shares may decrease.

1. International Trade Regulations
2. Concentration of Clients
3. Dependence on Suppliers
4. Exchange Rate between the Canadian Dollar and U.S. Dollar
5. Ability to Implement Strategy
6. Consumer Preferences and Trends
7. Political, social, and economic conditions
8. Strategic Alliances
9. Competition

10. Access to Content
11. Technology Standardization
12. Future Funding Requirements
13. Indebtedness
14. Global Health Crises
15. Warranty, Recalls and Claims
16. Dependence on Key Personnel and Labour Relations
17. Legal, Regulatory and Litigation
18. Intellectual Property
19. Reputational Risk through Social Media

For a detailed description of risk factors associated with the Company, please refer to the “Risk Factors” section of the Company’s the Annual Information Form (AIF) dated June 10, 2025, which is available on [www.sedarplus.ca](http://www.sedarplus.ca). This document should be read together with such risk factors described in the 2025 AIF, which are hereby incorporated by reference.

## **12 DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

Internal control over financial reporting aims to provide reasonable insurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the three month period ended June 30, 2025, there were no changes in the Company’s internal control over financial reporting that materially affected, or are likely to materially affect, the Company’s internal control over financial reporting.

## **13 CONTINUOUS INFORMATION AND ADDITIONAL DISCLOSURE**

This MD&A was prepared as at August 13, 2025. Additional information can be found on the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca).

The trademarks D-BOX, HAPTICODE, HAPTISYNC, FEEL IT ALL, MOVE THE WORLD, LIVE THE ACTION, HEMC and D-BOX MOTION CODE, whether in text or graphical form, are owned by the Company and in most cases are registered or in the process of being registered in Canada and in the countries or territories in which these trademarks are used.

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