Management's Discussion and Analysis

D-BOX Technologies Inc.
Three month period ended June 30, 2026

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS D-BOX Technologies Inc. Three month period ended June 30, 2026

1 SCOPE OF THE MD&A

This Management's Discussion and Analysis ("MD&A") is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiaries, as well as key elements of its financial results. In particular, it explains changes in the Company's financial position and operating results for the three month period ended June 30, 2026, by comparing them to the results of the corresponding period of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2026 and March 31, 2026.

This MD&A has been prepared in accordance with National Instrument 51-102, Continuous Disclosure Obligations, and should be read in conjunction with the information included in the audited consolidated financial statements for the fiscal year ended March 31, 2026 and accompanying notes. Unless otherwise indicated, the terms "Company" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the three months ended June 30, 2026, and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors of the Company on August 11, 2026. Unless otherwise indicated, all the amounts in this MD&A are in thousands of Canadian dollars.

2 FORWARD-LOOKING STATEMENTS

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

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

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

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Company's expectations expressed in or implied by the forward-looking information include, but are not limited to: international trade regulations; concentration of clients; dependence on suppliers; performance of content; exchange rate between the Canadian dollar and the U.S. dollar; ability to implement strategy; consumer preferences and trends; political, social and economic conditions; strategic alliances; credit risk; competition; access to content; technology standardization; future funding requirements; distribution network; indebtedness; global health crises; warranty, recalls and claims; dependence on key personnel and labour relations; legal, regulatory and litigation; intellectual property; security and management of information; and reputational risk through social media. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed under "Risk Factors" in the Company's annual information form for the fiscal year ended March 31, 2026, a copy of which is available on SEDAR at www.sedarplus.ca. Except as may be required by Canadian securities laws, the Company does not intend nor does it undertake any obligation to update or revise any forward-looking information contained in the annual information form to reflect subsequent information, events, circumstances or otherwise.

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

3 CORPORATE OVERVIEW

D-BOX is a leader in haptic technology, delivering immersive motion experiences that engage the body and spark the imagination. It's haptic software and haptic design process ensure a seamless synchronization of motion, vibration, and texture with on-screen content, enhancing storytelling across cinema, simracing, and professional simulation. D-BOX's expertise in haptics ensures the highest level of realism for content. This level of realism is achieved through the seamless integration of software and hardware by:

1. Programming and designing haptic effects as a track, frame by frame, in the case of linear content, or using D-BOX's vast haptic effects library for interactive content based on the content's specific telemetry. This content is meticulously engineered so that the haptic feedback is precisely timed and tailored to the movie, maximizing the immersive effect.
2. A haptic processor serving as an interface between the content and the physical haptic system can recognize the content being played, regardless of the source, and associate it with the appropriate D-BOX Haptic Code. It then enables the haptic systems to be synchronized with the content.
3. Our haptic system, consists, amongst other things, of proprietary electromechanical actuators built into a seat, platform, or other type of equipment.

The Company's current revenue streams consist of:

1. The sale, finance or long-term rental/lease of D-BOX hardware including haptic actuators and haptic bases that are integrated by resellers, integrators, and equipment or seating manufacturers (known as original equipment manufacturers ("OEMs")) into chairs, recliners, seats, haptic controllers and electronic interfaces or servers, and market the D-BOX technology under their own brands;
2. Licensing of the D-BOX Haptic Code to theaters which are equipped with haptic systems to play content designed by D-BOX. This technology enables theaters equipped with D-BOX haptic systems to deliver an enhanced, immersive experience to moviegoers. The Company also receives maintenance revenue relating to the use of these theatrical haptic systems. Importantly, the recognition and generation of these licensing and maintenance revenues are directly tied to ticket sales. This means that the Company's recurring revenue streams from these sources are inherently linked to the volume of tickets sold, which is influenced by the overall performance of the box office.

As at June 30, 2026, D-BOX had 94 employees compared with 96 employees as at June 30, 2025.

3.1 Industry Overview

Theatrical customers

While the global theatrical industry is projected to reach a valuation of $72.7 billion USD by 2034 with a 5.3%[1] CAGR, the industry continues to signal towards "premiumization" of their best assets to compensate for the possible divestment of less efficient assets. As exhibitors upgrade their assets to prioritize per-patron yield over raw volume, D-BOX's immersive haptic technology serves as a primary catalyst for revenue optimization. D-BOX enables exhibitors to maximize the monetization of their most efficient seats and screens by providing a costumer experience that is not available at home. D-BOX's haptic systems are the lowest-friction premium upgrade for exhibitors. Often with very little structural modifications to existing auditoriums, our solution allows for rapid deployment into multiplexes.

D-BOX's strategic value is centered on its high-margin recurring royalty and maintenance stream. While hardware sales may reflect the variable nature of exhibitor renovation cycles, every new installation represents a long-term expansion of our digital footprint. This "installed base" functions as a high-multiple technology platform. Our rights-of-use and rental revenues are increasingly resilient; in recent periods, D-BOX royalties have outperformed broader North American box office trends, proving that movie-goers prioritize premium haptic experiences even in volatile content cycles.

Sim racing customers

Over the last few years, sim racing has transitioned from a niche past time to a legitimate e-sport and professional training. The proliferation of simulation centers and commercial complexes equipped with sim racing rigs has fueled the growth of this e-sport, attracting both professional and casual enthusiasts. With its haptic systems that are capable of reproducing textures, velocity, engine vibrations and dynamic vehicle motion, D-BOX has drawn the attention of several leading racing simulation partners who have chosen to integrate the D-BOX haptic systems into their expansion plans of commercial venues. The commercialization of this e-sport has the potential to serve as a complementary growth opportunity for D-BOX.

Simulation and training customers

Simulation and training through haptics allows for the unique opportunity to improve safety by allowing operators to learn and practice new skills in a controlled environment without the risk of accidents, injuries, costly damage to expensive machinery and less environmental impact in many cases. The construction, automotive and military industries are three sectors in which the Company sees continued opportunity in simulation and training through haptics, and these sectors have been positive contributors in the past. Our durable products and precise haptic software are generally well suited for simulation and training applications because customers seek the most realistic training simulator.

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

3.2 Business Strategy

The Company operates within a single reportable operating segment. D-BOX markets and sells its products through OEMs, including integrators, resellers, and distributors. For the purpose of analyzing system sales revenues, the Company evaluates performance across four distinct customer groups: theatrical, sim racing, simulation and training, and other customers. Although D-BOX offers a consistent product portfolio across all customer groups, each group contributes disproportionately to overall revenue and is therefore discussed separately.

Theatrical customers include commercial cinema circuits, theatrical OEMs, and studios. Sim racing customers include commercial entities engaged in the sale of simulation racing rigs to commercial sim centers, the general public, and select professional racing teams. The simulation and training customer group encompasses OEMs and commercial entities specializing in professional training across the automotive, transportation, logistics, aviation, and construction industries, as well as certain military applications. The other customers group captures all remaining revenue streams, including sales to theme parks, arcades, museums, planetariums, and video game peripheral markets, along with logistics revenues.

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

- Expand the theatrical installed base to drive growth in future recurring revenues;
- Grow high-margin recurring revenue streams by expanding content licensing, software subscriptions, and service agreements across the installed base;
- Deepen market penetration across three core customer groups: theatrical, sim racing, and simulation and training;
- Advance and refine D-BOX's haptic motion technology to reinforce the Company's position as a leader in immersive seated haptic experiences;
- Drive operational excellence through disciplined cost management, while continuing to deliver best-in-class haptic experiences.

4 FINANCIAL AND OPERATING HIGHLIGHTS

Highlights for the three month period ended June 30, 2026

- Total revenues increased 3% to $13.4 million, compared with $13.0 million in the previous year.
- Adjusted EBITDA* increased to $4.3 million, compared with $3.3 million in the previous year.
- Net profit before income taxes increased to $2.9 million, compared with $2.0 million in the previous year.
- Rights for use, rental and maintenance revenues increased 25% to a record $5.0 million, compared with $4.0 million in the previous year.
- System sales revenues decreased 7% to $8.4 million, compared with $9.0 million in the previous year.
- Cash and cash equivalents was $17.8 million as at June 30, 2026 compared with $17.6 million as at March 31, 2026.

	Three month periods ended June 30		
	2026	2025	Var. (%)
Revenues	**13,402**	13,038	3 %
Net profit	**2,940**	1,952	51 %
Adjusted EBITDA*	**4,257**	3,328	28 %
Basic net profit per share	**0.013**	0.009	50 %
Diluted net profit per share	**0.012**	0.009	44 %

	June 30, 2026	March 31, 2026
Cash and cash equivalents	**17,828**	17,585

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

5 OPERATING RESULTS

5.1 Revenues

The following table presents the revenue information for the three month period ended June 30, 2026, compared with the corresponding period of the previous fiscal year:

	Three month periods			
	2026	2025	Var. ($)	Var. (%)
Revenues from				
System sales				
Theatrical	**3,697**	4,081	(384)	(9)%
Sim racing	**2,323**	2,301	22	1%
Simulation and training	**1,757**	2,179	(422)	(19)%
Other	**647**	483	164	34%
Total system sales	**8,424**	9,044	(620)	(7)%
Rights for use, rental and maintenance	**4,978**	3,994	984	25%
Total Revenues	**13,402**	13,038	364	3%

Three month period ended June 30, 2026

For the three month period ended June 30, 2026, revenue increased 3% to $13.4 million compared with $13.0 million for the corresponding period in the previous year.

System sales to theatrical customers decreased 9% to $3.7 million compared with $4.1 million for the corresponding period in the previous year. This decrease reflects a moderation following exceptional prior-period activity, though D-BOX remains a preferred capital allocation priority for its exhibitor partners looking to maximize per-patron yield. Net new screen installations reached 32, compared to 35 net new screens from the same period last year. While continued screen count growth reflects the brand's increasing penetration and the release of high-performing blockbuster content, we maintain a disciplined outlook regarding future hardware cycles, as system sales are subject to historical patterns of seasonality and cyclicality. Exhibitor capex typically fluctuates in line with the strength of the global box office slate and the corresponding free cash flow generation of our partners. The year-over-year screen growth rate was 17.8%, bringing the total number of active screens to 1,233 as of June 30, 2026, compared with 1,047 in the previous year.

System sales revenue among sim racing customers remained stable at $2.3 million compared with $2.3 million for the corresponding period in the previous year, reflecting continued demand from OEM customers focused on the expansion of commercial sim racing venues.

System sales revenue among simulation and training customers decreased 19% to $1.8 million compared with $2.2 million for the corresponding period in the previous year. This decline reflects a deceleration in demand for our third-party OEM customers' products, as certain partners adjusted production schedules and moderated procurement activity.

System sales revenue among other customers increased 34% to $0.6 million compared with $0.5 million for the corresponding period in the previous year, driven by continued traction in adjacent markets.

Right for use, rental and maintenance revenues increased 25% to $5.0 million compared with $4.0 million for the corresponding period in the previous year, representing a record quarterly result. The year-over-year increase was driven by two complementary factors: an 11.2%[2] increase in the North American domestic box office, which directly supported higher royalty-based revenue, and a 17.8% increase in our installed footprint, which broadened the base of screens generating recurring licensing and maintenance fees. Together, these dynamics underscore the operating leverage embedded in our business model – as our installed base grows, each box office recovery translates into a proportionally larger royalty uplift.

The quarter's box office was notably concentrated, with the top 10 grossing films accounting for 77.6% of total domestic receipts. D-BOX technology was featured in 80% of these top grossing titles, reinforcing our strong content alignment with the industry's highest-performing releases. D-BOX-encoded movies once again delivered strong results, with standout performances from The Super Mario Galaxy Movie, Michael, Toy Story 5 and The Devil Wears Prada 2.

5.2 Gross Profit

The following table reconciles gross margin to gross profit for the three month period ended June 30, 2026, compared with the corresponding period of the previous fiscal year:

	Three month periods	
	2026	2025
Revenues	**13,402**	13,038
Gross profit	**7,922**	7,316
Gross margin*	**59%**	56%

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

Three month period ended June 30, 2026

For the three month period ended June 30, 2026, gross profit increased to $7.9 million from $7.3 million for the corresponding period in the previous year. Gross margin increased to 59% from 56% for the corresponding period in

[2] According to https://www.boxofficemojo.com/

the previous year. The improvement in gross margin reflects a more favourable revenue mix, driven primarily by a higher proportion of high-margin rights for use, rental and maintenance revenues relative to total revenue in the current period. This recurring revenue stream, which grew 25% year-over-year to a record $5.0 million, carries structurally higher margins than system sales and was the key contributor to the overall margin expansion. The modest decline in theatrical system sales, which carry lower margins relative to our recurring revenue streams, further supported the favorable mix shift in the period.

5.3 Operating Expenses

The following table presents operating expense information for the three month period ended June 30, 2026, compared with the corresponding period of the previous fiscal year:

	Three month periods		
	2026	2025	Var. (%)
Selling and marketing	**1,770**	1,685	5%
% of revenues	13%	13%	
Administration	**1,877**	2,235	(16)%
% of revenues	14%	17%	
Research and development	**1,338**	1,432	(7)%
% of revenues	10%	11%	
Foreign exchange loss (gain)	**57**	(13)	(538)%
% of revenues	—%	—%	
Total operating expenses	**5,042**	5,339	(6)%
% of revenues	38%	41%	

Selling and Marketing: Selling and marketing expenses consist primarily of employee costs including share-based payments, professional fees, advertising and point-of-sale material expenses and attendance at trade shows.

For the three month period ended June 30, 2026, selling and marketing expenses increased by 5% to $1.8 million (13% of revenues) compared with $1.7 million (13% of revenues) for the corresponding period in the previous year. The increase was driven by higher share-based compensation expense ($0.1 million), with all other expense components remaining broadly stable year-over-year.

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

For the three month period ended June 30, 2026, administration expenses decreased by 16% to $1.9 million (14% of revenues) compared with $2.2 million (17% of revenues) for the corresponding period in the previous year. The $0.3 million net decrease reflects a $0.3 million rise in share-based compensation expense, offset by a $0.6 million reduction in salaries and benefits, with all other expense components remaining broadly stable.

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

For the three month period ended June 30, 2026, research and development expenses decreased by 7% to $1.3 million (10% of revenues) from $1.4 million (11% of revenues) for the corresponding period in the previous year. The decreased reflects a $0.1 million reduction in salaries and benefits, resulting from a strategic realignment of project priorities toward the highest-impact initiatives. This disciplined approach to resource allocation ensures that investment is directed toward the technology advancements that best support D-BOX's long-term growth objectives and continued expansion of its global footprint, while contributing to improved operating leverage across the organization.

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

For the three month period ended June 30, 2026, foreign exchange loss amounted to $0.1 million compared to $0.0 million for the corresponding periods in the previous year.

5.4 Financial Expenses

For the three month period ended June 30, 2026, net financial items generated income of $0.1 million compared with nil for the corresponding period in the previous year. This positive shift reflects the Company's proactive approach to balance sheet management, specifically, the reduction of outstanding debt obligations and the strategic deployment of excess cash into high interest savings accounts. The result is a meaningful improvement in net financial income, demonstrating the tangible benefits of D-BOX's disciplined capital allocation strategy and its commitment to maximizing returns on available liquidity.

5.5 Income Taxes

For the three month period ended June 30, 2026, a deferred tax asset of $0.1 million was recognised against income tax expenses of $0.1 million. The Company has recognised the unused tax losses and credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and credits can be utilised. This can be attributed to the Company's recent success and the positive outlook for its future cash flows and taxable profit projections. Income tax expenses, when incurred, are related to D-BOX's international operations in different countries and different foreign rules of taxation.

5.6 Net Profit

Net profit for the three month period ended June 30, 2026, amounted to $2.9 million (basic and diluted net profit per share of $0.013 and $0.012 respectively) compared with $2.0 million (basic and diluted net profit per share of $0.009 and $0.009 respectively) for the corresponding period in the previous year. The increase is largely due to the increase in rights for use, rental and maintenance revenues.

6 QUARTERLY DATA

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

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

	FY 2027	FY 2026				FY 2025		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
System sales	**8,424**	11,666	10,708	11,632	9,044	6,368	10,136	8,929
Rights for use, rental and maintenance	**4,978**	2,985	3,083	4,476	3,994	2,241	3,163	3,188
Total Revenues	**13,402**	14,651	13,791	16,108	13,038	8,609	13,299	12,117
Adjusted EBITDA*	**4,257**	3,242	3,359	5,594	3,328	1,578	2,565	2,905
Net profit (loss)	**2,940**	1,888	9,061	4,526	1,952	720	1,531	2,026
Basic net profit (loss) per share	**0.013**	0.008	0.041	0.020	0.009	0.003	0.007	0.009
Diluted net profit (loss) per share	**0.012**	0.008	0.040	0.020	0.009	0.003	0.007	0.009
Weighted average number of common shares outstanding (in thousands)	**222,201**	222,448	222,325	222,022	222,022	220,757	220,381	220,227

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

7 LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

The following table shows certain selected significant financial information from the consolidated balance sheets as at June 30, 2026 and March 31, 2026:

	As at June 30, 2026	**As at March 31, 2026**
Cash and cash equivalents	**17,828**	17,585
Accounts receivable	**8,974**	8,360
Inventories	**6,551**	6,155
Total finance leases receivable	**1,728**	1,319
Total assets	**48,327**	46,550
Total current liabilities	**7,113**	8,438
Total liabilities	**10,468**	11,916
Equity	**37,859**	34,634

Working capital increased $2.9 million to $27.6 million as at June 30, 2026, from $24.7 million as at March 31, 2026. This is due to an increase in cash flows provided by operations during the period, resulting in increased cash and cash equivalents at June 30, 2026.

Accounts receivable increased $0.6 million to $9.0 million as at June 30, 2026, compared to $8.4 million as at March 31, 2026. This increase is primarily attributable to the timing of revenue recognition associated with several high-performing blockbuster film releases near the end of the fiscal period, as well as the continued expansion of our theatrical footprint. Inventory increased by $0.4 million to $6.6 million as at June 30, 2026, from $6.2 million as at

March 31, 2026. The increase in inventory is largely driven by higher procurement activity to support expanding footprint and demand, particularly in the theatrical. Total finance leases receivable – including the current portion of finance leases receivable – increased $0.4 million to $1.7 million as at June 30, 2026, compared to $1.3 million as at March 31, 2026. This increase reflects growing traction in D-BOX's financing product offerings, which enable exhibitor partners to deploy D-BOX haptic systems with reduced upfront capital requirements. By offering flexible financing structures, D-BOX lowers the barrier to adoption for exhibitors, accelerating screen installations and expanding the installed base while generating a recurring, predictable receivable stream for the Company. This approach is strategically aligned with D-BOX's goal of growing its theatrical footprint, as it allows exhibitor partners to prioritize premium experience upgrades even within constrained capital expenditure environments.

Current liabilities decreased $1.3 million to $7.1 million as at June 30, 2026, compared to $8.4 million as at March 31, 2026. This decreased was primarily driven by a $1.4 million reduction in accounts payable and accrued liabilities, reflecting the timing of vendor payments and settlement of period-end accruals, along with a $0.2 million reduction in deferred revenues as previously deferred amounts were recognized in the period. These decreases were partially offset by movements in other current liability components.

Total liabilities decreased $1.4 million to $10.5 million as at June 30, 2026, from $11.9 million as at March 31, 2026. In addition to the reduction in current liabilities described above, the decrease in total liabilities reflects the Company's continued progress in reducing its overall debt burden, including scheduled repayments of long-term debt and lease obligations during the period. The overall reduction in total liabilities further strengthens the Company's balance sheet and enhances its financial flexibility going forward.

In line with our disciplined capital allocation strategy, a significant portion of cash is maintained in high interest savings accounts to optimize interest income. As at June 30, 2026, 88% of the cash balance was maintained in high interest savings accounts (88% as a March 31, 2026). This shift reflects both increased liquidity needs to support growth and ongoing efforts to maximize returns on idle cash.

Equity increased $3.2 million to $37.9 million as at June 30, 2026, from $34.6 million as at March 31, 2026. The increase resulted mainly from the $2.9 million net profit for the period ended June 30, 2026.

The following table shows selected significant financial information for the three month period ended June 30, 2026, compared with the corresponding period of the previous fiscal year:

	2026	2025
Cash flows provided by operating activities	**1,016**	2,829
Cash flows used in investing activities	**(244)**	(289)
Cash flows used in financing activities	**(561)**	122

For the three month period ended June 30, 2026, net change in cash and cash equivalents totaled $0.2 million cash generated compared to $2.6 million for the corresponding period in the previous year.

7.1 Operating Activities

For the three month period ended June 30, 2026, cash flows provided by operating activities totaled $1.0 million compared with $2.8 million for the corresponding period in the previous year. This $1.8 million decrease in cash flows from operating activities was primarily driven by working capital movements during the period, including a $0.6 million increase in accounts receivable reflecting the timing of revenue recognition tied to late-quarter blockbuster releases, a $0.4 million increase in inventories to support expanding footprint and demand, and a $1.0 million reduction in accounts payable and accrued liabilities reflecting the timing of vendor payments and settlement of period-end accruals, as well as a $0.2 million decrease in deferred revenues as previously deferred amounts were recognized. These working capital outflows more than offset the $0.5 million improvement in net profit before income taxes and the significant increase in non-cash share-based compensation expense.

7.2 Investing Activities

For the three month period ended June 30, 2026, cash flows used in investing activities totaled $0.2 million compared with $0.3 million for the corresponding period in the previous year. The modest decrease reflects the Company's continued discipline in capital expenditure management, with investing outflows remaining at a low level even as operational momentum accelerated. The Company continues to prioritize investments that drive sustainable growth and operational efficiency, while maintaining a prudent stance on capital deployment.

7.3 Financing Activities

For the three month period ended June 30, 2026, cash flows used in financing activities amounted to $0.6 million compared with cash flows provided by financing activities of $0.1 million for the corresponding period in the previous year. This $0.7 million increase in financing outflows reflects the Company's proactive approach to debt reduction, with the period's financing cash flows primarily related to scheduled repayments of long-term debt and lease obligations, as well as interest payments. In addition, the Company repurchased and cancelled $0.4 million of its common shares during the period, demonstrating its commitment to returning value to shareholders while maintaining a disciplined approach to capital allocation.

As at June 30, 2026, the effective interest rate of long-term debt was nil (3.29% as at June 30, 2025). For the three month period ended June 30, 2026, the interest expense on long-term debt charged to net profit amounted to $3 thousand compared with $11 thousand for the corresponding period in the previous year.

8 NON-IFRS FINANCIAL PERFORMANCE MEASURES

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

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

	Three month periods	
	2026	2025
Net profit	**2,940**	1,952
Amortization of property and equipment	**262**	318
Amortization of intangible assets	**115**	144
Financial expenses (income)	**(58)**	25
Income taxes (recoveries)	**(2)**	–
Share-based payments	**943**	52
Foreign exchange loss (gain)	**57**	(13)
Restructuring costs	**–**	850
Adjusted EBITDA	**4,257**	3,328

2 Adjusted EBITDA margin is used to evaluate the Company's capacity to generate adjusted EBITDA. The calculation is performed by dividing adjusted EBITDA by total revenues.

3 Gross margin is used to evaluate the Company's capacity to generate funds through product sales by considering the cost of these products (see the reconciliation table in section 5.2).

9 FULLY DILUTED SHARE CAPITAL (AUGUST 11, 2026)

	Class A common shares
Class A common shares outstanding	222,593,072
Convertible instruments	
Stock-options outstanding	15,755,001
Restricted share units outstanding	1,449,976
	239,798,049

10 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") STRATEGY

The Company 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 Company 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 Company recognizes that ESG has gained a greater importance among investors, policymakers, and other key stakeholders because it is seen as a way to safeguard businesses from future risks. The three pillars of ESG for D-BOX are as follows:

> *'E' or Environmental* pertains to the Company's energy use, waste, pollution, and natural resource conservation;
>
> *'S' or Social* looks at how the Company interacts with communities where it operates, and the Company's internal policies related to labour, diversity and inclusion policies, among others;
>
> *'G' or Governance* relates to internal practices and policies that lead to effective decision making and legal compliance. ESG facilitates the Company's top-line growth in the long run, attracts talent, reduces costs, and forge a sense of trust amongst consumers.

D-BOX has taken a proactive approach by adopting policies and behaviours pertaining to environment and sustainability, wellbeing, diversity and ethics. These policies and behaviours are described in the Annual Information Form (AIF) dated June 2, 2026, which is available on www.sedarplus.ca.

11 RISK AND UNCERTAINTIES

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

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

1. Dependence on Theatrical Industry; Content Availability/Performance; Seasonality
2. Concentration of Clients
3. Credit Risk
4. Political, Social, Economic and Public Health Conditions
5. Consumer Preferences and Trends
6. Competition, Pricing Pressure and Margin Compression
7. Supply Chain, Cross-Border Trade and Foreign Exchange
8. Product Safety, Warranty, Recalls and Claims

9. Technology Change, Obsolescence, Innovation and AI
10. Intellectual Property, Data Protection, Privacy and Cybersecurity
11. Execution Risk
12. Liquidity, Capital Requirements and Access to Financing
13. Indebtedness
14. Dependence on Key Personnel and Labour Relations
15. Legal, Regulatory and Litigation
16. Reputational Risk through Social Media

For a detailed description of risk factors associated with the Company, please refer to the "Risk Factors" section of the Company's the Annual Information Form (AIF) dated June 2, 2026, which is available on www.sedarplus.ca. This document should be read together with such risk factors described in the 2026 AIF, which are hereby incorporated by reference.

12 DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

During the three month period ended June 30, 2026, there were no changes in the Company's internal control over financial reporting that materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

13 CONTINUOUS INFORMATION AND ADDITIONAL DISCLOSURE

This MD&A was prepared as at August 11, 2026. Additional information can be found on the SEDAR website at www.sedarplus.ca.

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

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