Management's Discussion and Analysis

D-BOX Technologies Inc.
Three and twelve month periods ended March 31, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS
D-BOX Technologies Inc.
Three and twelve month periods ended March 31, 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 and twelve month periods ended March 31, 2026, by comparing them to the results of the corresponding periods of the previous fiscal year. It also presents a comparison of the balance sheets as at March 31, 2026 and March 31, 2025.

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

The consolidated financial statements for the fiscal year ended March 31, 2026, and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors of the Company on June 2, 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 March 31, 2026, D-BOX had 93 employees compared with 97 employees as at March 31, 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 engages in business activities within a single operating segment. D-BOX sells its products to OEMs including integrators, resellers and distributors. As it relates specifically to system sales revenues, the Company analyzes and discusses performance across four customer groups; theatrical, sim racing, simulation and training and other customers. While D-BOX distributes the same products across all customer groups, it recognizes that these groups have a disproportionate effect on revenue and, as such, they discuss them separately.

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

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

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

4 FINANCIAL AND OPERATING HIGHLIGHTS

Highlights for the three month period ended March 31, 2026

- Total revenues increased 70% to $14.7 million, compared with $8.6 million in the previous year.
- Adjusted EBITDA* increased to $3.2 million, compared with $1.6 million in the previous year.
- Net profit before income taxes increased to $2.2 million, compared with $0.7 million in the previous year.
- Rights for use, rental and maintenance revenues increased 33% to $3.0 million, compared with $2.2 million in the previous year.
- System sales revenues increased 83% to $11.7 million, compared with $6.4 million in the previous year.
- Cash and cash equivalents was $17.6 million as at March 31, 2026 compared with $7.8 million as at March 31, 2025.
- On March 23, 2026, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 21 million common shares, subject to the normal terms and limitations of such bids.

Highlights for the twelve month period ended March 31, 2026

- Total revenues increased 35% to a record $57.6 million compared with $42.8 million in the previous year.
- Adjusted EBITDA* increased 112% to a record $15.5 million compared with $7.3 million in the previous year.
- Net profit before income taxes increased 193% to a record $11.4 million compared with $3.9 million in the previous year.
- Rights for use, rental and maintenance revenues increased 32% to a record $14.5 million compared with $11.0 million in the previous year.
- System sales revenues increased 36% to a record $43.1 million compared with $31.8 million in the previous year.

	Three month periods ended March 31			Twelve month periods ended March 31		
	2026	2025	Var. (%)	**2026**	2025	Var. (%)
Revenues	**14,651**	8,609	70 %	**57,588**	42,787	35 %
Net profit	**1,888**	720	162 %	**17,427**	3,858	352 %
Adjusted EBITDA*	**3,242**	1,578	105 %	**15,523**	7,311	112 %
Basic net profit per share	**0.008**	0.003	160 %	**0.078**	0.017	348 %
Diluted net profit per share	**0.008**	0.003	157 %	**0.076**	0.017	343 %
	As at March 31, 2026			**As at March 31, 2025**		
Cash and cash equivalents	**17,585**			7,812		

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

5 OPERATING RESULTS

5.1 Revenues

The following table presents the revenue information for the three and twelve month periods ended March 31, 2026, compared with the corresponding periods of the previous fiscal year:

	Three month periods				Twelve month periods			
	2026	2025	Var. ($)	Var. (%)	**2026**	2025	Var. ($)	Var. (%)
Revenues from								
System sales								
Theatrical	**7,760**	992	6,768	682%	**24,107**	10,362	13,745	133%
Sim racing	**1,482**	2,682	(1,200)	(45)%	**9,063**	10,021	(958)	(10)%
Simulation and training	**1,717**	2,408	(691)	(29)%	**7,206**	8,605	(1,399)	(16)%
Other	**707**	286	421	147%	**2,674**	2,771	(97)	(4)%
Total system sales	**11,666**	6,368	5,298	83%	**43,050**	31,759	11,291	36%
Rights for use, rental and maintenance	**2,985**	2,241	744	33%	**14,538**	11,028	3,510	32%
Total Revenues	**14,651**	8,609	6,042	70%	**57,588**	42,787	14,801	35%

Three month period ended March 31, 2026

For the three month period ended March 31, 2026, revenue increased 70% to $14.7 million compared with $8.6 million for the corresponding period in the previous year.

System sales to theatrical customers increased 682% to $7.8 million compared with $1.0 million for the corresponding period in the previous year. This increase reflects D-BOX's emergence as a preferred capital allocation priority for it's exhibitor partners looking to maximize per-patron yield. Net new screen installations reached 66, offset by 8 deactivations, compared to 6 net new screens from the same period last year. While this surge reflects the brand's increasing penetration and the release of high-performing blockbuster content, we continue to adopt a disciplined outlook regarding future hardware cycles. We expect system sales to normalize toward historical patterns of seasonality and cyclicality, as 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 18.7%, bringing the total number of active screens to 1,201 as of March 31, 2026, compared with 1,012 in the previous year.

System sales revenue among sim racing customers decreased 45% to $1.5 million compared with $2.7 million for the corresponding period in the previous year. The decrease is primarily attributable to OEM customers slowing the pace of their purchasing activity as they reassessed inventory positions and deferred new system orders in response to broader macroeconomic uncertainty.

System sales revenue among simulation and training customers decreased 29% to $1.7 million compared with $2.4 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 147% to $0.7 million compared with $0.3 million for the corresponding period in the previous year, driven by continued traction in adjacent markets.

Right for use, rental and maintenance revenues increased 33% to $3.0 million compared with $2.2 million for the corresponding period in the previous year. The year-over-year increase was driven primarily by a 24.8%[2] increase in the North American domestic box office, which supported higher royalty-based revenue, as well as the 18.7% increase in our installed footprint. For the second consecutive quarter, the gross domestic box office was not concentrated, with the top 10 grossing films accounting for only 59.7% of the total box office. D-BOX technology was featured in 70% of these top ten grossing films. D-BOX-encoded movies once again delivered strong results among the highest grossing titles of the quarter, including Project Hail Mary, Avatar: Fire and Ash and Hoppers.

Twelve month period ended March 31, 2026

For the twelve month period ended March 31, 2026, revenue increased 35% to $57.6 million compared with $42.8 million for the corresponding period in the previous. The increase was driven primarily by higher sales to theatrical customers and increased rights for use, rental and maintenance revenues.

System sales to theatrical customers increased 133% to $24.1 million compared to $10.4 million for the corresponding period in the previous year. This growth reflects continued rollout activity across several exhibitor circuits, including the addition of multiple screens within both existing and newly opened locations. Installing multiple D-BOX-enabled auditoriums in a single complex allows exhibitors to deliver a consistent premium experience across a broader portion of their programming slate, while also enabling patrons to access D-BOX showtimes well beyond opening weekend. As D-BOX infrastructure can now support up to 10 auditoriums per complex, patrons benefit from greater scheduling flexibility and exhibitors can maximize the revenue potential of their D-BOX investment throughout the life of a film's theatrical run. These dynamics contributed to sustained expansion of our footprint and reinforced our leadership position in premium motion-enabled theatrical experiences. While the year benefited from strong adoption trends, we remain disciplined in our expectations for future hardware cycles, which historically exhibit seasonality and are influenced by the strength of the global box office and exhibitors' free cash flow profiles.

System sales revenue among sim racing customers decreased 10% to $9.1 million compared with $10.0 million for the corresponding period in the previous year. The year-over-year change reflects a normalization following a period of elevated demand, though the segment continued to benefit from the expansion of sim racing centers and broader market interest in high-fidelity racing experiences. Despite the decline, the category remains structurally well-positioned, supported by a growing ecosystem of commercial operators and content partners.

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

System sales revenue among simulation and training customers decreased 16% to $7.2 million compared with $8.6 million for the corresponding period in the previous year. The decline reflects a deceleration in demand for our third-party OEM customers' products, as certain partners moderated procurement.

System sales revenue among other customers decreased 4% to $2.7 million compared with $2.8 million for the corresponding period in the previous year. This decrease was expected and is attributable to the planned exit from the direct-to-consumer hardware market announced in February 2024, as we continue to prioritize the highest-performing commercial channels and focus resources on scalable, margin-accretive opportunities.

Right for use, rental and maintenance revenues increased 32% to $14.5 million compared with $11.0 million for the corresponding period in the previous year. The increase was driven by a 18.7% year-over-year expansion in our global footprint and continued strengthening of brand recognition among exhibitors and moviegoers. Our haptic designed films remain a key competitive differentiator, enabling exhibitors to offer a premium, motion-enhanced experience that consistently resonates with audiences and supports recurring revenue generation across our installed base.

5.2 Gross Profit

The following table reconciles gross margin to gross profit for the three and twelve month periods ended March 31, 2026, compared with the corresponding period of the previous fiscal year:

	Three month periods		Twelve month periods	
	2026	2025	**2026**	2025
Revenues	**14,651**	8,609	**57,588**	42,787
Gross profit	**7,084**	4,661	**30,385**	22,327
Gross margin*	**48%**	54%	**53%**	52%

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

Three month period ended March 31, 2026

For the three month period ended March 31, 2026, gross profit increased to $7.1 million from $4.7 million for the corresponding period in the previous year. Gross margin decreased to 48% from 54% for the corresponding period in the previous year. The decline in gross margin reflects a less favorable revenue mix, driven primarily by a lower proportion of high-margin right for use, rental and maintenance revenues relative to total revenue in the current period. In addition, the significant increase in theatrical system sales—while accretive to gross profit—also contributed to the margin compression, as these revenues carry structurally lower margins relative to our recurring revenue streams.

Twelve month period ended March 31, 2026

For the twelve month period ended March 31, 2026, gross profit increased to $30.4 million from $22.3 million for the corresponding period in the previous year, reflecting the overall growth in revenue, including a meaningful contribution from high-margin right for use, rental and maintenance revenues. Gross margin increased to 53% from 52% for the corresponding period in the previous year. The improvement in gross margin is primarily attributable to a higher proportion of recurring, higher-margin right for use, rental and maintenance revenues relative to system sales. This favorable mix shift more than offset the impact of increased theatrical system sales, which, while accretive to gross profit, carry structurally lower margins compared with our recurring revenue streams.

5.3 Operating Expenses

The following table presents operating expense information for the three and twelve month periods ended March 31, 2026, compared with the corresponding period of the previous fiscal year:

	Three month periods			Twelve month periods		
	2026	2025	Var. (%)	**2026**	2025	Var. (%)
Selling and marketing	**1,506**	1,242	21%	**5,820**	6,595	(12)%
% of revenues	10%	14%		10%	15%	
Administration	**2,088**	1,327	57%	**7,753**	6,405	21%
% of revenues	14%	15%		13%	15%	
Research and development	**1,227**	1,099	12%	**5,240**	4,376	20%
% of revenues	8%	13%		9%	10%	
Loss on disposal of assets	**92**	—	n.a.	**92**	—	n.a.
% of revenues	1%	—%		—%	—%	
Foreign exchange loss	**6**	206	(97)%	**106**	615	(83)%
% of revenues	—%	2%		—%	1%	
Total operating expenses	**4,919**	**3,874**	27%	**19,011**	17,991	6%
% of revenues	34%	45%		33%	42%	

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 March 31, 2026, selling and marketing expenses increased by 21% to $1.5 million (10% of revenues) compared with $1.2 million (14% of revenues) for the corresponding period in the previous year. The increase was driven by higher share-based compensation expense ($0.1 million) and salaries and benefits ($0.1 million), with the remaining variance attributable to increased spending on point-of-sale advertising materials and professional fees.

For the twelve month period ended March 31, 2026, selling and marketing expenses decreased by 12% to $5.8 million (10% of revenues) compared with $6.6 million (15% of revenues) for the corresponding period in the previous year. The decrease primarily reflects a temporary reduction in employee headcount, which lowered salary-related expenses and contributed to improved operating leverage over the period.

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 March 31, 2026, administration expenses increased by 57% to $2.1 million (14% of revenues) compared with $1.3 million (15% of revenues) for the corresponding period in the previous year. The increase was driven by higher share-based compensation expense ($0.5 million), and salaries and benefits ($0.1 million).

For the twelve month period ended March 31, 2026, administration expenses increased by 21% to $7.8 million (13% of revenues) compared with $6.4 million (15% of revenues) for the corresponding period in the previous year. The increase is due to the $1.2 million restructuring charge in connection with the changes in Chief Executive Officer and Chief Financial Officer. Excluding this non-recurring item, administration expenses would have remained essentially

flat year over year, despite a $0.5 million increase in share-based compensation expense, reflecting disciplined cost management across the organization and the alignment of the Company's compensation structure with the interests of stakeholders.

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 March 31, 2026, research and development expenses increased by 12% to $1.2 million (8% of revenues) from $1.1 million (13% of revenues) for the corresponding period in the previous year.

For the twelve month period ended March 31, 2026, research and development expenses increased by 20% to $5.2 million (9% of revenues) from $4.4 million (10% of revenues) for the corresponding period in the previous year. The increase reflects a reduction in projects capitalized to the balance sheet in the current year ($0.2 million) and lower government assistance received. The remaining variance is attributable to prioritized investment in next-generation software development, supporting the long-term evolution of our technology platform and enabling the advancements that allow D-BOX to continue to expand it's global footprint.

Loss on Disposal of Assets: For the three and twelve month periods ended March 31, 2026, the Company disposed of $93 worth of non-theatrical goods held for lease, with a carrying amount of $89.

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 and twelve month periods ended March 31, 2026, foreign exchange loss amounted to $0.0 million and $0.1 million, respectively, compared to $0.2 million and $0.6 million for the corresponding periods in the previous year.

5.4 Financial Expenses

For the three and twelve month periods ended March 31, 2026, financial expenses net of interest income amounted to almost $nil and $nil, respectively, compared with $0.1 million and $0.5 million for the corresponding periods in the previous year. This reduction is due to reduced debt usage throughout the current period, combined with placement of excess cash in high interest savings accounts throughout the current period, as compared to the previous period.

5.5 Income Taxes

With respect to accounting for future income taxes, the Company recorded a deferred tax benefit relating to the recognition of previously unused tax losses and unused tax credits. For the three and twelve month periods ended March 31, 2026, a deferred tax asset of $6.4 million has been recognised in net profit as a recovery of income taxes. 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 and twelve month periods ended March 31, 2026, amounted to $1.9 million (basic and diluted net profit per share of $0.008 and $0.008 respectively) and $17.4 million (basic and diluted net profit per share of $0.078 and $0.076 respectively), respectively, compared with $0.7 million (basic and diluted net profit per share of $0.003) and $3.9 million (basic and diluted net profit per share of $0.017) for the corresponding periods in the previous year. The increase is largely due to the increase in rights for use, rental and maintenance revenues, as well as theatrical system sales revenue increases.

6 QUARTERLY DATA

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

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

	FY 2026				FY 2025			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
System sales	**11,666**	10,708	11,632	9,044	6,368	10,136	8,929	6,326
Rights for use, rental and maintenance	**2,985**	3,083	4,476	3,994	2,241	3,163	3,188	2,436
Total Revenues	**14,651**	13,791	16,108	13,038	8,609	13,299	12,117	8,762
Adjusted EBITDA*	**3,242**	3,359	5,594	3,328	1,578	2,565	2,905	263
Net profit (loss)	**1,888**	9,061	4,526	1,952	720	1,531	2,026	(419)
Basic net profit (loss) per share	**0.008**	0.041	0.020	0.009	0.003	0.007	0.009	(0.002)
Diluted net profit (loss) per share	**0.008**	0.040	0.020	0.009	0.003	0.007	0.009	(0.002)
Weighted average number of common shares outstanding	**222,448**	222,325	222,022	222,022	220,757	220,381	220,227	220,227
(in thousands)								

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

7 LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

The following table shows certain selected significant financial information from the consolidated balance sheets as at March 31, 2026 and March 31, 2025:

	As at March 31, 2026	As at March 31, 2025
Cash and cash equivalents	**17,585**	7,812
Accounts receivable	**8,360**	6,881
Inventories	**6,155**	5,609
Deferred tax asset	**6,407**	–
Total assets	**46,550**	28,423
Total current liabilities	**8,438**	7,655
Total liabilities	**11,916**	12,156
Equity	**34,634**	16,267

Working capital increased $11.3 million to $24.7 million as at March 31, 2026, from $13.4 million as at March 31, 2025. This is due to an increase in cash flows provided by operations during the period, resulting in increased cash and cash equivalents at March 31, 2026.

Accounts receivable increased $1.5 million to $8.4 million as at March 31, 2026, compared to $6.9 million as at March 31, 2025. 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 $0.5 million to $6.2 million as at March 31, 2026, from $5.6 million as at March 31, 2025. The increase in inventory is largely driven by higher procurement activity to support expanding footprint and demand, particularly in the theatrical. Deferred tax assets increased $6.4 million due to the recognition of a deferred tax benefit relating to of tax losses and credits in previous years.

Current liabilities increased $0.8 million to $8.4 million as at March 31, 2026, compared to $7.7 million as at March 31, 2025. This increase was primarily driven by a $1.6 million increase in accounts payables and accrued liabilities, reflecting higher operating activity and timing of payments, partially offset by a $0.6 million reduction in deferred revenues. Total liabilities decreased $0.2 million to $11.9 million as at March 31, 2026, from $12.2 million as at March 31, 2025. This reduction is mainly due to the early repayment of the remaining balance of the the National Bank of Canada ["NBC"] loan, resulting in total indebtedness – including the current portion of long-term debt and the credit facility – falling to $0.3 million, from $1.2 million as at March 31, 2025. The Company's proactive approach to debt management has further strengthened its balance sheet and improved financial flexibility.

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 March 31, 2026, 88% of the cash balance was maintained in high interest savings accounts (80% as a March 31, 2025). This shift reflects both increased liquidity needs to support growth and ongoing efforts to maximize returns on idle cash.

Equity increased $18.4 million to $34.6 million as at March 31, 2026, from $16.3 million as at March 31, 2025. The increase resulted mainly from the $17.4 million net profit for the period ended March 31, 2026.

The following table shows selected significant financial information for the twelve month periods ended March 31, 2026, compared with the corresponding period of the previous fiscal year:

	2026	2025
Cash flows provided by operating activities	**11,986**	7,455
Cash flows used in investing activities	**(994)**	(1,295)
Cash flows used in financing activities	**(1,306)**	(1,413)

For the twelve month period ended March 31, 2026, net change in cash and cash equivalents totaled $9.8 million cash generated compared to $4.9 million for the corresponding period in the previous year.

7.1 Operating Activities

For the twelve month period ended March 31, 2026, cash flows provided by operating activities totaled $12.0 million compared with $7.5 million for the corresponding period in the previous year. This $4.5 million variance in cash flow from operating activities is primarily attributable to the substantial improvement in net profit before income taxes, reflecting both higher revenues and enhanced profitability across the business. The Company's disciplined execution of its commercial strategy, combined with effective cost management and margin expansion, contributed to this positive variance.

7.2 Investing Activities

For the twelve month period ended March 31, 2026, cash flows used in investing activities totaled $1.0 million, remaining broadly consistent with the prior year. This stability reflects the Company's disciplined approach to capital expenditures and investment decisions, 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 twelve month period ended March 31, 2026, cash flows used in financing activities amounted to $1.3 million compared with $1.4 million for the corresponding period in the previous year. This modest decrease reflects the Company's continued focus on prudent capital management and its proactive approach to debt reduction. During the period, financing outflows were primarily related to scheduled repayments of long-term debt and lease obligations, as well as interest payments. The early repayment of the remaining balance of the National Bank of Canada loan further contributed to the reduction in total indebtedness, enhancing the Company's financial flexibility and strengthening its balance sheet.

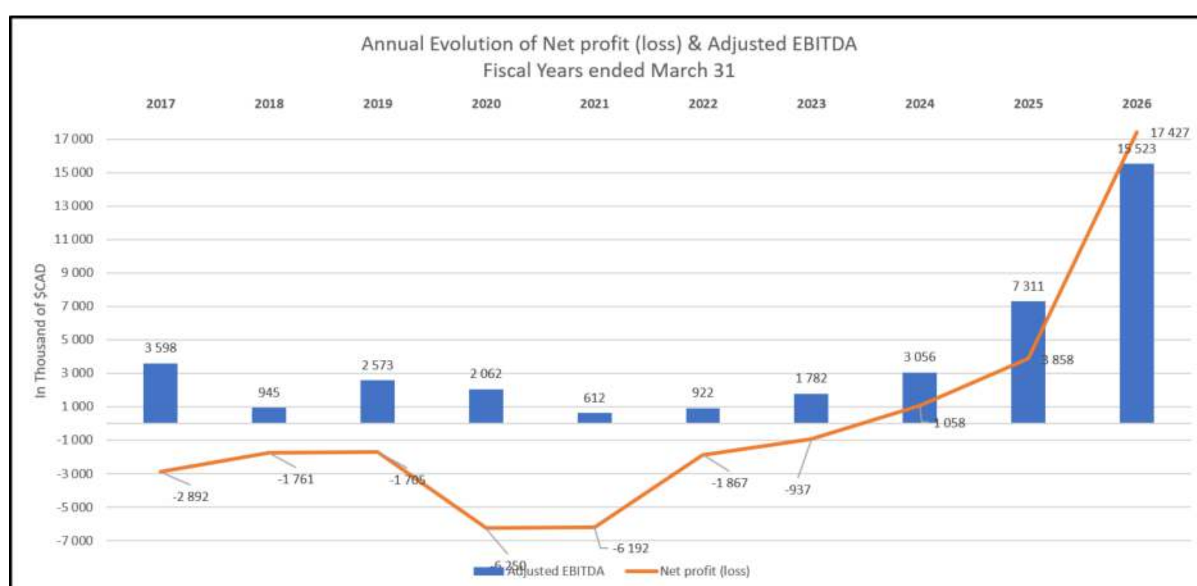
As at March 31, 2026, the effective interest rate of long-term debt was nil (2.32% as at March 31, 2025). For the twelve month period ended March 31, 2026, the interest expense on long-term debt charged to net profit amounted to $34 thousand compared with $140 thousand for the corresponding period in 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		Twelve month periods	
	2026	2025	**2026**	2025
Net profit	**1,888**	720	**17,427**	3,858
Amortization of property and equipment	**283**	320	**1,193**	1,216
Amortization of intangible assets	**114**	151	**526**	567
Financial expenses (income)	**(47)**	61	**10**	452
Income taxes (recoveries)	**324**	5	**(6,063)**	26
Share-based payments	**582**	143	**1,025**	200
Foreign exchange loss	**6**	206	**106**	615
Restructuring costs	**–**	(28)	**1,207**	377
Adjusted EBITDA	**3,242**	1,578	**15,523**	7,311



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 (JUNE 2, 2026)

	Class A common shares
Class A common shares outstanding	222,186,572
Convertible instruments	
Stock-options outstanding	12,955,001
	235,141,573

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 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Significant judgements and estimates

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that could affect the amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In connection with the application of the Company's accounting policies, management has made the following judgments, which have the most material impact on the carrying amounts of assets and liabilities reported in the consolidated financial statements.

Leases

The Company is involved in the rental of motion systems as a lessor. The Company has determined, based on its assessment of the terms and conditions of agreements, such as lease term and minimum lease payments, that it may or may not retain substantially all the risks and rewards of ownership of the systems for its lease contracts. Accordingly, the Company has accounted for these agreements as operating or finance leases, as deemed appropriate.

Intangible assets

Development costs related to D-BOX motion technology are capitalized in accordance with the accounting policy described in note 3.12 of the consolidated financial statements. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied, the expected period of benefits and forecasted revenues.

Estimates

The underlying estimates and assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. Accordingly, they provide a basis for judgments made in determining the carrying amounts of assets and liabilities.

The final amounts appearing in the Company's future consolidated financial statements may differ from the amounts currently estimated. These estimates and assumptions are reviewed on an ongoing basis. The main estimates used concern the impairment of non-financial assets, provision for expected credit losses of trade receivables, share-based payment valuations, as well as the recognition of deferred tax benefits.

Impairment of non-financial assets

Impairment of non-financial assets exists when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of fair value less cost of disposal is based on available data from sales transactions involving similar assets in arms-length exchanges and observable market prices less incremental costs to dispose of the asset.. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the Company's forecast and strategic plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model, the expected future cash flows and the perpetual growth rate used for extrapolation.

Provision for expected credit losses of trade accounts receivables

The Company uses a provision matrix to calculate expected credit losses ["ECLs"] for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns [i.e., by geography, customer type and rating, and coverage by credit insurance]. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade accounts receivables is disclosed in note 3 of the consolidated financial statements.

Share-based payment valuations

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most

appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. Estimating the future settlement where the terms of the arrangement provide the entity with a choice of settlement requires determination of historical precedence.

For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 13 of the consolidated financial statements.

Recognition of deferred tax benefits

Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded in the statement of financial position to date, if any, could be impacted.

12 FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk due to fluctuations in interest rates on cash and cash equivalents that earn interest at market rates and its variable interest rate on the credit facility and the long-term debt. The Company does not use derivative instruments to reduce its exposure to interest rate risk. On an annual basis, a 1% change in interest rates would have had a $174 impact on net profit for the year ended March 31, 2026 [impact of $75 for the year ended March 31, 2025].

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations.

Credit risk

The Company is exposed to credit losses arising from payment defaults by third parties. The Company evaluates the creditworthiness of its clients to limit the amount of credit extended, where appropriate, and establishes an allowance for expected credit losses sufficient to cover probable and reasonably estimated losses. Furthermore, the Company generally insures its trade accounts receivable balances with Export Development Canada. As at March 31, 2026, three clients accounted for 43% of total trade accounts receivable and 14% of trade accounts receivable were 96% insured [as at March 31, 2025, three clients accounted for 39% of total trade accounts receivable and 33% of trade accounts receivable were 96% insured]. Historically, the Company has not written off a significant amount of trade accounts receivable. Outstanding trade accounts receivable over 90 days past due stood at 8% as at March 31, 2026 [7% as at March 31, 2025]. The Company allowance for expected credit losses amounted to $324 as at March 31, 2026 [$254 as at March 31, 2025]. Accounts receivable included investment tax credits, commodity taxes and government assistance receivables, which are receivable from the government and not exposed to significant credit risk. Cash and cash equivalents are mainly held with a limited number of Canadian chartered banks.

Foreign exchange risk

The Company is exposed to foreign exchange risk due to cash and cash equivalents, trade accounts receivable, short-term deposits, and accounts payable denominated in U.S. dollars. As at March 31, 2026, financial assets, consisting primarily of cash, trade accounts receivable and deposits denominated in U.S. dollars, totaled US$5,907, US$4,808 and US$80 respectively [US$1,533, US$3,311 and US$125, respectively, as at March 31, 2025], and financial liabilities, consisting of accounts payable denominated in U.S. dollars totaled US$1,827 [US$1,680 as at March 31, 2025]. As at March 31, 2026, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a $1,250 impact on net profit [$473 as at March 31, 2025].
Moreover, the Company uses derivative financial instruments to mitigate foreign exchange risk. The Company elected not to apply hedge accounting. However, the Company considers that those derivative instruments partially hedge the foreign exchange risk related to those transactions. As at March 31, 2026, the Company held foreign exchange contracts with a nominal value ranging from US$4,750 to US$22,875 [from US$6,200 to US$6,700 as at March 31, 2025], allowing it to sell U.S. currency at a Canadian dollar exchange rate ranging from 1.3800 to 1.4300 [1.3580 to 1.4000 as at March 31, 2025] maturing from April 2026 to March 2028 [April 2025 to May 2026 as at March 31, 2025].

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages its liquidity to allow for the settlement of liabilities when they become due by continuously monitoring actual and expected cash flows. In past years, the Company financed its liquidity needs primarily by issuing debt and equity securities. The Company believes that it has sufficient liquidity to meet its working capital obligations and carry on its business for the next twelve months.

As at March 31, 2026, the Company's financial liabilities which had contractual maturities of under one year consisted of its accounts payable and accrued liabilities, derivative financial instruments, current portion of lease liabilities and current portion of long-term debt amounting to $7,791 [$6,493 as at March 31, 2025]. Non-current contractual liabilities included lease liabilities amounting to $3,337 [$3,581 as at March 31, 2025 – see note 11 for the maturity of lease payments] and long-term debt amounting to $141 [$920 as at March 31, 2025 – see note 12 for the maturity of debt payments].

13 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.

14 CONTINGENCY

In the normal course of business, the Company may be party to lawsuits and other claim proceedings. It is management's opinion that any resulting settlement would not have a material impact on the Company's financial position or operating results.

15 DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 Respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the President and Chief Executive Officer and the Chief Financial Officer, particularly during the period in which annual filings are being prepared. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures and concluded, based on their evaluation, that such disclosure controls and procedures were effective as of March 31, 2026.

Management has also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's internal control over financial reporting and concluded, based on their evaluation, that such controls were effective as of March 31, 2026.

Finally, there has been no change in the Company's internal control during the financial year beginning April 1, 2025 and ended March 31, 2026 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

16 CONTINUOUS INFORMATION AND ADDITIONAL DISCLOSURE

This MD&A was prepared as at June 2, 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.