



**D-BOX TECHNOLOGIES INC.  
(the “Corporation”)**

**ANNUAL INFORMATION FORM**

For the fiscal year ended March 31, 2026

**June 2, 2026**

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## **GENERAL INFORMATION**

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This annual information form is dated June 2, 2026. Unless otherwise indicated, the information contained herein is as of March 31, 2026 and all amounts are expressed in Canadian dollars.

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### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

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Certain information included in this annual information form 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 Corporation, or the assumptions underlying any of the foregoing. In this annual information form, 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 Corporation'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 Corporation.

Forward-looking information is provided in this annual information form 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 Corporation'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 annual information form 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 Corporation's control.

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Corporation's expectations expressed in or implied by the forward-looking information include, but are not limited to, changes in market conditions; changes in the Corporation's business, operating, or financial performance; dependence on the theatrical industry, content availability/performance and seasonality; concentration of clients; credit risk; political, social, economic and public health conditions; consumer preferences and trends; competition, pricing pressure and margin compression; supply chain, cross-border trade and foreign exchange; product safety, warranty, recalls and claims; technology change, obsolescence, innovation and AI; intellectual property, data protection, privacy and cybersecurity; execution risk (strategy, partnerships and sales channels); liquidity, capital requirements and access to financing; indebtedness; dependence on key personnel and labour relations; legal, regulatory and litigation; and reputational risk through social media. The Corporation cautions that the foregoing list of risk factors is not exhaustive. 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 this annual information form.

Except as may be required by Canadian securities laws, the Corporation does not intend nor does it undertake any obligation to update or revise any forward-looking information contained in this annual information form to reflect subsequent information, events, circumstances or otherwise.

The Corporation 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 Corporation or that the Corporation currently deems to be immaterial may also have a material adverse effect on the Corporation's business, financial condition or results of operations.

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## ***CORPORATE STRUCTURE***

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### **NAME, ADDRESS AND INCORPORATION**

D-BOX Audio Inc. ("**D-BOX Audio**") was incorporated on December 15, 1992 pursuant to the *Companies Act* (Québec) under the name 2967-8141 Québec Inc. On February 16, 1994, its Articles were amended to change the corporate name to D-BOX Audio Inc. On September 1, 2000, all of the issued and outstanding shares of D-BOX Audio were acquired by way of a reverse takeover by Altitude Venture Capital Corporation/Corporation de capital de Risque Altitude ("**Altitude**"), a junior capital pool company listed on the TSX Venture Exchange. On April 1, 2011, the Corporation graduated from the TSX Venture Exchange to the Toronto Stock Exchange.

Altitude was incorporated on June 19, 1998 pursuant to the *Canada Business Corporations Act*. Following the reverse takeover of D-BOX Audio, the Articles of Altitude were amended on November 22, 2000 to change the corporate name to D-BOX Technologies Inc./ Technologies D-BOX Inc. D-BOX Audio was dissolved on August 30, 2001 and its assets and operations were transferred to its parent company.

### **INTERCORPORATE RELATIONSHIPS**

The Corporation has two subsidiaries. D-BOX USA Inc. ("**D-BOX USA**") was incorporated under the laws of the State of Delaware on May 16, 2006 and is a wholly-owned subsidiary of the Corporation. Unless the context indicates otherwise, in this annual information form "D-BOX" and the "Corporation" refer collectively to D-BOX Technologies Inc. together with D-BOX USA.

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## ***GENERAL DEVELOPMENT OF THE BUSINESS***

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### **THREE-YEAR HISTORY**

In July, 2020, the Corporation entered into a definitive agreement with the National Bank of Canada (the "**NBC**") related to the availability of a line of credit amounting to \$4 million, later increased to \$5.5 million and \$8.0 million, for ongoing operations and the working capital of the Corporation (the "**NBC Line of Credit**"). This agreement was last amended in August, 2025 for the purpose of reducing the interest rate margin applicable to the NBC Line of Credit from prime rate plus 2.50% to prime rate plus 1.00% (and the corresponding U.S. base rate margin), and amending the terms of the Export Development Canada loan loss guarantee. The NBC Line of Credit is renewable annually and is secured by first-ranking hypothec and security interests on all assets of the Corporation and its U.S. subsidiary.

In August 2023, the Corporation announced the creation of a Strategic Review Committee, comprised solely of independent directors, to evaluate strategic alternatives potentially available to D-BOX as well as their respective implications, and to proceed with a formal strategic review process with a view to enhance shareholder and stakeholder value in the long term. In February 2024, the Corporation announced the conclusion of its formal review process.

In August, 2024, the Corporation announced that four independent directors, namely Denis Chamberland, Louis Bernier, Luc Martin and Jean-Pierre Trahan, were not standing for re-election at the upcoming September 25, 2024, annual and special meeting of shareholders of the Corporation. Four new independent director nominees were included in the proposed slate of director nominees, namely Marie-Claude Boisvert, Daniel Marks, Dave McLurg and Naveen Prasad. On September 25, 2024, the Corporation announced the election of all seven director nominees, including the new nominees listed above and incumbent directors Brigitte Bourque, Zrinka Dekic and Sébastien Mailhot.

In October 2024, Zrinka Dekic resigned from the Corporation's Board of Directors, followed by Marie-Claude Boisvert in April 2025.

In June 2025, Sébastien Mailhot resigned from the Board of Directors and as President and Chief Executive Officer, and Naveen Prasad was appointed Interim President and Chief Executive Officer. Lori Tersigni joined the Board of Directors as an independent member.

In August 2025, the Corporation announced that Joshua Chandler, who previously held the Chief Financial Officer role, left the Corporation and that David Reid was promoted to Chief Financial Officer. During the same month, Jean-François Gagnon, Senior Vice President, stepped down from his role, and the Corporation confirmed Naveen Prasad as President and Chief Executive Officer. In connection with this leadership realignment, Sébastien Boire Lavigne was elevated to Chief Product and Technology Officer. Mr. Boire Lavigne had previously been appointed Chief Technology Officer in May 2023.

In December 2025, the Corporation announced the appointment of Scott Sherr as Chief Commercial Officer. In this role, Mr. Sherr reports to the President and Chief Executive Officer, joins the executive leadership team, and oversees the Corporation's global business activities, including sales, partnerships, licensing and marketing.

In late March 2026, the Corporation implemented a normal course issuer bid ("**NCIB**") after the Toronto Stock Exchange accepted its notice of intention, permitting the Corporation to repurchase for cancellation up to 20,960,088 Class A common shares (approximately 10% of the public float) through purchases on the Toronto Stock Exchange and/or alternative Canadian trading systems during the NCIB term. Up to May 29, 2026, the Corporation had repurchased and cancelled 752,500 Class A common shares under the NCIB.

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## ***DESCRIPTION OF THE BUSINESS***

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### **GENERAL**

The Corporation's headquarters are located at 2172 de la Province Street, Longueuil, Québec, J4G 1R7. On March 31, 2026, D-BOX had 93 employees compared with 96 on March 31, 2025.

A pioneer in its field, the Corporation has been developing and fine-tuning advanced haptic systems for two decades. With its considerable technological capabilities and innovations, D-BOX believes it stands as a global reference in the creation and design of immersive haptic systems for various customer groups.

With its unique and patented technology, D-BOX produces haptic effects specifically programmed for each title that are sent to a haptic system integrated either within a platform, a seat or various other types of equipment. The computer-programmed software haptic effects (the "**D-BOX Haptic Code**") are coded by a team of professional haptic designers located at the Corporation's Montreal headquarters, and at Los Angeles Distribution & Broadcasting (LADB) offices in Los Angeles, California. The D-BOX Haptic Code is precisely synchronized with the linear content (such as movies, TV series and recorded music), or it is integrated within the game, application or software when the content is interactive.

D-BOX designs, manufactures and commercializes haptic systems consisting of software (computer-programmed haptic code), and hardware (electromechanical actuators and a controller). These systems are intended for three main customer groups:

- (i) theatrical customers, which consist of movie theatres offering premium seating that enhance the traditional movie-watching experience by adding haptic effects synchronized with the on-screen action and audio,
- (ii) sim racing customers that integrate D-BOX haptic systems into their racing simulators, bridging the gap between virtual racing and the sensations of driving a real race car, and
- (iii) simulation and training customers that add a critical layer of physical feedback to their simulators, significantly enhancing the effectiveness and realism of training in various fields such as flight simulation, heavy equipment, automotive training and defense.

D-BOX haptic products deliver high-accuracy, durability and scalability for any type of application, meeting the precise needs of the Corporation's commercial customers.

Until 2024, the Corporation designed, manufactured and commercialized haptic systems consisting of software (computer-programmed haptic code) and hardware (electromechanical actuators and a controller) for the home entertainment customer group, including gaming chairs and home entertainment haptic systems for movies, TV series, music, relaxation and virtual reality immersive experiences.

In 2024, the Corporation made a strategic decision to prioritize the development of its three core customer groups, namely theatrical customers, sim racing customers, and simulation and training customers, based on their growth potential and the market readiness of D-BOX products.

The Corporation continues to produce D-BOX Haptic Code for the home customer group to support its user base, but has discontinued hardware production and new product development for this customer group and reallocated resources accordingly.

## ***Theatrical***

D-BOX offers its products and services to the theatrical customer group directly and through distributors.

In this customer group, the Corporation has established privileged relationships and strong credibility with major film studios in the United States, Europe, China, India and elsewhere, allowing it to provide the D-BOX Haptic Code to commercial theatres for a wide array of content.

From 2009 until around 2016, the Corporation primarily offered a fully integrated theatrical seat that incorporated a haptic base into a conventional theatre seat, and these seats were assembled by D-BOX. Since 2016, the Corporation has concentrated its efforts on enabling integration of its haptic technology across various brands of recliners to address growing exhibitor demand to convert conventional auditoriums into VIP recliner-equipped auditoriums. Exhibitors can order recliners from their preferred manufacturers and have D-BOX haptic systems integrated into those recliners either at the manufacturers' premises or at the auditorium where the D-BOX experience will be offered. In addition to system sales, the theatrical business includes the licensing of the D-BOX Haptic Code for use in D-BOX-enabled auditoriums, which generates royalty-based or recurring revenue streams.

The configuration of D-BOX seats in an auditorium is fully scalable: they can be installed in a few select rows to create a VIP section, or the auditorium can be fully equipped with D-BOX seats. Exhibitors may also choose to equip multiple auditoriums within the same complex. Each D-BOX seat is numbered and reserved for the patron who purchases a D-BOX premium ticket.

The Corporation has established long-lasting business relationships with several major commercial theatre chains around the world, including Cineplex Entertainment (Canada), Cinemark (USA and Latin America), Hoyts Cinemas (Australia and New Zealand), Cinesa, a subsidiary of Odeon Cinemas Group (Spain), Kinopolis (Germany), Cineplex Deutschland (Germany), Golden Screen Cinemas (Malaysia), Bestarfilm Group (Hong Kong) and Ambassador Theatres (Taiwan).

In January 2025, the Corporation announced that it had achieved an important milestone with its haptic technology installed in 1,000 auditoriums worldwide. There were 1,201 D-BOX auditoriums worldwide at fiscal 2026 year-end.

Following the installation of D-BOX haptic seats in 50 Cinemark auditoriums during calendar 2024, the Corporation announced, in May 2025, that Cinemark had agreed to expand its D-BOX footprint in the U.S. by installing D-BOX haptic seats in over 70 additional Cinemark auditoriums within eighteen (18) months. Also, in February 2025, the Corporation announced the installation of D-BOX haptic seats in 14 Cinemark auditoriums in Argentina. These expansions will bring Cinemark's worldwide D-BOX presence to more than 500 auditoriums.

In June 2025, D-BOX announced an expanded collaboration with HOYTS to deploy 539 additional haptic seats across 19 auditoriums, including eight (8) new locations, in Australia and New Zealand. The expansion is expected to bring HOYTS' D-BOX-equipped auditorium footprint to 44, reflecting continued exhibitor demand for premium, immersive cinema experiences.

The Corporation believes that focusing on theatrical customers drives a significant increase in brand awareness and provides an excellent venue to showcase its technology to customers in other industries, such as sim racing and simulation and training.

## ***Simulation (Sim Racing, Simulation & Training, and Other)***

### ***Sim Racing***

With its haptic systems that are capable of reproducing textures, velocity, engine vibrations and vehicle dynamics motion, D-BOX has drawn the attention of several racing simulation clients such as Advanced Simracing, Vesaro, VRX, Playseat, Trak Racer, RS Simulation, The Events House, Scan Computers, Global Horizon, and ImSim who have all chosen to integrate the D-BOX haptic systems into their simulators.

As a testament to D-BOX's credibility and reputation in the sim racing customer group, D-BOX is an official supplier of haptic systems to the *Fédération Internationale de l'Automobile* ("FIA"), the governing body of motor sport and mobility.

In 2026, the FIA introduced its first-ever official Rally Esports competition, the FIA Esports Global Rally Tour, hosted on Assetto Corsa Rally and culminating with a live final at the FIA Awards Ceremony in Shanghai in December 2026. The competition includes a global online qualifier (May 12–25, 2026) followed by regional shootouts, with the European regional shootout scheduled to take place at the SimRacing Expo in Frankfurt, Germany (October 16–18, 2026), featuring equipment from FIA Esports Official Suppliers Advanced Simracing and D-BOX.

D-BOX began sponsoring the eNASCAR International iRacing Series in 2022, and the sponsorship continues (most recently in 2025), with D-BOX and Digital Motorsports continuing as series partners, and with competition taking place through iRacing.com, the official simulation partner of NASCAR, which features officially sanctioned, laser-scanned replicas of racetracks around the world. In addition, D-BOX has been announced as the headline sponsor for the SimRacing Expo Charlotte and Frankfurt shows, and its systems are expected to be showcased at partner booths including eNASCAR, Trak Racer and VRX.

In November 2022, Kindred Concepts opened a new entertainment centre called F1 Arcade in London, England. Since then, new F1 Arcade venues have opened in Birmingham (UK), Boston Seaport, Washington, D.C., Philadelphia, Denver, Las Vegas and Atlanta (USA), and Madrid (Spain). In 2025, Kindred Concepts launched the F1 BOX concept (no food and beverage), featuring 12 simulators powered by D-BOX. F1 Arcade provides an immersive, state-of-the-art Formula 1® racing simulation experience, gamified for a mass audience under a unique global licence agreement with Formula 1.

### ***Simulation & Training***

Almost all of the Corporation's products intended for the simulation and training customer group are sold as standalone products to original equipment manufacturers ("**OEMs**") and integrators, who incorporate D-BOX products into their own offerings, which are then marketed and distributed under their respective brands. D-BOX continues to focus its efforts on developing business relationships with OEMs.

Over the last 20 years, the Corporation has developed many business relationships with OEMs and integrators such as Doron Precision Systems, Inc., FAAC, CM Labs Simulations, Simformotion, True Course Simulations, and Tenstar, who purchase haptic systems to integrate into their own products, thereby expanding D-BOX's reach into other customer groups such as flight simulation, heavy equipment/cranes, driving/racing and others. In addition, the Corporation has developed haptic systems adapted to the needs of other potential customer groups, such as longer-stroke actuators and modular haptic systems with additional degrees of freedom, which allow D-BOX to target a wider array of clients.

### ***Other***

D-BOX's operations are predominantly focused on theatrical customers, which account for the substantial majority of its revenues, but the Corporation is also engaged with other customer groups in the themed and location-based entertainment sectors. D-BOX has reduced its presence in these customer groups because the demand from certain attraction and experience operators is gradually shifting towards lower cost and less precise actuators, which are adequate for their business.

### **Products**

The Corporation's products are all designed at the Corporation's head office in Montreal, Quebec, Canada. The D-BOX actuators, one of the key components of the D-BOX haptic systems, are assembled by D-BOX. The vast majority of finished products, such as D-BOX-enabled recliners for commercial theatres, sim racing simulators, and simulation and training equipment (including heavy machinery, flight and military simulators) are assembled by clients, OEMs and integrators. Depending on the client's needs, some finished products are branded by D-BOX, such as commercial theatre chairs, and some are branded by the clients, OEMs and integrators.

The D-BOX haptic technology, when combined with images and sound, creates and reinforces a realistic and immersive experience. Three components produce haptic effects synchronized with images and sound:

- A. The D-BOX Haptic Code, designed frame by frame for linear content or programmed into a telemetry-based library for interactive experiences.
- B. A haptic processor serving as an interface between the content and the D-BOX haptic system, which can recognize content playback, regardless of the source, and associate it with the appropriate D-BOX haptic track. It then enables the D-BOX haptic systems to synchronize with the content. Alternatively, for interactive content, the haptic processor generates the D-BOX Haptic Code in real-time using proprietary algorithms based on available inputs: sound, video, telemetry, user input, and others.

- C. D-BOX haptic systems that are comprised of one or multiple controllers and one or multiple electromechanical actuators. The haptic controller receives D-BOX haptics from the haptic processor and transmits the appropriate haptic signal, in accordance with the actuator's configuration. The electromechanical actuators receive the haptic signal from the haptic controller to produce vibration and/or motion on the D-BOX-enabled seat, platform, or other type of equipment to create an enhanced immersive experience for the end-user.

Drawing on more than two decades of research and development resulting in vast worldwide expertise, D-BOX has built a considerable, long-standing competitive edge by delivering reliable, high-quality, high-fidelity, user-friendly products.

Over the last five years, D-BOX has advanced its haptic technologies and internally developed over 60 applications. In addition, D-BOX's research and development activities have allowed it to reduce the cost and size of the various components and hardware of its haptic system, improve content production tools, increase automation, and accelerate and maximize the integration of artificial intelligence in production tools to enable the production of more D-BOX Haptic Code in less time and at a lower cost. These advancements have also enhanced the scalability of the Corporation's theatrical deployments, including the ability to support installations across multiple auditoriums within the same theatre complex (up to 10 screens) through streamlined configuration and centralized management of the D-BOX system.

D-BOX directly distributes its hardware products to clients and is increasingly selling them through distributors worldwide. By developing long-lasting relationships with local distributors, D-BOX reduces commercialization expenses and benefits from distributors who know and understand their local markets and speak their clients' language. Many such distributors also provide technical assistance.

It is worth noting that a scientific study conducted in 2019 in collaboration with HEC Montréal's Tech3Lab concluded that D-BOX haptic systems help reduce motion sickness commonly associated with VR, and increase the sense of presence, memorization and recall. In addition, Tech3Lab's Spring 2021 report on the effects of D-BOX High Definition Vibro-Kinetics in gaming concluded that haptic feedback increases both unconscious and perceived immersion (including greater concentration), enhances positive emotions/pleasure, intensifies perceived sensations during action sequences, and is strongly recommended by participants following use.

### **D-BOX Haptic Code Library**

D-BOX has established privileged relationships and developed strong credibility with major studios, such as Lionsgate, Pixar Animation Studios, Paramount Pictures, Sony Pictures Entertainment, Universal Pictures, Walt Disney Studios and Warner Bros Pictures, in the United States, Europe, China, India, and elsewhere in order to provide a wide array of content to their respective commercial theatres. D-BOX also maintains business ties with several video game studios in the world, such as Codemasters/EA (F1 Series), KT-Racing (WRC FIA World Rally. Series), Robert Space Industries (Star Citizen) and Kunos (Assetto Corsa). D-BOX provides Software Development Kits (SDKs) to these studios, enabling native haptic integration into their games.

The D-BOX Haptic Code is integrated into movies, video games, VR content, and other third-party content, or is electronically distributed directly to clients, depending on the customer group and specific customer needs.

Over the past twenty-five years, D-BOX has designed haptic tracks for an extensive library of linear content. To date, D-BOX has designed haptics for over 3,500 movies, series, VR experiences and songs using its D-BOX Haptic technology. Movies and series enhanced with the D-BOX Haptic Code are available on streaming platforms such as Netflix, Prime Video, Disney+, HBO Max, Apple TV+, and YouTube.

D-BOX has designed haptic tracks for numerous motion pictures in commercial theatres incorporating its technology, many of which are available in the D-BOX content library. These include key franchises such as Avatar (20th Century Studios), The Fast and the Furious (Universal Pictures), Jurassic Park (Universal Pictures), Dune (Warner Bros.), Harry Potter (Warner Bros.), Batman (Warner Bros. Pictures), Mission: Impossible (Paramount Pictures), The Lord of the Rings (New Line Cinema), Star Wars (Walt Disney Studios),

Toy Story (Walt Disney Studios), James Bond (MGM) as well as all Marvel Cinematic Universe franchises such as Iron Man, Spider-Man, Captain America and Avengers.

### ***Artificial Intelligence (“AI”)***

Building on its unique expertise in haptic design and sustained R&D investment, D-BOX has developed a proprietary AI-driven solution whose capabilities range from significantly accelerating the production of theatrical haptic experiences to generating haptic codes fully autonomously. Recent internal advancements suggest the potential to extend these capabilities to a broader range of content, including through deployment on edge computing devices with low latency, which could open new market opportunities for haptics. The Corporation continues to invest in this technology to sustain its leadership in haptics.

### **Marketing Activities**

In order to promote its products and technology, the Corporation primarily conducts the following marketing activities:

1. Use of social media platforms, the Corporation’s website and other industry collaborators’ websites to promote the D-BOX experience;
2. Deployment of a written and video content strategy, through blogs, articles, webinars and podcasts, to better connect with the end-users of the D-BOX haptic experience and generate new corporate leads;
3. Participation at major trade shows and conferences worldwide;
4. Organization of promotional events and activations at entertainment venues as well as sports, technology and entertainment events;
5. Implementation of client success programs to set clear objectives and develop a client-centric mindset;
6. Production of market research to gather information on clients’ appreciation of the D-BOX experience;
7. Promotion of the Corporation through banners, lighted posters, demonstration units and advertising clips screened in entertainment venues;
8. Creation of various marketing materials to promote the D-BOX products or the Corporation’s clients’ products that integrate the D-BOX products.

### **Competitive Conditions**

The Corporation competes with companies that have developed transducers that produce vibrations and haptic feedback in seating products. It also competes, to a lesser extent, with companies that have developed low-cost haptic vests, gloves and body suits even though the Corporation believes that such products are not comparable to actuators or a universal haptic platform that are integrated into seating products, and fall into a different category of products. The Corporation also believes that it could develop business relationships with those companies to license or supply its D-BOX Haptic Code for integration into such haptic vests, gloves and body suits.

In the theatrical customer group, the Corporation mainly competes with companies that have developed haptic seats that sometimes incorporate other sensory effects such as wind, scents and simulated weather effects, as well as with providers of other premium cinema formats, including ultra-large and panoramic screens and enhanced audio technologies. There are also several manufacturers of electro-mechanical actuators around the world that compete with the Corporation, particularly in the simulation and training customer group.

While the Corporation is constantly striving to develop new and innovative products for the purpose of addressing new customer groups and trends, it relies heavily on the know-how and expertise it has acquired over the last twenty years. The Corporation is a pioneer that has paved the way for developing immersive products that simulate experiences such as movies, racing and professional training. It prides itself on having

created a D-BOX haptic signature, which is a catalogue of the D-BOX best practices, know-how and parameters that ensure a constant and standardized production of haptic effects regardless of the content.

The Corporation believes that the ultimate differentiator with competitors lies in the quality and realism of the experience. Other companies will emerge and offer new products but very few will possess the specialized haptic skill and haptic knowledge that the Corporation has developed over the years.

## **Intellectual Property**

D-BOX's technology is protected by one hundred and forty-two (142) patent applications filed worldwide, including one hundred and twenty-six (126) patent applications that were approved by competent authorities, and sixteen (16) that are pending. The Corporation files its applications for registration strategically, depending on the jurisdiction of filing, marketing and the patent's dominance.

The patented aspects of D-BOX's technology fall into three distinct families of innovations:

- a. **Electro-mechanical actuators:** optimization of joints; coupling; linear actuators; swivel; ball screws;
- b. **Hardware:** platform attached to a piece of furniture, hubs and chain links between haptic systems; haptic code controller / decoder; LCD screen on theatrical seating products;
- c. **Software / methods:** synchronization of haptic code; use of existing sound signal encoding format to provide haptic signal; distribution of the haptic code to a number of haptic platforms simultaneously; method of selling premium tickets for haptic experience in commercial theatres; method of optimizing the rendering of the haptic experience (theatrical, simulation, training, gaming).

The trademarks D-BOX, HAPTICODE, HAPTISYNC, FEEL IT ALL, MOVE THE WORLD, LIVE THE ACTION, and D-BOX MOTION CODE, whether in text or graphical form, are owned by the Corporation 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.

All aspects of the D-BOX haptic effects are protected by copyright.

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## ***ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CONSIDERATIONS***

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The Corporation is firmly committed to conducting its business in an ethical, legal and socially responsible manner, with a heightened focus on integrating sustainable development principles throughout its operations and corporate strategy. The Corporation actively promotes, accelerates, and facilitates the adoption of sustainability practices, recognizing that responsible business conduct is essential for long-term value creation and resilience.

ESG matters are interwoven with each other and must be addressed by all responsible corporate citizens. The Corporation 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 Corporation's energy use, waste, pollution, and natural resource conservation;

*'S' or Social* looks at how the Corporation interacts with communities where it operates, and the Corporation'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 Corporation'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.

To create a more socially and environmentally sustainable supply chain, D-BOX has become a member of Sedex, which is a platform that helps manage, assess, and report on sustainability performance and, ultimately, meet all the supply chain goals of D-BOX.

### **Environment and Sustainability**

In May 2021, the Corporation hired consulting firm COESIO to (i) analyze D-BOX's global sustainability performance, (ii) prioritize actions and levers to put in place through a strategic plan, (iii) assist D-BOX in the implementation of those actions and levers, and (iv) communicate the Corporation's progress to all stakeholders, including without limitation the Corporation's shareholders, employees, clients, suppliers, creditors, communities, and governments.

With the assistance of COESIO, the Corporation has adopted *Guidelines for the Implementation of Principles for Management of Enterprises and Other Organizations*, also known as the BNQ 21000 standard.

The Corporation has adopted an ambitious strategy to:

- Promote the preservation of resources by reflecting on product eco-design and circular economy opportunities;
- Become eco-efficient and reduce the environmental impact of day-to-day operations;
- Address climate change through a reduction of greenhouse gas emissions.

The Corporation has taken steps to (i) recycle cardboard, paper, plastic and metal, (ii) reduce the use of paper in general, (iii) impose certain restrictions on the use of hazardous substances in its operations, (iv) adopt a hybrid work model for employees which reduces gas emissions generated by employees commuting to the office, (v) recycle used products by recuperating defective parts from its clients and returning them to the market for a second life, and (vi) better select and reduce packaging materials. It is in the process of implementing additional measures to reduce waste, to favour eco-friendly logistics throughout the supply chain, and to analyze and optimize the life expectancy of the products.

### **Social Aspects**

At D-BOX, we believe that the financial success of the business stems from the wellbeing, diversity and inclusion of its employees and directors, and accordingly, it has adopted internal practices and policies to this end.

### **Wellbeing**

The Corporation strongly believes in the importance of providing a workplace that addresses the health and wellbeing of its employees.

D-BOX recognizes that addressing health and wellbeing can lead to healthier and happier employees, and that safeguarding employee health and wellbeing is an important part of D-BOX's organizational culture and identity.

The goals that the Corporation strives to achieve are as follows:

- Improve morale and job satisfaction;
- Engage a workforce that is committed to their organization;
- Reduce absenteeism and increase productivity;
- Reduce injury and accelerate return to work; and
- Enhance recruitment and retention of employees.

The most effective health and wellbeing initiatives share common characteristics: active engagement of management and employees, commitment to tailored, equitable and appropriately resourced actions, and a long-term focus on achieving employee health and wellbeing.

The following initiatives have been established to support employee health and wellbeing and benefit the local community:

- Promote regular physical activity and reduced sedentary habits through education, encouragement and access to movement opportunities;
- Support work-life balance through competitive leave (vacation, sick/personal, parental and family care) and flexible work arrangements (hybrid office/home, collaboration tools, and a results-focused approach);
- Foster employee camaraderie through social events organized by a social committee;
- Provide a virtual healthcare platform enabling employees to consult health professionals from home or the office;
- Enhance the workplace environment with plants in common areas, ergonomic workstations, height-adjustable desks, and flexible gathering spaces;
- Identify and address health and safety risks through a health and safety committee, including accident prevention and incident review;
- Encourage professional development by subsidizing training and reimbursing professional association membership dues;
- Partner with the Make-A-Wish Foundation to support children through haptic technology, including installing a universal haptic platform under the wheelchair of a young person diagnosed with autism, muscular dystrophy and epilepsy, and delivering a racing simulator to a motorsport fan who spent significant time in hospital as a child; and
- Collaborate with NAD (School of Digital Arts, Animation and Design – UQAC) to integrate D-BOX Haptic Code into 3D animated advertisements created by students, culminating in a screening at the Scotiabank Cineplex Theatre in Montreal.

## ***Diversity***

While the Corporation seeks to recruit or appoint the most qualified individuals for each position, regardless of personal characteristics, it recognizes the value of diversity, including gender diversity, in bringing broader perspectives and strengthening operations. Management sets the leadership framework, and everyone within D-BOX is responsible for sustaining a culture that promotes diversity and inclusion.

D-BOX is an equal opportunity employer. All decisions regarding recruitment, hiring, promotion, compensation, retention, training and development, and all other terms and conditions of employment are made without regard to race, national or ethnic origin, colour, religion, age, sex, gender, gender identity, gender expression, sexual orientation, marital status, family status, disability, or any other characteristic protected by applicable law.

Diversity includes, without limitation, business experience, age, gender, disabilities, visible minorities, Indigenous peoples and sexual orientation. D-BOX has begun collecting diversity data from employees who voluntarily provide such information, to help adapt the workplace and assess whether additional measures are needed to increase diversity.

In assessing Board composition, the principal focus is to ensure the Board has the diverse experiences, skills and backgrounds needed to collectively oversee the Corporation's business, while maintaining diversity in committee membership and Board leadership roles. As required, the Board will actively seek diverse candidates to augment existing skill sets. Moreover, D-BOX is committed to maintaining a minimum of 30% representation of women among directors.

### ***Modern Slavery***

D-BOX is proactive in combating forced and child labour. It requires suppliers to comply with its code of ethics, which includes provisions on forced and child labour, safeguards employee health and wellbeing, and encourages employees to report wrongdoing without fear of retribution.

Effective January 1, 2024, Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (also known as the Modern Slavery Act) applies to D-BOX as a Canadian stock exchange-listed entity that produces, sells or distributes goods in Canada or elsewhere. Beginning in 2024, D-BOX must report annually on the steps taken to prevent and reduce forced and child labour risks in its supply chain. The Corporation is, and will remain, fully compliant with this legislation.

### **Governance**

The Corporation believes that everyone plays a crucial role and has responsibilities, from the employees to the suppliers. Honesty, integrity and professionalism should be at the forefront of all of the business decisions and operations.

### ***Board of Directors***

The Corporation's Board of Directors is currently composed of five (5) directors, amongst which four (4) are independent directors within the meaning of National Instrument 52-110 *Audit Committees*. The Board of Directors has two (2) standing committees composed entirely of independent directors:

- the Audit Committee, responsible for reviewing the Corporation's financial statements, related Management's Discussion and Analysis and internal controls over financial reporting, monitoring the internal controls, and selecting external auditors, among other responsibilities;
- the Compensation and Corporate Governance Committee (the "CCGC"), responsible for overseeing the Corporation's governance framework, the Board and committee composition, the evaluation of Board committees and director effectiveness, director orientation and continuing education, among other responsibilities.

The Board of Directors and its committees are governed by charters that described their purpose, structure and operations and responsibilities to ensure that all the directors understand they have a fiduciary duty to act honestly and in good faith in the best interests of the Corporation, for the benefit of all stakeholders including, without limitation, the Corporation's shareholders, employees, clients, suppliers, creditors, communities, and governments. They are expected to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors and each of its committees set aside time for *in camera* sessions at their meetings to have open and candid discussion without the Chief Executive Officer or other members of management. The sessions are led by the Chair of the Board at Board meetings and the Chair of each committee at committee meetings.

### ***Ethics***

To promote ethical business conduct, the Board of Directors has adopted a Code of Ethics and Business Conduct (the “**Code of Ethics**”) applicable to all directors, senior officers and employees. The Code of Ethics addresses, among other matters, compliance with laws and regulations, conflicts of interest (with specific rules), disclosure, insider trading, confidentiality, gifts and awards, anti-corruption, good-faith incentives, fair dealing, protection of company assets, accuracy of books and records, and the reporting of violations and complaints.

The Audit Committee oversees compliance with internal control and risk management standards, and the Compensation and Corporate Governance Committee (the “**CCGC**”) oversees governance practices and processes to support compliance with applicable laws and appropriate ethical standards; these responsibilities are expressly reflected in the mandates of both committees.

Each employee receives the Code of Ethics annually with proof of receipt, and new directors receive relevant mandates and policies and are encouraged to consult them as needed. Internal control procedures are reviewed annually by an independent consultant. The Corporation also maintains a whistleblower policy enabling directors, senior officers and employees to report any irregularity to the Chair of the CCGC. In addition, the Corporation has adopted supplier ethical guidelines addressing, without limitation, fair trade practices, business integrity, bribery, corruption, insider trading, forced and child labour, discrimination, health and safety, privacy, and intellectual property.

### ***Insider Trading***

D-BOX has adopted an insider trading policy for employees, officers, directors, consultants, contractors, and agents (the “**Covered Persons**”) that aims at:

- Educating the Covered Persons about their legal obligations with respect to “insider trading” and “tipping”;
- Fostering and facilitating compliance with applicable laws to prevent transactions by the Covered Persons that would not be in full compliance with legal requirements; and
- Protecting the Covered Persons as well as the Corporation and its reputation in the market.

The insider trading policy generally prohibits Covered Persons from trading or recommending/encouraging others to trade securities of the Corporation while in possession of privileged information or material non-public information about the Corporation’s business. It also prohibits speculative or short-swing transactions in the Corporation’s securities. It imposes blackout restrictions on the directors and certain members of management, and requires reporting insiders to file electronic insider reports pursuant to the System for Electronic Disclosure by Insiders (SEDI) within five (5) calendar days from the date of the transaction of securities.

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## ***RISK FACTORS***

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Investors should carefully analyze the following risk factors in addition to the other information contained in this annual information form. These risks and uncertainties are not the only ones that could affect the Corporation. Further risks and uncertainties that are currently unknown or that the Corporation deems immaterial could also adversely affect the Corporation and lower the price of its shares. The materialization of any of the following risks may negatively impact the Corporation's financial position and operating results and, in that event, the price of the Corporation's shares may decrease.

### ***1. Dependence on Theatrical Industry; Content Availability/Performance; Seasonality***

The Corporation's theatrical customer group represents a significant driver of its business and results of operations. Growth in this customer group depends in part on exhibitors' willingness and ability to deploy premium seating concepts, invest in upgrades and renovations, allocate floor space to D-BOX-enabled seating, and maintain or expand D-BOX-equipped auditoriums. Exhibitors may defer, reduce or cancel capital expenditures due to financial performance, strategic priorities, competitive pressures or broader market conditions. Delays in installations, retrofits or integration, or a shift to alternative premium offerings, could reduce system sales and/or royalty revenues.

Commercial deployment also depends on the Corporation's ability to obtain content from studios and other content providers on an ongoing basis and to maintain a continuous flow of content coded to produce haptic effects. Content providers could limit access to content, and any disruption in the flow of coded content could adversely affect the Corporation's business.

The Corporation's success, particularly in the theatrical customer group, depends upon the performance of content produced by studios and content providers. If coded content fails to generate sufficient interest or is not presented by commercial theatres and entertainment centres in favour of other content, the Corporation's results could be adversely affected. The growing popularity of streaming platforms, the shortening of the theatrical-to-home window, and programming decisions by exhibitors and studios (including decisions that may conflict with each other or with D-BOX programming) may also adversely affect the Corporation's theatrical clients and, consequently, D-BOX.

Revenues and operating results may fluctuate due to seasonality and the timing and performance of theatrical releases and other content availability. Attendance may vary seasonally and major releases can be concentrated in certain quarters; weaker-than-expected release slates may reduce attendance and, in turn, system sales and royalty revenues.

Any of the foregoing could materially and adversely affect the Corporation's activities, revenues, financial position and operating results.

### ***2. Concentration of Clients***

While the Corporation is active in multiple customer groups around the world, it may receive significant orders from a small group of clients in the course of a fiscal year. If these clients reduce, postpone or discontinue current or planned purchases of the Corporation's products, the Corporation's activities, revenues, financial position and operating results could be adversely affected.

The Corporation has historically derived, and expects to continue to derive, a significant portion of its revenue from a limited number of clients. For the fiscal year ended March 31, 2026, one client accounted for 41% of total revenues. Relationships with key clients are subject to contractual terms and may be terminated (in

certain circumstances) or not renewed. The volume of business with any key client may also fluctuate based on the client's business needs, financial condition, market forces, or satisfaction with the Corporation's products and services.

### ***3. Credit Risk***

The Corporation is exposed to credit risk arising from the possibility that counterparties default on their financial obligations. Clients and distributors may experience difficulty funding day-to-day cash flow needs and paying obligations due to adverse business conditions, including lower consumer spending or tightened credit, which may lead to defaults and, in some cases, cessation of business. Credit exposure relates to royalty receivables, cash and cash equivalents, and payment terms on equipment sales. To mitigate this risk, the Corporation evaluates client creditworthiness, limits credit where appropriate, records provisions for bad debts as needed, and uses insurance coverage by Export Development Canada. Despite these measures, counterparty defaults could materially and adversely affect D-BOX's business, revenues, financial position and operating results.

### ***4. Political, Social, Economic and Public Health Conditions***

Active around the world, and relying on consumers' discretionary income in the theatrical customer group, the Corporation's activities, revenues, financial position and operating results could be adversely affected by political, social and economic conditions such as an economic downturn, political uncertainty, high inflation, high interest rates, terrorism, high unemployment, labour strikes and lockouts, a global pandemic or other public health events, military conflict, trade wars, new tariff barriers, and natural disasters in countries where it does business or where suppliers are located. Such events may also disrupt the Corporation's operations and those of its suppliers and clients (including through mandated closures, travel restrictions, reduced attendance at entertainment venues, supply chain disruptions, labour shortages, shipping delays, increased costs, and delays in installations or deployments). Recovery timing and consumers' willingness to spend discretionary income on entertainment may delay system sales and royalty revenues.

### ***5. Consumer Preferences and Trends***

The Corporation's performance is influenced by shifting consumer preferences and spending patterns in the entertainment and industrial sectors. Demand for products tied to theatrical exhibition, family entertainment centres and simulation activities (such as karting) may be affected by evolving leisure trends, competing forms of entertainment and broader economic conditions. Changes in corporate priorities or budgets, particularly for employee training, health and safety, may also affect purchasing decisions in simulation and training. A sustained decline in consumer or corporate interest in these areas may adversely affect revenue and growth prospects.

### ***6. Competition, Pricing Pressure and Margin Compression***

The D-BOX haptic technology rests on a combination of patents, copyrights, trademarks and other intellectual property protection laws. Other products and technologies have been, and could be, introduced by companies targeting some of the same clients as D-BOX, including competitors with significant financial resources to develop and commercialize their products.

The Corporation may be required to reduce prices, increase discounts or provide more favourable commercial terms to maintain or grow customer relationships. Margins may also be adversely affected by increases in component, logistics, labour and manufacturing costs, tariffs or duties, warranty or service costs, and foreign exchange fluctuations. The Corporation may not be able to pass increased costs on to customers in a timely manner, or at all, particularly where contracts or market conditions limit pricing flexibility.

Any of the foregoing could materially and adversely affect D-BOX's activities, revenues, financial position and operating results.

## **7. *Supply Chain, Cross-Border Trade and Foreign Exchange***

Product manufacturing depends on the timely availability of components that meet the Corporation's quality, quantity and cost criteria. While most components are standard, some are manufactured by only a few suppliers. Supply chain disruptions, or failures by suppliers to meet specifications, quality standards or delivery schedules, could impair the Corporation's ability to meet commitments to clients, particularly if key components cannot be purchased on agreed terms or alternative suppliers cannot be found on commercially acceptable terms in a timely manner.

The Corporation also seeks to reduce manufacturing costs to support pricing and improve margins; its ability to do so depends on successful research and development, purchasing volumes that generate economies of scale, and fluctuations in material costs. Conversely, scarcity or shortages of raw materials and electronic components, due to factors such as a global pandemic, natural disasters, government restrictions or inconsistent labour productivity, may increase manufacturing costs.

The Corporation is exposed to risks arising from changes in international trade agreements and regulatory frameworks, including tariffs, quotas, embargoes, safeguards and customs restrictions, and from evolving interpretations of product classification and rules of origin. The upcoming 2026 joint review of the Canada–United States–Mexico Agreement (CUSMA) adds further uncertainty, including potential changes to rules of origin, digital trade provisions and enforcement mechanisms that could alter tariff exposure, compliance requirements and market-access conditions across North American supply chains. While the Corporation monitors trade policies and explores mitigation strategies, there is no assurance these efforts will fully offset potential effects.

Since most sales are made in U.S. dollars and most expenses are incurred in Canadian dollars, revenues and profitability are affected by fluctuations in the CAD/U.S. dollar exchange rate. The Corporation's ability to adjust prices for exchange-rate movements is limited and, where necessary, it partially hedges this exposure by entering into agreements that set a fixed exchange rate relative to the Canadian dollar.

Any of the foregoing could materially and adversely affect the Corporation's activities, revenues, financial position and operating results.

## **8. *Product Safety, Warranty, Recalls and Claims***

The Corporation's products are installed in commercial environments, including public venues, and must operate reliably and safely over extended periods. Product design, manufacturing, installation, integration, operation and maintenance may be subject to applicable safety requirements, building and electrical codes, accessibility considerations, venue policies, and other regulatory or industry standards that may evolve or vary by jurisdiction. Safety incidents (actual or perceived), defects or non-compliance could result in claims, recalls, remediation costs, regulatory scrutiny, reputational harm and increased insurance costs.

The Corporation may incur costs related to warranties, recalls and claims, particularly if products prove defective. Although the Corporation maintains product liability insurance, liabilities may exceed coverage limits or fall within exclusions. Any such event could have a material adverse effect on D-BOX's business, revenues, financial position and operating results.

## **9. *Technology Change, Obsolescence, Innovation and AI***

The Corporation has developed and commercialized haptic technology for approximately twenty-five years in a market that continues to evolve. Rapid technological change, new competing solutions, shifting customer requirements, or adoption of competing technical standards could reduce demand for, or render obsolete, the Corporation's technology or products. No assurance can be given that the Corporation will anticipate or respond to such changes or that its products will remain competitive.

No haptic standard has been established, and competitors are free to develop new technologies. A competitor with extensive financial resources and influence could develop a standard that becomes widely adopted, which could cause the Corporation's technology to become obsolete.

The Corporation also invests in and deploys automation and artificial intelligence in certain tools and processes. AI-enabled tools may not perform as intended, may produce inconsistent outputs, require greater oversight, or fail to deliver expected efficiency, quality or cost benefits. The Corporation may also face evolving regulatory expectations and compliance requirements relating to AI, intellectual property and data governance, reliance on third-party software, models, compute infrastructure or vendors, and AI-related cybersecurity and confidentiality risks.

Any inability to successfully develop, deploy, maintain or govern AI-enabled tools, or to remain competitive in a rapidly evolving market, could materially and adversely affect the Corporation's activities, revenues, financial position and operating results.

## **10. *Intellectual Property, Data Protection, Privacy and Cybersecurity***

The Corporation's intellectual property rights could be incomplete, invalid, challenged or unenforceable, and rights under review may be denied or provide less protection than desired. Enforcing intellectual property rights may require costly litigation with uncertain outcomes, and the loss or impairment of such rights could adversely affect the Corporation's business.

The integrity, reliability and security of information is critical to operations. The Corporation collects, uses, stores and otherwise processes sensitive data, including proprietary business information and personal and other sensitive information relating to employees, clients, suppliers and third parties. Despite security measures, information technology and infrastructure may be vulnerable to attacks or other disruptions (including employee error or malfeasance), which could expose the Corporation to liability, regulatory scrutiny, remediation costs and reputational harm. Privacy and data protection requirements may also change and impose additional constraints or costs. The Corporation has employees who monitor information technology and processes to help minimize these risks.

## **11. *Execution Risk (Strategy, Partnerships and Sales Channels)***

The successful execution of the Corporation's strategy depends on various factors, many of which are beyond its control. The Corporation's strategy, as described in section 3.2 entitled "Business Strategy" of the Corporation's MD&A as at March 31, 2026, focuses on increasing its theatrical footprint and market penetration across its core customer groups (theatrical, sim racing, and simulation and training), enhancing and developing its haptic motion technology, entering into partnerships and licensing arrangements to integrate the D-BOX haptic experience into third-party products, and driving growth and scalability through existing customers, new business relationships and operational efficiencies. There can be no assurance that the strategy will achieve its intended outcomes.

The Corporation's growth also depends in part on developing strategic alliances and maintaining effective sales channels, including OEMs, integrators, value-added resellers and distributors. Channel partners may experience financial difficulty, change strategic direction, reduce sales efforts, prioritize competing products,

or terminate or fail to renew arrangements. The Corporation may also face challenges in identifying, onboarding, training and supporting partners and ensuring consistent end-user experience and brand representation across markets. The Corporation's ability to generate revenues from such partnerships may also depend on the successful integration, commercialization and performance of D-BOX-enabled products by its partners.

Failure to implement strategy, develop alliances or maintain effective sales channels could materially and adversely affect the Corporation's financial condition and operating results.

## ***12. Liquidity, Capital Requirements and Access to Financing***

The Corporation may require additional capital to fund operations or growth initiatives, including in light of operating, supply chain and project development delays and disruptions. There can be no assurance that required capital will be available on acceptable terms, or at all.

The market price of the Corporation's Class A common shares may be volatile for reasons unrelated to operating performance, and trading volume may be limited. Future equity or equity-linked financings may be dilutive and could adversely affect the market price of the Corporation's shares.

Failure to raise additional capital, or adverse market conditions affecting the trading price or liquidity of its shares, could materially and adversely affect the Corporation's activities, revenues, financial position and operating results.

## ***13. Indebtedness***

The Corporation's indebtedness and related covenants may limit flexibility (including the ability to obtain additional financing or pursue opportunities) and increase vulnerability to adverse economic and industry conditions. The Corporation may not generate sufficient cash flow to service indebtedness on a timely basis, particularly in light of operating, supply chain and project development delays and disruptions.

If the Corporation is unable to service its indebtedness or an event of default occurs under the credit facility with the National Bank of Canada (as described in this annual information form under "Material Contracts"), or other indebtedness, amounts outstanding could become repayable in full. In such event, the Corporation may not have sufficient cash resources or access to additional funds to repay such amounts.

## ***14. Dependence on Key Personnel and Labour Relations***

D-BOX relies on its ability to attract and retain a highly qualified work force and maintain harmonious labour relations. Failure to recruit or retain qualified staff and key employees, or labour disruptions, could adversely affect sales and the pace and success of product development.

## ***15. Legal, Regulatory and Litigation***

The Corporation may be subject to claims, disputes, legal proceedings and regulatory compliance issues in the ordinary course of business. Litigation outcomes are uncertain and unfavourable rulings may have a material adverse effect on the Corporation's results. Additional legislation and regulations may be adopted that impose additional constraints on operations. Failure to comply with, or adapt to, evolving regulations or regulatory expectations could adversely affect business activities, earnings, capital, regulatory relationships and brand or reputation.

## **16. Reputational Risk through Social Media**

Social media and other forums may amplify negative publicity (whether true or not) and the Corporation has limited control over how it is perceived. Reputational harm may reduce investor confidence and adversely affect the Corporation's business, revenues, financial position and operating results.

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### ***DIVIDENDS AND DISTRIBUTIONS***

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The Corporation has never paid any dividends and currently intends to reinvest all its future earnings to finance the growth of its business. As a result, the Corporation does not intend to pay dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Corporation's financial condition, operating results and capital requirements as well as on any other factors that the Board of Directors may deem relevant.

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### ***DESCRIPTION OF CAPITAL STRUCTURE***

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The Corporation's authorized share capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class B preferred shares issuable in series.

The Class A common shares of the Corporation entitle holders thereof to one vote per share at meetings of the Corporation's shareholders. Subject to the prior rights of any other shares ranking senior thereto, holders of Class A common shares are entitled to receive any dividends that may be declared by the Board of Directors of the Corporation and any return of capital in the event of the Corporation's liquidation or dissolution or any other distribution of the Corporation's assets for the purpose of winding up its affairs. At March 31, 2026, a total of 222,766,072 Class A common shares were issued and outstanding.

The Class B preferred shares may be issued in one or more series carrying such rights and subject to such conditions as may be determined by the Board of Directors. There are no voting rights attached to the Class B preferred shares, except as prescribed by law. The Class B preferred shares will rank senior to the Class A common shares with respect to the payment of dividends and the return of capital in the event of the Corporation's liquidation or dissolution or any other distribution of the Corporation's assets for the purpose of winding up its affairs. No Class B preferred shares are currently issued and outstanding.

The Corporation previously maintained long-term incentive compensation arrangements comprised of (i) a stock option plan (the "**Stock Option Plan**") and (ii) restricted share unit and deferred share unit plans (the "**RSU Plan**" and the "**DSU Plan**"). Under the Stock Option Plan, the total number of Class A common shares reserved for issuance thereunder, together with all of the Corporation's other share-based compensation agreements, could not exceed 10% of the issued and outstanding Class A common shares of the Corporation at the time of a grant, and the Stock Option Plan was considered to be an "evergreen" plan since shares covered by exercised options became available for subsequent grants and the number of options available for grant increased as the number of issued and outstanding Class A common shares increased. Currently, there are 8,455,001 stock options issued and outstanding under the Stock Option Plan. The RSU Plan and DSU Plan formed part of the Corporation's long-term incentive compensation arrangements available to eligible participants. Each restricted share unit or deferred share unit generally entitled the participant, at the Corporation's discretion, to receive one Class A common share purchased on the open market, the cash equivalent thereof or a combination of the foregoing, subject to applicable vesting and other conditions.

At the Corporation’s annual and special meeting of shareholders held on September 24, 2025, shareholders approved the adoption of an omnibus long-term incentive compensation plan (the “**Omnibus Incentive Plan**”). The Omnibus Incentive Plan is an “evergreen” plan and provides for the grant of equity-based awards, including stock options, restricted share units, deferred share units and performance share units. The maximum number of Class A common shares issuable from treasury upon the exercise or settlement of awards granted under the Omnibus Incentive Plan, together with all other equity-based compensation arrangements of the Corporation in place from time to time, may not exceed 10% of the issued and outstanding Class A common shares of the Corporation from time to time. Following the adoption of the Omnibus Incentive Plan, the Corporation no longer grants new awards under the Stock Option Plan, RSU Plan and DSU Plan, which now operate as legacy plans that govern outstanding awards previously granted under those plans. Currently, there are 4,500,000 stock options and 1,000,000 restricted share units issued and outstanding under the Omnibus Incentive Plan. Under the Omnibus Incentive Plan, each stock option generally entitles the holder to purchase one Class A common share upon vesting and exercise at an exercise price determined by the Board of Directors (which may not be less than the closing price of the Class A common shares on the TSX on the trading day immediately preceding the date of grant) and for a term determined by the Board of Directors (not to exceed ten years). Restricted share units, deferred share units and performance share units granted under the Omnibus Incentive Plan generally entitle the participant, upon vesting and settlement, to receive one Class A common share (issued from treasury or purchased on the open market), the cash equivalent thereof, or a combination of the foregoing, at the Corporation’s discretion.

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## **MARKET FOR SECURITIES**

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### **TRADING PRICE AND VOLUME**

The Corporation’s Class A common shares are listed on the Toronto Stock Exchange under the symbol “DBO”.

The following table sets forth the Class A common shares’ highest and lowest sales prices and the trading volume on a monthly basis from April 1, 2025, to May 31, 2026.

Year	Month	Price Range		Volume	
		High (\$)	Low (\$)		
2025	April	0.165	0.135	3,797,441	
	May	0.25	0.15	5,185,828	
	June	0.33	0.225	15,291,301	
	July	0.335	0.2625	18,963,601	
	August	0.445	0.26	16,903,914	
	September	0.47	0.4	10,761,488	
	October	0.47	0.385	6,937,414	
	November	0.675	0.415	20,810,293	
	December	1.00	0.65	24,549,108	
	2026	January	0.96	0.75	13,859,812
		February	0.90	0.69	19,059,118
		March	0.82	0.65	11,603,453
April		0.85	0.76	4,696,913	
May		0.94	0.80	6,082,065	

## PRIOR SALES

The following table sets out all stock options exercisable for Class A common shares granted by the Corporation pursuant to its Stock Option Plan and Omnibus Incentive Plan during the twelve-month period prior to the date hereof:

Date	Number of Class A Shares subject to Option	Exercise price per Class A Share	Option expiry date
June 20, 2025	5,000,000	\$0.24	June 20, 2031
August 18, 2025	800,000	\$0.35	August 18, 2030
December 8, 2025	1,500,000	\$0.835	December 8, 2030
December 30, 2025	3,000,000	\$0.82	One-third of the options per year starting on December 30, 2030 to December 30, 2032

The following table sets out all restricted share units issued by the Corporation pursuant to its Omnibus Incentive Plan during the twelve-month period prior to the date hereof:

Date of Grant	Name of Beneficiary	Number of RSUs	Vesting Period	Vesting Date
January 1, 2026	Naveen Prasad	1,000,000	3 years	January 1, 2029

Except for the aforementioned issuances of stock options and restricted share units, the Corporation has not issued any other securities in the twelve-month period prior to the date hereof.

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## ***DIRECTORS AND OFFICERS***

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### **NAME, OCCUPATION AND SECURITY HOLDING**

#### **Directors**

At the date hereof, the Board of Directors consists of five (5) directors. Each director holds office until the end of the next annual meeting of shareholders or until the election or nomination of his successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the current directors, their principal occupations and the year in which they first became directors of the Corporation.

Name and Municipality of Residence	Position	Principal Occupation	First Year as Director
Dave McLurg <sup>(1)(2)</sup> Scottsdale, Arizona, USA	Chair of the Board of Directors	Founder and CEO The Board International	2024
Brigitte Bourque <sup>(2)</sup> Montréal, Québec, Canada	Director	Executive Coach Groupe Pauzé	2019
Daniel Marks <sup>(1)</sup> Huntsville, Ontario, Canada	Director	President and Principal Stonehouse Capital Management Inc.	2024
Naveen Prasad Toronto, Ontario, Canada	Director	President and Chief Executive Officer of the Corporation	2024
Lori Tersigni <sup>(1)(2)</sup> North York, Ontario, Canada	Director	Corporate Director	2025

(1) Member of the Audit Committee.

(2) Member of the Compensation and Corporate Governance Committee.

The directors of the Corporation have held the following principal occupations during the last five years:

**Brigitte Bourque** is an executive coach and co-founder of Pauzé Coaching, where she supports primarily C-suite executives and senior leaders in strengthening their leadership capabilities and maximizing organizational and personal performance. She is also a Senior Associate, Leadership Consulting, with Boyden. Ms. Bourque’s career spans both the public and private sectors. She began her career as a marketing consultant with Touche Ross before serving as Chief of Staff to Quebec’s Minister of the Environment and as Special Advisor in the Office of the Premier of Quebec. She subsequently held the position of Assistant Deputy Minister in Quebec’s Department of Communications. Returning to the private sector, Ms. Bourque served as Vice-President, Corporate Human Resources and Employee Communications, at Teleglobe, an international telecommunications carrier. She has also served on the boards of Télé-Québec and the Quebec Breast Cancer Foundation. Ms. Bourque holds an MBA from Université Laval, a diploma in Human Resources Management from the Richard Ivey School of Management, and a Professional Certified Coach (PCC) designation from the International Coach Federation.

**Daniel Marks** is President of Stonehouse Capital Management Inc. He has held various board positions at Intrinsyc Technologies Inc., Pacific Safety Products Inc., and MTI Global Inc., each of which was sold at a premium. Prior to Stonehouse, Mr. Marks held positions with Polar Securities Inc., Citibank, Republic National Bank of New York and TD Securities. He holds a Chartered Financial Analyst (CFA) designation and an MBA in Finance from McMaster University. Mr. Marks and Stonehouse beneficially control 10,000,000 Class A common shares of the Corporation. Mr. Marks has a background in capital markets and corporate strategy.

**Dave McLurg** is a private investor, advisor, and board member with over four decades of strategic leadership and revenue expertise. Throughout his career, he has specialized in increasing enterprise value by aligning leadership, strategy, and execution across growth-focused organizations. He has a proven track record in guiding companies through key inflection points to drive scalable growth, operational transformation, and long-term value creation. Currently, he serves as Founder and CEO of The Board International, a global strategic advisory firm; Chairman of The Board Capital, a growth stage fund; and Partner of Chivino, a high-end fabrication facility delivering custom stone, quartz, and solid surface solutions for residential and commercial spaces. He holds board positions with Integrity Building Corp and GameTruck Licensing. Previously, Mr. McLurg was Founding Partner and Chairman of Anavate Partners, a global cloud-based planning consultancy that was acquired by Argano, where he is a shareholder. He also co-founded CaptureNet, the healthcare SaaS company acquired by Millennia. Beyond his corporate roles, he advises Partners Worldwide on poverty alleviation and mentors at Arizona State University’s W. P. Carey School of Business.

**Naveen Prasad** is the President and CEO of the Corporation. He is also the Co-Founder of SoundIMAGE, a pioneer in intelligent audiovisual localization using proprietary AI technology, and of Impossible Objects, a film and television production company and media finance advisory firm. Mr. Prasad currently serves as Chair of the Board of the Bell Fund and sits on the Advisory Board for Toronto Metropolitan University's Media Studies Program. Previously, he was President of VICE Media Canada, where he led the restructuring and oversight of its Studio, Digital Publishing, and News divisions, as well as its creative agency, VIRTUE. Prior to VICE, he was a key architect in building Elevation Pictures into Canada's largest independent film distributor, serving as EVP and GM. He has also held executive roles as SVP of Television and Digital at both eOne and Alliance Films.

**Lori Tersigni**, now retired, was most recently Senior Vice-President of Strategic Planning & Operational Effectiveness at Morneau Shepell (first acquired by LifeWorks and then by Telus Health) a leading provider of technology-enabled HR and mental health services. Prior to this, Mrs. Tersigni held a number of executive positions at CIBC where she was accountable for strategic planning, governance, project management, change management, human resources, operations and technology. Mrs. Tersigni is currently a board member and Chair of the Board, and Chair of the Human Resources Compensation Committee, for the Canadian Securities Exchange (CSE). She also volunteers in her community and is a member of several non-profit boards and advisory committees. Mrs. Tersigni holds a Bachelor of Arts in Industrial Relations from McGill University and an MBA from McMaster University. She has been awarded her Institute of Corporate Directors (ICD.D) designation as well as a Global Competent Boards designation (GCB.D) focused on sustainability and environmental, social and governance (ESG) matters.

### Executive Officers

The following table sets out the name of each executive officer, their current position with the Corporation as well as the date on which they first became officers of the Corporation:

Name and Municipality of Residence	Current Position	Executive Officer Since
<b>Naveen Prasad</b> Toronto, Ontario, Canada	President, Chief Executive Officer	June 2025
<i>Served as Interim President and Chief Executive Officer since June 2025 and was confirmed as President and Chief Executive Officer in August 2025; has also served as Board Chair of the Bell Fund, as Owner of Impossible Objects, as Co-Founder of SoundIMAGE (since 2024), and as a member of the Corporation's Board of Directors since 2024</i>		
<b>David Reid</b> Saint-Lambert, Québec, Canada	Chief Financial Officer	August 2025
<i>Joined D-BOX in April 2022 as Business Partner and subsequently served as Director of Finance (January 2024 to October 2024), Senior Director of Finance (November 2024 to August 2025) and Chief Financial Officer (since August 2025); prior to joining D-BOX, held roles in public accounting, including at BDO Canada.</i>		
<b>Scott Sherr</b> Las Vegas, Nevada, USA	Chief Commercial Officer	December 2025
<i>Was appointed Chief Commercial Officer of the Corporation in December 2025; served as Consultant &amp; Advisor to Growth Businesses (May 2021 to December 2025) and held senior leadership roles at Sony Pictures Entertainment, including EVP, Global Location-Based Entertainment Strategy and Business Development (through September 2024).</i>		

<b>Sébastien Boire Lavigne</b> Ville Saint-Laurent, Québec, Canada	Chief Product & Technology Officer	May 2023
<i>Served as Chief Operating Officer at Alcumus Cognibox from 2021 to 2022 and joined D-BOX in 2022 as Vice President, Technology; was appointed Chief Technology Officer in May 2023 and was elevated to Chief Product &amp; Technology Officer in August 2025.</i>		

### Shareholdings of Directors and Executive Officers

As of June 2, 2026, the directors and executive officers of D-BOX, as a group, are the beneficial owners of, directly or indirectly, or exercise control or direction over an aggregate of 13,338,189 Class A common shares of the Corporation, representing 6.0% of the 222,186,572 Class A common shares issued and outstanding of the Corporation. None of the directors or executive officers of the Corporation owns or controls voting shares of D-BOX USA as this company is wholly-owned by D-BOX. The information in this paragraph was provided by the relevant directors and executive officers of the Corporation.

### CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Corporation, none of the directors and executive officers of the Corporation:

- (a) is, or within the last ten (10) years has been, a director, chief executive officer or chief financial officer of any company that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than thirty (30) consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the directors and executive officers of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **CONFLICTS OF INTEREST**

There are no existing or potential material conflicts of interest between the Corporation or a subsidiary of the Corporation and any director or officer of the Corporation or of a subsidiary of the Corporation.

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## ***INFORMATION REGARDING THE AUDIT COMMITTEE***

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### **AUDIT COMMITTEE CHARTER**

The Audit Committee charter is annexed hereto as Schedule A.

### **COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee is currently composed of Daniel Marks, Dave McLurg and Lori Tersigni. Under *Multilateral Instrument 52-110 Respecting Audit Committees*, a director serving on an audit committee is “independent” if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the members’ independent judgment. The Board of Directors has determined that all members of the Audit Committee are independent members.

The Board of Directors has determined that each of the three members of the Audit Committee is “financially literate” within the meaning of Section 1.6 of *Multilateral Instrument 52-110 Respecting Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### **RELEVANT EDUCATION AND EXPERIENCE**

The education and experience of each member of the Audit Committee that is relevant to his or her responsibilities are set out below.

#### **Daniel Marks**

- Brings capital markets and finance expertise developed through leadership roles in investment/financial institutions (e.g., Polar Securities, Citibank, Republic National Bank of New York and TD Securities) and as President of Stonehouse Capital Management Inc.
- Holds a CFA designation and an MBA in Finance, supporting demonstrated proficiency in analyzing financial statements, valuation, and financial reporting issues commonly encountered in public companies.

### **Dave McLurg**

- Brings extensive executive and board-level experience focused on enterprise value creation, strategy execution, and operational transformation across multiple businesses and governance roles.
- As a long-time advisor and board member (including leadership roles in advisory and investment organizations), is positioned to understand financial performance metrics, drivers of enterprise value, and the kinds of reporting and oversight considerations typically addressed in complex financial statements.

### **Lori Tersigni**

- Brings senior executive experience in strategic planning and operational effectiveness at a large, technology-enabled HR and mental health services provider, and prior executive roles at CIBC with accountability spanning governance, operations and technology. She also serves as Chair of the Board of the Canadian Securities Exchange (CSE) and chairs its Human Resources and Compensation Committee.
- Her leadership and governance background, combined with board committee experience (including chairing a compensation committee), supports an ability to interpret financial information and assess financial reporting issues at a level generally comparable to those raised by a public company's financial statements.

## **PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. However, the charter of the Audit Committee provides that the provision of any non-audit services by the independent auditors must be pre-approved by the Audit Committee.

## **EXTERNAL AUDITOR SERVICE FEES**

### **Audit Fees**

*Audit fees* consist of fees for professional services for the audit of the Corporation's annual consolidated financial statements, help in preparing the interim financial statements and related matters. Ernst & Young LLP, the Corporation's independent auditors, billed the Corporation \$238,220 in audit fees during the fiscal year ended March 31, 2026, and \$204,690 during the fiscal year ended March 31, 2025.

### **Audit-Related Fees**

*Audit-related fees* consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above, such as the assistance in implementing the International Financial Reporting Standards. Ernst & Young LLP, the Corporation's independent auditors, billed the Corporation \$3,329 in audit-related fees during the fiscal year ended March 31, 2026, and \$3,529 during the fiscal year ended March 31, 2025.

### **Tax Fees**

*Tax fees* consist of fees for professional services for tax compliance, tax advice and tax planning. Ernst & Young LLP, the Corporation's independent auditors, billed the Corporation \$16,112 in tax fees during the fiscal year ended March 31, 2026, and \$16,558 during the fiscal year ended March 31, 2025.

## **All Other Fees**

*All other fees* consist of fees for services other than the audit fees, audit-related fees and tax fees described hereinabove. These services include translation services. Ernst & Young LLP, the Corporation's independent auditors, billed the Corporation \$16,308 for other services during the fiscal year ended March 31, 2026, and \$14,754 during the fiscal year ended March 31, 2025.

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## ***LEGAL PROCEEDINGS AND REGULATORY ACTIONS***

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### **LEGAL PROCEEDINGS**

The Corporation is not, and was not during the fiscal year ended March 31, 2026, a party to, nor was its property subject to, legal proceedings that the Corporation believes could have a material adverse effect on its business, financial condition, results of operations or the trading price of its securities. To the knowledge of the Corporation, no such legal proceedings are currently contemplated.

### **REGULATORY ACTIONS**

During the fiscal year ended March 31, 2026, (i) there have been no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority, (ii) there have been no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and (iii) the Corporation has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

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## ***INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS***

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No insiders, directors or executive officers of the Corporation or any of their respective associates has or has had a material interest, direct or indirect, in any material transaction whether proposed or concluded which had or may have an adverse effect on the Corporation or its subsidiaries in the last three completed fiscal years.

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## ***TRANSFER AGENT AND REGISTRAR***

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The transfer agent and registrar for the Class A common shares of the Corporation was Computershare Investor Services Inc. until May 10, 2026, and effective May 11, 2026 is Odyssey Trust Company. The register of transfers and the register of holders of the Class A common shares are kept at Odyssey Trust Company's principal office in Toronto, Ontario.

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## ***MATERIAL CONTRACTS***

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In July, 2020, the Corporation entered into a definitive agreement with the National Bank of Canada (the “NBC”) related to the availability of a line of credit amounting to \$4 million, later increased to \$5.5 million and \$8.0 million, for ongoing operations and the working capital of the Corporation (the “NBC Line of Credit”). This agreement was last amended in August, 2025 for the purpose of reducing the interest rate margin applicable to the NBC Line of Credit from prime rate plus 2.50% to prime rate plus 1.00% (and the corresponding U.S. base rate margin), and amending the terms of the Export Development Canada loan loss guarantee. The NBC Line of Credit is renewable annually and is secured by first-ranking hypothec and security interests on all assets of the Corporation and its U.S. subsidiary.

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## ***INTERESTS OF EXPERTS***

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Ernst & Young LLP have been the independent auditors of the Corporation since 2004 and accordingly, have signed the auditors’ report on the consolidated annual financial statements of the Corporation for the fiscal year ended March 31, 2026.

Ernst & Young LLP have advised the Corporation that they are independent with respect to the Corporation within the meaning of the Code of Ethics of Chartered Professional Accountants of the *Ordre des comptables professionnels agréés du Québec*.

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## ***ADDITIONAL INFORMATION***

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Additional information relating to the Corporation may be found through the Internet on SEDAR+, which can be accessed at <https://www.sedarplus.ca/>.

Additional information, including the compensation and indebtedness of directors and senior executives, the principal holders of the Corporation’s shares and the shares authorized for issuance under the Stock Option Plan, if any, is contained in the Corporation’s management proxy circular for its most recent annual meeting of shareholders where the Corporation’s directors have been elected.

Additional financial information is provided in the Corporation’s consolidated financial statements and management’s discussion and analysis for its fiscal year ended March 31, 2026.

Additional information concerning the Corporation’s products can also be found at [www.d-box.com](http://www.d-box.com), the Corporation’s website.

**SCHEDULE A**  
**AUDIT COMMITTEE CHARTER OF D-BOX TECHNOLOGIES INC.**

**1. PURPOSE**

Financial reporting and disclosure by D-BOX Technologies Inc. (the “Corporation”) represents one of the most important aspects of the management of the Corporation’s business and affairs. The Board of Directors supervises this financial reporting and disclosure process to gain reasonable assurance that the following objectives are being met:

- (a) that the Corporation complies with the laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (b) that the accounting policies and practices, significant decisions and information which underlie or are incorporated in the Corporation’s financial statements are the most appropriate in the circumstances;
- (c) that the Corporation’s quarterly and annual financial statements are accurate and present fairly the Corporation’s financial position and performance in accordance with the International Financial Reporting Standards (“IFRS”); and
- (d) that pertinent information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

To assist the Board of Directors in its monitoring of the Corporation’s financial reporting and disclosure process, the Board of Directors has established the Audit Committee.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, its role is one of monitoring. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such a capacity. Consequently, it is not the duty of the Audit Committee to audit the Corporation’s financial statements and information or to assess whether same are complete and accurate and in compliance with IFRS and applicable rules and regulations. This is the responsibility of management, the independent auditors and other professionals retained by the Corporation.

**2. COMPOSITION AND QUALIFICATION**

The members of the Audit Committee are appointed each year by the Board of Directors. The Committee is composed of a minimum of three (3) independent directors chosen from among the members of the Board of Directors. The members are appointed at the first meeting following the annual meeting of shareholders or at any other meeting if a vacancy arises. Each year, the Board of Directors appoints as chair of the Committee one of the members of the Committee.

All the members of the Audit Committee shall be financially literate and, as such, be able to read and understand financial statements. At least one (1) member of the Audit Committee shall have “accounting or related financial expertise” acquired through previous employment experience in the area of finance or accounting, requisite professional certification in accounting or any other comparable experience or background which allowed him or her to gain such financial expertise, including having been a Chief Executive Officer, Chief Financial Officer or other senior officer with financial oversight responsibilities, and be able to analyze and interpret a complete set of financial statements along with the notes thereto in accordance with IFRS.

In connection with the execution of the obligations of the Audit Committee, each member of the Committee shall be entitled to rely in good faith upon the following documents:

- (a) the financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the independent auditors to present fairly the financial position of the Corporation in accordance with IFRS; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In connection with the execution of the obligations of the Audit Committee pursuant to this mandate, each member of the Audit Committee shall be held to the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard

to which the other members of the Board of Directors are subject. The role of the Audit Committee is essentially to monitor and review in order to gain reasonable assurance (but not absolute assurance) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met and to report thereon to the Board of Directors.

### 3. OPERATING PRINCIPLES AND GUIDELINES

The Audit Committee fulfills its responsibilities within the context of the following principles and guidelines:

- (a) The Committee chair and the other members of the Audit Committee have direct, open and frank communications throughout the year with management, other committee chairs (where applicable) and members of the Board of Directors, the independent auditors and other key committee advisors, as applicable.
- (b) The Committee, together with management and the independent auditors, shall develop annually an audit committee work plan in line with the responsibilities of the Audit Committee as set out in this Charter.
- (c) The Audit Committee, together with management and the independent auditors, shall participate in the examination and review of any important financial issues and emerging standards that have the potential to impact on the Corporation's financial presentation and disclosure.
- (d) The chair of the Committee shall establish the agenda for each meeting of the Audit Committee, with the other members of the Audit Committee, senior management and the independent auditors.
- (e) The Committee shall communicate to management and the independent auditors its expectations with respect to the nature and extent of the information it requires, and the delays to be respected in this regard. The Committee expects to receive from management and the independent auditors all pertinent documentation with respect to any topic on the agenda for a meeting at least one week in advance of such meeting.
- (f) The Committee may, at the expense of the Corporation and after consulting with management, retain the services of one or more persons with specialized knowledge in order to allow the Committee to properly discharge its responsibility.
- (g) At each meeting of the Committee, the members of the Audit Committee meet *in camera* amongst themselves only with (as needed) the independent auditors only and with management only.
- (h) After each meeting of the Audit Committee, the Committee shall report to the Board of Directors at its next regular meeting or earlier if required, through the chair of the Committee.
- (i) As representatives of the shareholders, the independent auditors are ultimately accountable to the Board of Directors and the Audit Committee in the execution of its mandate. The Committee expects that the independent auditors will point out any significant issues or any other issues which may become significant and which result from its relationship with the Corporation.

The Audit Committee meets at least once per quarter, and more frequently if required by the circumstances. It is the responsibility of the Committee to determine the time and place, at which the meeting will take place, convene the meeting and to establish the procedures in light of the following requirements:

- (a) at all meetings of the Audit Committee a majority of the members shall constitute a quorum; and
- (b) any actions on the part of the Audit Committee at a duly constituted meeting require no more than the vote of a majority of the members present and, in all cases, a resolution or other instrument in writing signed by all of the members of the Audit Committee shall be deemed to be an action taken by the Audit Committee.

The senior officer responsible for the finances of the Corporation and the independent auditors usually attends all of the meetings of the Audit Committee.

The minutes of meetings of the Audit Committee are approved by the Committee and made available to the Board of Directors for informational purposes.

Subject to the appointment of another person as secretary of the Audit Committee, the Secretary of the Corporation acts as the secretary of the Audit Committee.

#### **4. RESPONSIBILITIES AND DUTIES**

The Committee is responsible for the following:

##### **4.1 Financial Reporting**

- Review the annual financial statements and the independent auditor's report thereon before they are released and recommend same for the approval of the Board of Directors.
- Review the interim and year-end financial statements, management's discussion and analysis and related news releases before they are released and recommend same for the approval of the Board of Directors.
- Review public disclosure documents, such as a prospectus or the annual information form, containing financial statements of the Corporation before they are released, and recommend same for the approval of the Board of Directors.
- Discuss with management and the independent auditors the pertinence of and compliance with the Corporation's accounting policies.
- Discuss with management any significant variances between comparative reporting periods and across comparable units.

##### **4.2 Accounting Policies**

- Proactively discuss and review the impact of proposed changes in accounting standards or securities polices or regulations relating to accounting policies and the disclosure of financial information.
- Review with management and the independent auditors, any proposed changes in accounting policies, as well as key estimates and decisions that could have a material impact on the Corporation's financial reporting and determine whether the underlying accounting policies, disclosures and key estimates and decisions are considered to be the most appropriate in the circumstances.
- Discuss with management and the independent auditors the clarity and adequacy of the financial information disclosed by the Corporation.

##### **4.3 Risk and Uncertainties**

Recognizing that it is the Board of Directors' responsibility, in conjunction with management, to (1) identify the principal business risks facing the Corporation, (2) determine the Corporation's degree of tolerance to risk, and (3) approve any risk management policies in place, the Audit Committee focuses on the significant financial risks and develops reasonable assurance that such risks are being effectively managed and controlled by management through the implementation of the following methods:

- Acquire reasonable assurance that these significant financial risks are effectively being mitigated and controlled by:
  - (i) Reviewing with management, at least once per quarter, an updated list of such financial risks as well as ongoing or special actions undertaken to manage each one of these identified risks;
  - (ii) Discussing with management its assessment of the residual financial exposure of the Corporation if any, resulting from its management of such financial risks; and
  - (iii) Ensuring with management, that the existing policies, processes and programs are adequate to identify, manage and control such financial risks.
- Review, at least once per year, the adequacy of the insurance policies maintained by the Corporation.
- Review quarterly the list of the Corporation's outstanding contingent liabilities, if any, including legal claims, tax assessments and other, which could have a material effect upon the financial results and

condition of the Corporation and the manner in which these matters are disclosed in the financial statements.

- Review, at least once per year, the adequacy of measures taken by the Corporation to mitigate foreign currency, interest rate and other financial risks, such as the use of derivative financial instruments.
- Review, at least one per year, the policies that require significant existing or potential liabilities, contingent or otherwise, to be reported to the Board of Directors in a timely fashion and compliance with such policies.

#### **4.4 Financial Controls and Deviations**

- Review annually the plans of the independent auditors to gain reasonable assurance that the internal quality-controls procedures are adequate in light of the risks and are comprehensive, coordinated and cost effective.
- Review quarterly, with management, its program relating to the development and updating of internal controls which shows the progress of any planned initiatives as well as any measures taken to control deviations.
- Receive from management, the independent auditors, legal counsel or other persons, regular reports regarding any significant deviations observed, including any detection of fraud, and the methods taken to correct the situation.
- Discuss with management the information used by the Chief Financial Officer to prepare a report, at least once per year, on the effectiveness of the Corporation's internal controls.

#### **4.5 Compliance with Laws and Regulations**

- Review regular reports from management, the independent auditors and legal counsel concerning the Corporation's compliance with tax and financial reporting laws and regulations specifically those requiring the Corporation to make withholdings and which have a material impact on financial statements.
- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
- Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### **4.6 Relationship with Independent Auditors**

- Recommend annually to the Board of Directors the nomination, the termination or replacement of the independent auditors.
- Approve the remuneration and terms and conditions of the independent auditor's mandate which are set out in its engagement letter.
- Receive a report annually from the independent auditors with respect to its independence, which report shall include disclosure relating to all engagements (including the related fees and costs) for non-audit services rendered to the Corporation.
- Review with the independent auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the independent audit can be coordinated with internal audit activities and the materiality levels which the independent auditors propose to employ.
- Establish effective communication processes with management and the Corporation's independent auditors to allow the Committee to objectively monitor the quality and efficiency of the relationship between the independent auditors, management and the Corporation.
- Resolve disagreements that may occur between management of the Corporation and the independent auditors regarding financial reporting, if any.

- Oversee quality and efficiency of the work performed by the independent auditors for the preparation and delivery of the audit report of the Corporation or any other audit, review or attest services required by the Corporation.
- Receive reports from the independent auditors on the status of the approved audit plan, any important findings, the recommendation letter and the final audit report.
- Meet regularly with the independent auditors in the absence of management.
- Ensure not to request services from the independent auditors that could jeopardize their objectivity and independence.
- Approve, before any mandate is conferred upon the independent auditors, of any non-audit-related services, or services other than audit services, to be provided by the independent auditors.
- Annually review the Corporation's hiring policy limiting the hiring of certain present or former employees of the independent auditors.
- Review reports of the independent auditors relating to the planned rotation of partners assigned to the Corporation's affairs.

#### **4.7 Other Responsibilities and Issues**

- Review any ESG-related disclosure of data and targets to be included in the continuous disclosure documents of the Corporation.
- Review and reassess annually the adequacy of this Charter.
- After consulting with the chair and the independent auditors, gain reasonable assurance, at least annually, that the Corporation's accounting and financial personnel is competent and adequately staffed and that any other related resources are sufficient.
- Be kept up to date of any nomination of financial officers with respect to the Corporation.
- Carry out any and all duties that the Board of Directors may delegate, from time to time, to the Committee.