

**VISION MARINE TECHNOLOGIES INC.**  
**Form 51-102F1 Management's Discussion & Analysis**  
**For the three-month and nine-month period ended May 31, 2025**

**1.1 Date July 11, 2025**

**Introduction**

The following management's discussion and analysis, prepared as of May 31, 2025, is a review of operations, current financial position and outlook for Vision Marine Technologies Inc. (the "Company"), and should be read in conjunction with the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025 and May 31, 2024, and the audited consolidated financial statements for the years ended August 31, 2024 and 2023 and the notes thereto. Amounts are reported in Canadian dollars based upon the interim condensed consolidated financial statements prepared in accordance with IAS 34, Interim Financial Reporting and annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") on SEDAR at [www.sedar.com](http://www.sedar.com). Unless otherwise noted, all references herein to "dollars" or "\$" are to Canadian dollars.

**Forward-Looking Statements**

Certain statements contained in the following Management's Discussion and Analysis ("MD&A") constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

**Risks and Uncertainties**

**General Risks**

***There is limited public information on our operating history.***

Our limited public operating history makes evaluating our business and prospects difficult. Although we were formed in 2012, we did not provide public reports on the results of operations until our 2020 fiscal year. We only have six years of audited financial statements.

Additionally, we recently acquired Nautical Ventures Group Inc ("Nautical Ventures") and its subsidiaries, a business whose assets and revenues account for the vast majority of our assets and revenues as of August 31, 2024 on a pro-forma basis. You have less available public information regarding Nautical Ventures than for our company. Audited financial statements for Nautical Ventures have only been publicly filed as of, and for the years ended, December 31, 2024 and 2023 and unaudited financials as of, and for the three months ended, March 31, 2025.

***We currently have a net loss, and if we are unable to achieve and grow a net income in the future our ability to grow our business as planned will be adversely affected.***

We have made significant up-front investments in research and development, sales and marketing, and general and administrative expenses to rapidly develop and expand our business. We had a net loss of \$12,344,937 for the nine-month period ended May 31, 2025 as compared to a net loss of \$10,407,997 for the same period last year. Although our net loss on a pro forma basis as of August 31, 2024 was \$13,022,289 as opposed to a historical net loss of \$14,316,083 for our Company, the operations of Nautical Ventures in future periods may increase our net loss. We may never achieve net income or if we do it may fail to grow or even decline in certain circumstances, many of which are beyond our control. Our revenues might not ever significantly exceed our expenses and may even be lower than our expenses. It may take us longer to obtain net income than we anticipate, if at all, or we may only do so at a much lower rate than we anticipate. Failure to obtain net income may mean that we will have to curtail our planned growth in operations or resort to financings to fund such growth in the future.

***To carry out our proposed business plan, we will require a significant amount of capital.***

If current cash, cash equivalents and revenue from our business are not sufficient to cover our cash requirements, we will need to raise additional funds through the sale of debt or equity securities, in either private placements or additional registered offerings. We require substantial access to capital for operations. For example, of the US\$91.2 million in the total liabilities of Nautical Ventures as of December 31, 2024, US\$56.1 million consisted of notes payable related to floor plan financing for the purchase of inventory. If we are unsuccessful in raising enough funds through such capital-raising efforts, we may review other financing possibilities such as bank loans and floor financing plans. Financing might not be available to us or, if available, only on terms that are not favorable or acceptable to us.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities, sell non-essential assets or substantially change our current corporate structure. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

***Terms of subsequent financings may adversely impact your investment.***

We may have to engage in common equity, debt, or preferred share financings in the future. During the nine-month period ended May 31, 2025, we issued 911,234 common shares and 45,000 pre-funded warrants (or approximately 82.6% of our outstanding common shares as of July 11, 2025) through various financings for net proceeds of approximately \$27.1 million, and we anticipate additional financings in the future. As a result, your rights and the value of your investment in our securities could be reduced. Interest on debt securities or floor plan financings could increase costs and negatively impact operating results. Preferred shares could be issued in one or more series from time to time with such designation, rights, preferences, and limitations as determined by the Board. The terms of preferred shares could be more advantageous to those investors than to the holders of common shares. In addition, if we need to raise more equity capital from the sale of common shares, institutional or other investors may negotiate terms at least as, and possibly more, favorable than the terms of your investment in our common shares.

***Expected benefits from business acquisitions may not materialize due to integration challenges***

On June 20, 2025, we acquired 100% of the equity of Nautical Ventures, a Florida-based recreational boat dealership, marina, and service provider. The success of a business acquisition depends on the integration of the acquired business through such tasks as the realization of synergies, elimination of cost duplication, information systems integration, and establishment of controls and procedures. The inability to adequately integrate an acquired business in a timely manner might result in lost business opportunities, higher than expected integration costs and departures of key personnel, all of which could have a negative impact on potential future earnings.

***Demand in the powerboat industry is highly volatile.***

Fluctuations in demand for recreational boats, parts and accessories may materially and adversely affect our business, prospects, operating results and financial condition. The markets in which we compete have been subject to considerable volatility in demand in recent periods. Recreational boats and related items are non-essential items, and demand for them depends to a large extent on general, economic and social conditions in a given market. Historically, sales of recreational powerboats decrease during economic downturns. We have fewer financial resources than more established boat retailers and manufacturers to withstand adverse changes in the market and disruptions in demand.

***Unfavorable weather conditions may have a material adverse effect on our business, financial condition, and results of operations, especially during the peak boating season.***

Adverse weather conditions in any year, in any particular geographic region, may adversely affect sales and rentals in that particular geographic region, especially during the peak boating season in such particular geographic region. Sales and rentals of our products are generally stronger just before and during spring and summer, which represent the peak boating months in most of our markets, and favorable weather during these months generally has a positive effect on

consumer demand for our products. Conversely, uncomfortable weather, excessive rainfall, reduced rainfall levels, or drought conditions during these periods may close area boating locations or render boating dangerous or inconvenient, thereby generally reducing consumer demand for our products. Our annual results would be materially and adversely affected if our net sales and rentals were to fall below expected seasonal levels during these periods. We may also experience more pronounced seasonal fluctuation in net sales and rentals in the future as we continue to expand our businesses. Additionally, to the extent that unfavorable weather conditions are exacerbated by global climate change or otherwise, our sales and rentals may be affected to a greater degree than we have previously experienced.

***Interest rate increases could adversely affect sales.***

Many of the boats sold by Nautical Ventures are financed. If interest rates rise, the cost of boat purchases for consumers relying on a financing plan will also rise. Higher interest rates costs can adversely affect consumers' decisions relating to recreational boat purchases.

***We depend on certain key personnel, and our success will depend on our continued ability to retain and attract such qualified personnel.***

Our success depends on the efforts, abilities and continued service of Alexandre Mongeon, our Chief Executive Officer, Xavier Montagne, our Chief Operating Officer and Chief Technology Officer, Raffi Sossoyan, our Chief Financial Officer, and Roger Moore, our Chief Revenue Officer. A number of these key employees and consultants have significant experience in the recreational boating, manufacturing and electric vehicle industries. A loss of service from any one of these individuals may adversely affect our operations, and we may have difficulty locating, or may not be able to locate and hire a suitable replacement. We have not obtained any "key person" insurance on certain key personnel.

***We are subject to numerous regulations, including environmental, health and safety laws, and any breach of such laws may have a material adverse effect on our business and operating results.***

We are subject to numerous regulations including those related to environmental, health and safety laws, including statutes, regulations, bylaws and other legal requirements. These laws relate to the marketing, selling, financing and servicing of boats as well as the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances (such as batteries), dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odors (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These regulations also apply to any contamination that our boats or powertrains cause in the lakes and rivers in which they operate. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws. Any breach of such laws and/or requirements could have a material adverse effect on our company and its operating results.

***Product liability, warranty, personal injury, property damage and recall claims may materially affect our financial condition and damage our reputation.***

We are engaged in a business that exposes us to claims of product liability and warranty claims in the event our products or the products that we sell actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in property damage, personal injury or death. Our products and the products that we sell involve kinetic energy, produce physical motion and are to be used on the water, factors which increase the likelihood of injury or death. Our electric boats and powertrains contain Lithium-ion batteries, which have been known to catch fire or vent smoke and flame, and chemicals which are known to be, or could later be proved to be, toxic carcinogenic. Likewise, the internal combustion engines in several of the boats we sell operate on highly flammable fuel. Any personal injury or wrongful death claim could, even if not justified, prove expensive to contest.

We do not provide warranties for the boats we sell but instead rely upon the warranties provided by the third-party manufacturers from whom we purchase the boats. Although we maintain product and general liability insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all such potential claims. We may experience legal claims in excess of our insurance coverage or claims that are not covered by insurance, either of which could adversely affect our business, financial condition and results of operations.

Adverse determination of material product liability and warranty claims made against us could have a material adverse effect on our financial condition and harm our reputation. In addition, if any of our products, components in our products or products that we sell are, or are alleged to be, defective, we may be required to participate in a recall of that product or component if the defect or alleged defect relates to safety. Any such recall and other claims could be costly to us and require substantial management attention.

***Global economic conditions could materially adversely impact demand for our products and services.***

Our operations and performance depend significantly on economic conditions. Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence, including growing inflationary concerns and tariff uncertainty, resulting in a significant reduction in many major market indices. Uncertainty about global economic conditions could result in:

- customers postponing purchases of our products and services in response to tighter credit, unemployment, negative financial news and/or declines in income or asset values and other macroeconomic factors, which could have a material negative effect on demand for our products and services; and
- third-party suppliers being unable to produce parts and components for our products in the same quantity or on the same timeline or being unable to deliver such parts and components as quickly as before or subject to price fluctuations, which could have a material adverse effect on our production or the cost of such production; and

accordingly, on our business, results of operations or financial condition. Access to public financing and credit can be negatively affected by the effect of these events on Canadian, U.S. and global credit markets. The health of the global financing and credit markets may affect our ability to obtain equity or debt financing in the future and the terms at which financing or credit is available to us. These instances of volatility and market turmoil could adversely affect our operations and the trading price of our common shares.

***Our business may be materially affected by future pandemics.***

Potential future pandemics may disrupt our business and operational plans. These disruptions may include disruptions resulting from (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of, or price fluctuations in, supplies from third parties upon which we rely, (iv) restrictions that governments impose to address the pandemic, and (v) restrictions that we and our contractors and subcontractors impose to ensure the safety of employees and others. Any such pandemic may adversely affect our ability to produce goods or purchase goods from third parties as well as consumer demand for such goods.

***We are vulnerable to supply chain risks.***

We rely upon efficient and predictable supply chains for both the development of our e-Motion powertrain as well as the delivery of boats, parts and accessories from third-party manufacturers. Delays in supply chains could adversely impact our production as well as the delivery of inventory for sale, which in turn could adversely affect our revenues. Such supply chain disruptions could be rapid and unexpected and could arise from wars and other geopolitical conflicts, tariff disputes, future pandemics, natural disasters and other unforeseen events that could prevent the timely production of raw materials and goods that we or our manufacturers need and/or the timely delivery of such raw materials and goods.

***Fluctuations in currency exchange rates may significantly impact our results of operations.***

Our reporting currency is the Canadian dollar. Our operations are conducted in the United States and Canada, but almost all of our revenues for our 2024 fiscal year on a pro forma basis occurred in the United States. Additionally, almost all of our currently outstanding debt obligations are denominated in U.S. dollars. As a result, we are exposed to an exchange rate risk between the U.S. and Canadian dollars. The exchange rates between these currencies in recent years have fluctuated significantly and may continue to do so in the future. In our fiscal 2024, the monthly average

exchange rate as published by the Bank of Canada ranged from a high of US\$1.3717: \$1.00 to a low of US\$1.3425: \$1.00, while, in the nine-month period ended May 31, 2025, the monthly average exchange rate as published by the Bank of Canada ranged from a high of US\$1.4359: \$1.00 to a low of US\$1.3546: \$1.00. An appreciation of the Canadian dollar against the U.S. dollar could decrease our revenues when reported in Canadian dollars. Conversely, the depreciation of the Canadian dollar against the U.S. dollar would increase the cost of such goods and services.

We do not hedge our currency exposure and, therefore, we incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the Canadian dollar. Given the volatility of exchange rates, we might not be able to effectively manage our currency transaction risks, and volatility in currency exchange rates might have a material adverse effect on our business, financial condition or results of operations.

***If we experience material weaknesses or otherwise fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common shares.***

As a result of the year-end assessment process for the year ended August 31, 2024, we identified that we did not maintain effective processes and controls over the accounting for and reporting of complex and non-routine transactions due to a material weakness. Specifically, we determined that there was a lack of sufficient accounting and finance personnel to enable appropriate level of internal controls within the financial statement close process, including performing in-depth analysis and review of complex accounting matters and non-routine transactions within the timeframes set by us for filing our consolidated financial statements. Because of this deficiency, we concluded there was a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis at August 31, 2024. As at May 31, 2025, we are working on remediating the identified material weakness.

If we fail to identify or remediate any current or future material weaknesses in our internal controls over financial reporting, we are unable to conclude that our internal controls over financial reporting are effective or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting when we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common shares could be negatively affected. As a result of such failures, we could also become subject to investigations by Nasdaq, the SEC or other regulatory authorities, and become subject to litigation from investors and shareholders, which could harm our reputation and financial condition or divert financial and management resources from our regular business activities.

***Our financial statements have been prepared on a going concern basis and our financial status creates a substantial doubt whether we will continue as a going concern.***

Our financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations depend upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurance that we will be successful in completing an equity or debt financing or in achieving or maintaining profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

***If we are unable to maintain compliance with Nasdaq's continued listing requirements, Nasdaq may choose to delist our securities from its exchange or may subject us to additional restrictions, which may adversely affect the liquidity and trading price of our securities.***

Our securities are currently listed on Nasdaq Capital Market maintained by The Nasdaq Stock Market LLC ("Nasdaq"). Nasdaq sets out certain standards that companies quoted on the Nasdaq Capital Market must continue to meet to remain on the Nasdaq Capital Market. In the past, we have received notices from Nasdaq that we failed to comply with some of those standards including that the closing bid price of our common shares no longer complied with the minimum bid price requirement of US\$1.00 per share (the "Minimum Bid Price Requirement").

Although we took steps to regain compliance with the Minimum Bid Requirement by enacting two reverse stock splits that had the practical effect of a 1:135 reverse stock split and satisfied a Nasdaq Hearing Panel of the same, Nasdaq imposed a Discretionary Panel Monitor, in application of Listing Rule 5815(d)(4)(A), for a period of one year to ensure that we maintain long-term compliance with all of the Nasdaq's continued listing requirements. Should we fail to maintain compliance with any continued listing requirement, Nasdaq may notify us if such non-compliance and promptly schedule a new hearing with the Nasdaq Hearing Panel. If we further violate Nasdaq's continued listing requirement, we could be delisted. A delisting would likely have a negative effect on the liquidity and market price of our common shares and may impair your ability to sell or purchase our common shares when you wish to do so.

If Nasdaq delists our common shares from trading on its exchange and we are not able to list our common shares on another national securities exchange, our common shares may be quoted on an over-the-counter market. However, if this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our common shares are a “penny stock”, which will require brokers trading in such common shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common shares;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

As a result, an investor would likely find it more difficult to trade, or to obtain accurate price quotations for, our securities if our securities are de-listed from Nasdaq. Delisting would likely also reduce the visibility, liquidity and value of our securities, including as a result of reduced institutional investor interest in our company, and may increase the volatility of our securities.

***In an effort to maintain compliance with the Minimum Bid Price Requirement, we recently enacted a third reverse stock split. We may need to enact additional reverse stock splits to maintain compliance if we fail to meet the Minimum Bid Price Requirement in the future.***

As mentioned above, we enacted a 1-for-15 reverse stock split of our common shares on August 22, 2024, and a reverse stock split of 1-for-9 of our common shares on October 8, 2024, in an effort to regain compliance with Nasdaq's minimum bid price requirement for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5450(a)(1) which requires listed securities to maintain a minimum bid price of US\$1.00 per share (the “Minimum Bid Price Requirement”). To maintain compliance, the closing bid price of our common shares cannot be less US\$1.00 per share for 30 consecutive days, otherwise we would be subject to an automatic Nasdaq Hearing Panel which could result in a delisting from the Nasdaq Capital Market. In an effort to maintain compliance with the Minimum Bid Price Requirement, we enacted a third reverse stock split on a 1-for-10 basis on March 31, 2025. The cumulative effect of the three reverse stock splits was 1-for-1,350. While this action was sufficient to ensure that we maintain a minimum bid price for our common shares above US\$1.00, there are no assurances that we will maintain such compliance in the future. If we have to enact a fourth reverse stock split to maintain compliance in the future, we may not be able to do so as the Nasdaq may object to such a fourth reverse stock split or we may not have sufficient room for a reverse stock split given other listing requirements such as the minimum number of common shares required to be in circulation and held by the public. Even if we enacted a fourth reverse stock split, the public markets could view any such future reverse stock split negatively, and the per share price of our common shares could be adversely affected.

***Previously issued complex hybrid convertible securities may be subject to multiple interpretations which may leave us open to possible claims and litigation from the holders of such securities.***

In the 2024 fiscal year, we issued Series A and B Convertible Preferred Shares which have complex and ambiguous conversion features. Such features may be subject to multiple interpretations. As a result, we may make interpretations that differ from those of the holders of such securities, leaving us open to possible claims and litigation from the

holders of such securities. On March 6, 2025, a suit was filed against us in the New York state courts alleging that, in December 2024, we improperly converted certain Series A Convertible Preferred Shares held by the plaintiffs. The suit claims that the floor for the conversion price of the Series A Convertible Preferred Shares should not have been adjusted from US\$0.30 to US\$40.50 as a result of the cumulative 1:135 reverse stock splits that were enacted in 2024, but rather that such floor should have remained at US\$0.30. Consequently, the plaintiffs claim that the conversion price for the Series A Convertible Preferred Shares should have been US\$1.23 instead of the US\$40.50 at which they were converted. The plaintiffs in this litigation are seeking approximately 101,600 of our Voting Common Shares as well as liquidated damages on the date of their filing of approximately US\$2 million. While we vigorously disagreed with this assertion, we reached a settlement agreement with the plaintiffs to issue a total of 250,000 of our Voting Common Shares, which is subject to court approval. If court approval is not granted, our settlement will terminate. While we were prepared to defend ourselves in this matter, there were no assurances that we would ultimately prove our position in court or that other holders of our preferred shares will not pursue similar claims.

***You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under the laws of the Province of Quebec and the majority of our directors and executive officers reside outside the United States.***

We are constituted under the laws of the Business Corporations Act (Quebec) (the “Business Corporation Act”), and our executive offices are located outside of the United States in Boisbriand, Quebec. Our officers and the majority of our directors reside outside the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside of the United States, judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. Federal or state securities laws. Furthermore, there is substantial doubt as to the enforceability in Canada against us or against any of our directors and officers who are not residents of the United States, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities based solely upon the civil liability provisions of the U.S. federal securities laws. In addition, shareholders in Quebec corporations may not have standing to initiate a shareholder derivative action in U.S. federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

***We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.***

While we currently qualify as a foreign private issuer, the determination of foreign private issuer status is made annually based on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, our next determination will be made based on information as of February 28, 2025. Although we have concluded that we will continue to be a foreign private issuer in our fiscal year starting September 1, 2025, we may lose our foreign private issuer status for the fiscal year starting September 1, 2026 as a result of our acquisition of Nautical Ventures.

If we cease to be a foreign private issuer, the regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we cease to be a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would be required under current SEC rules to prepare our financial statements in accordance with U.S. GAAP, rather than IFRS, and modify certain of our policies to comply with corporate governance practices required of U.S. domestic issuers. Such conversion of our financial statements to U.S. GAAP would involve significant time and cost. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges (including the Nasdaq Capital Market) that are available to foreign private issuers such as the ones described above and exemptions from procedural requirements related to the solicitation of proxies.

### **Risks Related to Nautical Ventures**

*In June 2025, we expanded our business through the acquisition of Nautical Ventures, a business that consists of nine dealerships that sell boats, boat parts and accessories. The following risks, which are in addition to other risks set out herein, are more specifically related to those operations.*

#### ***Our success will depend, in part, upon our continued access to financing for inventory.***

Our dealership business requires a large inventory to satisfy potential customers with different tastes and price points. We require adequate financing to purchase such inventory. This financing is generally in the form of floor plan financing provided by banks or other lending institutions or from manufacturers of boats and other items that we sell. Of the US\$91.2 million in the total liabilities of Nautical Ventures as of December 31, 2024, US\$56.1 million consisted of notes payable related to floor plan financing. Access to floor plan financing generally facilitates our ability to increase our inventory. The availability and terms of floor plan financing depends upon:

- our ability to access certain capital markets and to fund operations in a cost-effective manner;
- the performance of our overall credit portfolios;
- the willingness of manufacturers to accept the risks associated with lending to us; and
- our overall creditworthiness.

If floor plan financing were not available to us, our sales and our working capital levels could be adversely affected as we would likely have less models available for sale in our inventory and would likely make less sales.

#### ***Our business model entails carrying substantial amounts of debt.***

Our subsidiary Nautical Ventures is highly leveraged. The model for Nautical Ventures' dealership business entails incurring a substantial amount of debt for both the purchase of inventory through floor plan financing (for example, as of December 31, 2024, Nautical Ventures had US\$56.1 million of notes payable related to floor plan financing) and mortgages on certain of the properties on which we have dealerships (for example, as of December 31, 2024, Nautical Ventures had mortgages with principal amounts outstanding of approximately US\$15.2 million). Failure to properly service this debt could cause us to sell assets at less than their market value, refinance these debts on unfavorable terms or issue debt and/or equity securities on unfavorable terms. If we were to default on any of this debt, we could incur severe penalties, be prevented from incurring any additional debt, default on unrelated debt, have repayment of outstanding debt accelerated and/or lose any assets (such as inventory or real property) secured by such debt or by court order.

***Our success depends to a significant extent on the well-being, as well as the continued popularity and reputation for quality of the boating products of our manufacturers. The failure to obtain a high quality and desirable mix of competitively priced products that our customers demand could have a material adverse effect on our business, financial condition, and results of operations.***

We depend on our manufacturers to provide us with products that compare favorably with competing products in terms of quality, performance, safety, and advanced features, including the latest advances in propulsion and navigation systems. Any adverse change in the production efficiency, product development efforts, technological advancement, expansion of manufacturing footprint, supply chain and third-party suppliers, marketplace acceptance, marketing capabilities, ability to secure adequate access to capital, and financial condition of our manufacturers could have a substantial adverse impact on our business. Any difficulties encountered by any of our manufacturers resulting from economic, financial, supply chain, or other factors could adversely affect the quality and amount of products that they are able to supply to us and the services and support they provide to us.

Any interruption or discontinuance of the operations of the manufacturers that we purchase from could cause us to experience shortfalls, disruptions or delays with respect to needed inventory. An alternate sources to any manufacturer experiencing such difficulties may not be available at the time of any interruption, and alternative products may not be available at comparable quality and price.

***We rely on one manufacturer for a substantial portion of our sales***

Nautical Ventures relies on one manufacturer for a substantial portion of its revenues. In Nautical Ventures' fiscal year ended December 31, 2024, the sale of boats from Axopar represented approximately 51% of its net revenues. If our relationship with this manufacturer deteriorated, if it were to experience financial hardship or if it were to cease operations, the price at which we purchase these boats could increase or we might not be able to purchase them at all. As a result, our margins could decrease or we may lose sales as a result of an increase in the price at which we sell these goods.

***We face intense competition.***

We operate in a highly competitive environment. In addition to facing competition generally from recreation businesses seeking to attract consumers' leisure time and discretionary spending dollars, the recreational boat industry itself is highly fragmented, resulting in intense competition for customers, quality products, boat show space, and suitable retail locations. We rely to a certain extent on boat shows to generate sales.

We compete primarily with boat dealers and, with respect to sales of marine parts, accessories, and equipment, with national specialty marine parts and accessories stores, online catalog retailers, sporting goods stores, and mass merchants. Competition among boat dealers is based on the quality of available products, the price and value of the products, and attention to customer service. There is significant competition both within markets we currently serve and in new markets that we may enter. We compete in each of our markets with retailers of brands of boats and engines we do not sell in that market. In addition, several of our competitors, especially those selling marine equipment and accessories, are large national or regional chains that have substantial financial, marketing and other resources. Private sales of used boats represent an additional source of competition.

Due to various matters, including environmental concerns, permitting and zoning requirements, and competition for waterfront real estate, some markets in the United States have experienced an increased waiting list for marina and storage availability. Marine retail activity could be adversely affected in markets that do not have sufficient marine and storage availability to satisfy demand.

***Our sales volume and profit margin on each sale may be materially and adversely affected if manufacturers discontinue or change their incentive programs.***

We depend on manufacturers of boats, parts and accessories for certain sales incentives, warranties and other programs that are intended to promote and support new sales. Manufacturers routinely modify their incentive programs in response to changing market conditions. Some of the key incentive programs include:

- customer rebates or below market financing on new boats;
- dealer incentives on new boats; and
- warranties on new and used boats.

A reduction or discontinuation of a manufacturer's incentive programs may materially and adversely affect our profitability.

***We depend on manufacturers to supply us with sufficient numbers of popular and profitable new models.***

Manufacturers typically allocate their boats among dealerships based on the sales history of each dealership. Supplies of popular new boats may be limited by the applicable manufacturer's production capabilities. Popular new boats that are in limited supply typically produce the highest profit margins. We depend on manufacturers to provide us with a desirable mix of popular new boats. Our operating results may be materially adversely affected if we do not obtain a sufficient supply of these boats.

***We envision generating significant revenue from the provision of services to customers related to boats but will be less likely to do so if we do not sell boats to those customers.***

We believe that we can generate a substantial portion of our revenues from our Nautical Ventures locations from the provision of maintenance required to keep a boat operational, safe, and efficient, integration of electronic, mechanical, and software components onto a boat, providing financing services and selling warranties. Although we will try to sell these services to anyone needing them, it will be easier to sell such services to persons who have already purchased a boat from us. As a result, any decrease in the number of boats that we are able to sell will likely result in a decrease in the sale of these related services.

***We have the option to acquire additional properties, and if the contingent conditions to do so do not occur, we may be prevented from acquiring such properties.***

We entered into an Equity Purchase Agreement in June 2025 to acquire Nautical Ventures and its subsidiaries. Initially, we had intended to acquire six pieces of real property that Nautical Ventures owned and from which it operated its business in the transaction, but instead we acquired the option to purchase these properties. We negotiated for the acquisition of the option to purchase those properties instead of purchasing them outright because the mortgage lender on those properties refused to extend the existing mortgages on those properties beyond the closing of the transaction because the ultimate shareholder of Nautical Ventures would be a non-U.S. entity post-closing. Therefore, we now have the option to purchase those properties if we are able to obtain an alternative source of financing. If we are unable to obtain such financing, we might never exercise our option to acquire these properties. If that were to occur, instead of owning the land on which we conduct our operations, we would lease it and be subject to the risks involved in being a lessee.

***We have significant relationships with various third-party warranty insurers and administrators. These third-parties are the obligor of service warranty policies sold to our customers. Additionally, we have agreements in place that allow for future income based on the claims experience on policies sold to our customers.***

We sell service warranty policies to our customers issued by various third-party obligors. We receive additional fee income if actual claims are less than the amounts reserved for anticipated claims and the costs of administration and administrator profit.

A decline in the financial health of any third-party insurer could jeopardize the claims reserves held by the administrator, and prevent us from collecting the experience payments anticipated to be earned in future years. While the amount we receive varies annually, the loss of this income could negatively impact our business, results of operations, financial condition and cash flows. Further, the inability of an insurer to honor service warranty claims would likely result in reputational risk to us and might result in claims to cover any default by the insurer.

***We are vulnerable to geographic risk.***

In June 2025, we acquired a network of dealerships through our acquisition of Nautical Ventures. Of our approximately \$153 million in pro forma revenue for the year ended August 31, 2024, approximately \$150 million was generated by Nautical Ventures. All of Nautical Ventures nine physical locations are located in the State of Florida. If Florida were to suffer natural disasters, such as hurricanes, tropical storms, fire or floods, Florida were otherwise exposed to a regional downturn in its economic condition or if our competitors in Florida became more successful, our sales and revenues could be materially reduced. Unless we expand our network of dealerships outside of Florida, our geographic risk is concentrated in a regional area instead of being spread nationally or even globally.

#### **Risks Related to our Legacy Operations**

*Prior to June 2025, we exclusively focused our operations on the development and manufacture of our proprietary e-Motion Powertrain, the manufacture of a limited number of electric boats and the rental of electric boats. Although we have expanded our business through the acquisition of Nautical Ventures, we intend to continue pursuing these operations, especially those related to our e-Motion Powertrain. The following risks, which are in addition to other risks set out herein, are more specifically related to those operations.*

***Our plan of operations entails promoting a product that we may never launch or which may not be commercially accepted if launched.***

We have concentrated the majority of our research and development efforts on developing electric powertrain systems that we intend to rent and sell to Original Equipment Manufacturers (“OEM”) of boats. We expect the electric powertrain systems to represent a significant portion of our revenue in our coming accounting periods. We do not know if OEMs will find our product candidate to be an attractive component in their boats or if they will find the price of our electric powertrains to be acceptable. We do not currently have any significant customers for our electric powertrains. Even if we do develop such relationships with OEMs, we might not be able to maintain them or grow them as anticipated. At the time of our initial public offering, we had expected to begin the commercialization of our electric powertrains in 2020 but were not able to meet that preferred timeline, and we may not meet our new timelines. If we are not successful in commercializing our product or if sales of our electric powertrain are less than we estimate, our business may not grow as expected.

***Our future growth depends upon consumers’ willingness to purchase electric powerboats.***

Our growth highly depends upon the adoption by consumers of, and we are subject to an elevated risk of any reduced demand for, electric powerboats. Without such growth, sales of our electric powertrain, if any, and our electric boats may not grow at the rate that we anticipate, if such sales grow at all. If the market for electric powerboats does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be negatively impacted. Despite the long history of electric powerboats, the market for them is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new electric powerboat announcements and changing consumer demands and behaviors. Powerboats with conventional gas-powered motors may be deemed preferable to electric powerboats as they tend to be more powerful, have a longer range and/or cost less. Other factors that may influence the adoption of electric powerboats include:

- the decline of an electric powerboats range resulting from deterioration over time in the battery’s ability to hold a charge;
- concerns about electric grid capacity and reliability, which could derail our efforts to promote electric powerboats as a practical solution to powerboats which require gasoline;
- improvements in the fuel economy of the internal combustion engine;
- the availability of service for electric powerboats;
- the environmental consciousness of consumers;
- volatility in the cost of oil and gasoline;
- consumers’ perceptions about convenience and cost to charge an electric powerboat;
- the availability of tax and other governmental incentives to manufacture electric powerboats;
- increased costs related to tariffs and possible inflation; and
- perceptions about and the actual cost of alternative fuel.

Any of the factors described above may cause current or potential customers not to purchase our electric powerboat, which would materially adversely affect our business, operating results, financial condition and prospects.

***Our future growth depends upon consumers’ preference for outboard motors.***

We envision the majority of our growth deriving from the sale of our electric powertrain for an outboard motor. If consumer preferences lead to a decline in outboard motors, the OEMs we intend to sell our electric powertrain to may produce less electric boats, and we may not be able to sell as many electric powertrains as we anticipate, if we sell any at all. We may not be able to adapt the technology behind this powertrain for inboard motors or may only be able to do so in a way that is not cost effective.

***We rely on a limited number of suppliers for key components of our finished products.***

Although we manufacture all of our powerboats, we do so by assembling the component parts that we acquire from third-party suppliers rather than by producing any of those component parts ourselves. Likewise, we purchase parts

for the assembly of our powertrains rather than manufacture the individual components. We materially depend on some of those third-party suppliers for certain components that we obtain from a limited number of suppliers.

As we purchase our components and parts through purchase orders and informal arrangements rather than long-term purchase agreements, we have not contractually secured a supply chain for these components and parts. Some of our third-party suppliers may experience delays in delivering parts and components for our products. If we experience delays in receiving our supplies from these third-parties, if they significantly increase the cost of these components or if they cease offering us these components, we may have to find new suppliers, which might not be possible on a timely basis, or cease production of the products in which the components are included.

***Revenues from our electric boat rental business may be affected by a variety of factors that are outside of our control.***

Revenues from our electric boat rental business represented 51% of our total revenues in our fiscal year 2024 and only 18% of our total revenue for the nine-month period ended May 31, 2025. Future revenues from our electric boat rental business may be affected by the sale in April 2024 of our electric boat rental operations located in Newport Beach. If revenues from our electric boat rental business decrease significantly, it may cease to be profitable or our revenues may not be as large as we currently project which may have a negative impact on the book value of the goodwill associated with the boat rental operations.

***The range of electric powerboats on a single charge declines over time which may negatively influence potential customers' decisions whether to purchase our boats or boats containing our electric powertrains.***

The range of electric powerboats on a single charge declines principally as a function of usage, time and charging patterns. For example, a customer's use of their powerboat as well as the frequency with which they charge the battery can result in additional deterioration of the battery's ability to hold a charge. During the lifetime of the lead acid batteries in powerboats, 500 to 1,000 recharge cycles are possible, and our lithium battery pack will retain approximately 85% of its ability to hold its initial charge after approximately 3,000 charge cycles and 8 years, which will result in a decrease to the boat's initial range. Such battery deterioration and the related decrease in range may negatively influence potential customer decisions whether to purchase an electric boat, which may harm our ability to market and sell our boats. Likewise, if such reasoning deters potential customers from purchasing boats made by OEMs that use our electric powertrains, they may order fewer electric powertrains from us, if they ever order any at all.

***Developments in alternative technologies or improvements in the internal combustion engine may materially adversely affect the demand for our electric powerboats.***

Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in North America, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum-based propulsion. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced electric powerboats, which could result in the loss of competitiveness of our boats, decreased revenue and a loss of market share to competitors.

***If we are unable to keep up with advances in electric powerboat technology, we may lose our competitive position in the industry.***

We may be unable to keep up with changes in electric powerboats technology, particularly developments with powertrains. As a result, we may lose our competitive position in the industry. Any failure to keep up with advances in electric powerboat technology could result in a loss of our competitive position which would materially and adversely affect our business, prospects, operating results and financial condition. Our research and development efforts may not be sufficient to adapt to changes in electric powerboat technology. As technologies change, we plan to upgrade or adapt our electric powertrain. We would additionally upgrade our boats and introduce new models to take advantage of these changes. However, our technology and boats may not compete effectively with alternative

technology or powerboats if we are not able to source and integrate the latest technology. For example, we do not manufacture lead or lithium battery cells, and as a result, we are dependent on suppliers of battery cell technology for our battery packs.

***Changes to trade policies, tariffs, and import/export regulations may have a material adverse effect on our business, financial condition, and results of operations.***

Although we manufacture our products in Canada, in our last fiscal year, approximately 94% of our sales and rentals occurred in the United States, a percentage that could increase as our operations expand. Changes in laws and policies governing foreign trade could adversely affect our business. The current U.S. administration has recently implemented tariffs on various countries and products to levels not seen in over 50 years and has imposed and threatened to impose new tariffs on goods manufactured in Canada (like our boats and proposed mass manufacturing of our powertrains). There is uncertainty as to whether the tariffs imposed by the current U.S. administration are permanent, will be increased as a result of retaliatory measures or will be increased unilaterally. Such policy changes and the uncertainty surrounding them may place greater restrictions and economic disincentives on international trade and may have the potential to adversely impact the global and local economies, our industry and global demand for our products and, as a result, could have a material adverse effect on our business, financial condition and results of operations. Specifically, such tariffs could increase the cost of our products to U.S. consumers and increase the cost of our rental boat operations in the United States.

***We intend to rely on a third-party for the manufacture of what we envision will become our principal product.***

If we are able to commercialize our E-Motion™ electric powertrain system, we intend to use a third-party to mass produce our powertrains. In October 2021, we entered into a Manufacture and Supply Agreement with Linamar Corporation, a provider of manufacturing solutions and a developer of highly engineered products. Under the terms of the agreement, we intend for McLaren Engineering, Linamar’s technology and product development team for its advanced mobility segment, to manufacture and assemble our E-Motion™ technology through testing, parts, tooling development, and designing the union assembly for mass production of our electric powertrain at Linamar’s facility in Canada. If the current U.S. administration implements its threatened significant tariffs on all or select imports from Canada, OEMs located in the United States might not find the post-tariff cost of our powertrains produced at this facility to be sufficiently competitive. Once we have scaled up the production of our electric powertrain, we intend for the Linamar Corporation to produce our electric powertrain for mass commercialization. If Linamar Corporation is unable to satisfactorily manufacture our E-Motion™ powertrains, we will be forced to find a new third-party manufacturer or to produce such powertrains inhouse (with our current facilities we believe that we are limited to producing 300 electric powertrains per year in addition to producing 150 boats per year). Any such change in manufacturers could lead to a delay in our ability to deliver on purchase orders or the loss of such purchase orders, which in turn could adversely affect our revenue or the timing of our revenue.

***If we are unable to meet our production and development goals, we may need to change our business plans for our E-Motion powertrains or the timeline in which we expect to carry them out.***

Our ability to carry out our business plans for the commercialization of our powertrains depends upon meeting our production and development goals. Delays or failures in meeting these goals could require us to reassess our business plans and the timeline that it will take us to implement those plans. In the past, we have not always met our production and development goals. For example, we expected to manufacture approximately 50 powerboats, and begin commercialization of our electric powertrains in calendar 2023, and we did not meet these goals. If any such delays or failures were to cause a material change to our proposed business plans, such change could result in materially adverse changes in our projected revenues or expenses and could jeopardize the viability of our E-Motion powertrains.

***If our suppliers sell us parts or components containing conflict minerals, we may be required at significant expense to find suppliers that do not use conflict minerals.***

In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requiring the Securities and Exchange Commission (“SEC”) to issue rules specifically relating to the use of “Conflict Minerals” within manufactured products. Conflict Minerals are currently defined by U.S. Law as tin, tantalum, tungsten and gold (also known as “3TG”) and related derivatives. Within a year of becoming a public company, the

SEC rules require any SEC registrant whose commercial products contain any 3TG (“3TG Product”) to determine whether the 3TG in the 3TG Product originated from the Democratic Republic of the Congo (“DRC”) or adjoining countries (collectively, the “DRC Region”) and, if so, whether the 3TG is “conflict free”. “3TG Conflict Free” means that the supply chain is transparent and the 3TG in 3TG Products does not directly or indirectly benefit armed groups responsible for serious human rights abuses in the DRC Region. By enacting this provision, Congress intends to further the humanitarian goal of ending the extremely violent conflict in the DRC Region, which has been partially financed by the exploitation and trade of 3TG originating in the DRC Region.

We may need to expend time and money on determining whether our products contain conflict minerals. To date, we have not conducted such an analysis. If our suppliers use conflict minerals in the production of the parts and components that we purchase from them, we may need to find alternative suppliers. If possible, this may only be possible at significant expense or with material delays in production.

***Our software to control our electric powertrain systems contains “open source” software, and any failure to comply with the terms of one or more of these open-source licenses could negatively affect our business.***

We use software to control our electric powertrain systems that relies upon “open source” licenses and intend to use such software in the future. Although we do not believe that the open source code we have used imposes any limitations on the use of the software that we have developed, the terms of many open source licenses have not been interpreted by United States or other courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions including requirements that we make available source code for modifications or derivative works we create based upon the open source software or license such modifications or derivative works. In addition to risks related to license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on origin of the software. We cannot be sure that all open source is submitted for approval prior to use in our solutions. In addition, many of the risks associated with use of open source cannot be eliminated, and could, if not properly addressed, negatively affect the performance of our electric powertrains and our business.

***We rely on network and information systems and other technologies for our business activities and certain events, such as computer hackings, viruses or other destructive or disruptive software or activities may disrupt our operations, which could have a material adverse effect on our business, financial condition and results of operations.***

Network and information systems and other technologies are important to our business activities and operations. Network and information systems-related events, such as computer hackings, cyber threats, security breaches, viruses, or other destructive or disruptive software, process breakdowns or malicious or other activities could result in a disruption of our services and operations or improper disclosure of personal data or confidential information, which could damage our reputation and require us to expend resources to remedy any such breaches. Moreover, the amount and scope of insurance we maintain against losses resulting from any such events or security breaches may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our businesses that may result, and the occurrence of any such events or security breaches could have a material adverse effect on our business and results of operations. The risk of these systems-related events and security breaches occurring has intensified, in part because we maintain certain information necessary to conduct our businesses in digital form stored on cloud servers. While we develop and maintain systems seeking to prevent systems-related events and security breaches from occurring, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite these efforts, there can be no assurance that disruptions and security breaches will not occur in the future. Moreover, we may provide certain confidential, proprietary and personal information to third parties in connection with our businesses, and while we obtain assurances that these third parties will protect this information, there is a risk that this information may be compromised. The occurrence of any of such network or information systems-related events or security breaches could have a material adverse effect on our business, financial condition and results of operations.

***The unavailability, reduction or elimination of government economic incentives could have a material adverse effect on our business, financial condition, operating results and prospects.***

Although we are unaware of substantial governmental economic incentives, such as tax credits and rebates, that customers may receive in connection with the purchase of our products, there are certain governmental regulations whose repeal could affect the desirability of our powerboats. In particular, local and regional restrictions of internal combustion engines on certain waterways, make electric boats an attractive alternative for use in such lakes and rivers. Any reduction, elimination or discriminatory application of such rules because of policy changes or other reasons may result in the diminished competitiveness of electric boats generally. This could materially and adversely affect the growth of our market and our business, prospects, financial condition and operating results.

***Our business may be adversely affected by labor and union activities.***

None of our employees are currently represented by a labor union. It is common in Quebec for employees of manufacturers of a certain size to belong to a union. Although we do not believe that we are currently of a size where our employees will unionize, were they to do so now or in the future, we would be at risk for higher employee costs and increased risk of work stoppages. We also directly and indirectly depend upon other companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs among our key suppliers or our network of distributors, it could materially reduce the manufacture and sale of our boats and have a material adverse effect on our business, prospects, operating results or financial condition.

***Our ability to meet our manufacturing workforce needs is crucial to our results of operations and future sales and profitability.***

We rely on the existence of an available hourly workforce to manufacture our products. We cannot assure you that we will be able to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all. For instance, the demand for skilled employees has increased recently with the low unemployment rates in the regions where we have manufacturing facilities. Also, although none of our employees are currently covered by collective bargaining agreements, we cannot assure you that our employees will not elect to be represented by labor unions in the future. Additionally, competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees. Significant increases in manufacturing workforce costs could materially adversely affect our business, financial condition or results of operations.

***Our intellectual property is not fully protected through patents or formal copyright registration. As a result, we do not have the full benefit of patent or copyright laws to prevent others from replicating our products, product candidates and brands.***

While we have filed trademark applications with the Canadian Intellectual Property Office and the U.S. Patent and Trademark Office for our logo and the brand name “E-Motion”, we have not yet fully protected our intellectual property rights, particularly for our E-Motion™ powertrain system, through patents or formal copyright or trademark registration. We have currently filed twelve patent applications with the U.S. Patent and Trademark Office with respect to our E-Motion™ powertrain system and intend to file another 12 patent applications related to this system over the next twelve months. All filed patent applications are currently pending. As we intend to transition into the production of electric powertrains to OEMs, we envision our intellectual property and its security becoming more vital to our future. Until we fully protect our intellectual property through patent, trademarks and registered copyrights, we may not be able to protect our intellectual property and trade secrets or prevent others from independently developing substantially equivalent proprietary information and techniques or from otherwise gaining access to our intellectual property or trade secrets. In such an instance, our competitors could produce products that are nearly identical to ours resulting in us selling less products or generating less revenue from our sales.

***Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.***

We rely on trade secrets, know-how and technology, which are not protected by patents, to protect the intellectual property behind our electric powertrain and for the construction of our boats. We do not yet use confidentiality agreements with our collaborators, employees, consultants, outside scientific collaborators and sponsored researchers and other advisors to protect our proprietary technology and processes. We intend to use such agreements in the future, but these agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases, we could not assert any trade secret rights against such party. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

***Any patent applications that we file may not result in issued patents, which may have a material adverse effect on our ability to prevent others from interfering with our commercialization of our products***

We have retained a patent lawyer to begin the process of filing patent applications for up to 24 patents related to our E-Motion™ powertrain system; to date, we have filed ten completed patent applications to date. The registration and enforcement of patents involves complex legal and factual questions and the breadth and effectiveness of patented claims is uncertain. If we file patent applications in connection with our electric outboard powertrain systems or other matters, we cannot be certain that we will be first to file patent applications on those or other inventions, nor can we be certain that such patent applications will result in issued patents or that any of our issued patents will afford sufficient protection against someone creating competing products, or as a defensive portfolio against a competitor who claims that we are infringing its patents. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the United States, and thus we cannot be certain that foreign patent applications, if any, will result in issued patents in those foreign jurisdictions or that such patents can be effectively enforced, even if they relate to patents issued in the United States.

***We have limited registered trademarks for our products and trade names***

We have submitted applications for registered trademarks for our name and some of our brands, and, while such applications have been granted, not all of our brands currently have registered trademark protection. Any future trademark applications that we file with a relevant governmental authority for brand names/logos might not be approved. Failure to obtain such approval could limit our ability to use the brand names/logos in those territories or lead our products to be confused with, and/or tarnished by, competing products. Even if appropriate applications were made and approved, third parties may oppose or otherwise challenge such applications or registrations.

***We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.***

The status of the protection of our intellectual property is unsettled as we do not have any patents, trademarks or registered copyrights and have not applied for the same. Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our powerboats and electric powertrains or use third-party components, which could make it more difficult for us to operate our business. From time to time, we may receive communications from third parties that allege our products or components thereof are covered by their patents or trademarks or other intellectual property rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights. If we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease making, using, selling or offering to sell processes, goods or services that incorporate or use the third-party intellectual property;
- pay substantial damages;

- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our boats or other goods or services to avoid infringing the third-party intellectual property;
- establish and maintain alternative branding for our products and services; or
- find-third providers of any part or service that is the subject of the intellectual property claim.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

## **1.2 Overall Performance**

### **Description of Business**

The Company was incorporated on August 29, 2012, under the laws of the province of Quebec, Canada. Until June 2025, its principal activity is the design, development and manufacturing of electric outboard powertrain systems and electric boats. In June 2025, it acquired a network of nine dealerships located in Florida for the sale of boats, parts and accessories and the provision of related services

The head office and principal address of the Company are located at 730 Boulevard du Cure-Boivin, Boisbriand, Quebec, Canada, V7G 2A7.

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Such additional information is not incorporated by reference herein.

### **Performance Summary**

The following is a summary of significant events and transactions that occurred during and subsequent to the nine-month period ended May 31, 2025:

On September 10, 2024, the Company announced its strategic alliance with ePropulsion to empower the groundbreaking Phantom Boat, crafted from innovative plastic rotomolding technology. Following its debut at the Miami International Boat Show, the Phantom is set to showcase a customized electric ePropulsion system. In this partnership, the Phantom will be available through select ePropulsion dealers, both on request and by recommendation across its dealer network.

On September 23, 2024, the Company announced the launch of its E-Motion™ 180e Inboard electric motor system that delivers a continuous 180hp at the propeller.

On November 18, 2024, the Company announced a new production initiative with Smoker Craft Inc., a U.S.-based pontoon manufacturer known for its precision engineering and advanced manufacturing capabilities. This collaboration is expected to produce a state-of-the-art pontoon platform specifically designed to integrate Vision Marine's high-performance (180 HP) electric propulsion systems, specifically the pontoon-designed P-Powerpack. The Company believes the powerpack will merge cutting-edge technology and exceptional craftsmanship into a transformative product for the marine industry.

On November 20, 2024, the Company announced its participation in the grand opening of Aileron, a prestigious residential project in Dania Beach Florida. In October 2021, the Company secured its role in the Aileron project under an agreement which includes exclusive use of 400 lineal feet of commercial docks at this prime waterfront location.

On December 1, 2024, the Company announced that it had entered into a milestone partnership with Massimo Marine, the marine division of Massimo Group (Nasdaq: MAMO). This collaboration aims to produce a fully integrated 30-foot electric pontoon platform designed for commercial and recreational markets

On December 8, 2024, the Company announced a strategic partnership with Armada Pontoons, a renowned manufacturer of high-quality pontoon boats based in Quebec, Canada. This collaboration introduces a new electric pontoon boat design to meet the growing demand for eco-friendly, regulation-compliant, and competitively priced boating solutions for North America's vast network of lakes.

On January 9, 2025, the Company announced the establishment of a production line for custom cooling plates in partnership with Calip Group, a leader in high-tech welding processes. Under this collaboration, Calip Group will supply components that enhance the thermal management of the Company's high-voltage (HV) marine battery packs. These custom cooling plates are specifically tailored to meet the stringent demands of marine applications, with production slated to begin in 2025.

On January 14, 2025, the Company announced the filing of its sixth patent application related to its E-Motion™ Electric Powertrain System for a Battery Authentication Encryption Technology. This system is designed to securely integrate proprietary components within the E-Motion™ Electric Powertrain, prevent third-party substitution, and gather valuable boaters' data, reinforcing the strategic value of the Company's advanced technology.

On January 27, 2025, the Company announced the filing of its seventh patent application related to its E-Motion™ Electric Powertrain System for a new Independent Fault Detection Technology which is designed to autonomously manage critical powertrain components, improving operational performance and reliability, while addressing the unique demands of the electric marine industry.

On January 31, 2025, the Company announced that one of its boats integrated with our E-Motion™ 180E Electric Marine HV Powertrain has successfully received "CE" certification or European conformity.

On February 6, 2025, the Company announced the filing of its eighth patent application related to its E-Motion™ Electric Powertrain System for its newly developed Distributed Control System Architecture, which aims to simplify system integration, enhance scalability, and improve operational efficiency in electric marine vessels.

On February 10, 2025, the Company announced the appointment of Pierre-Yves Terrisse to its Board of Directors.

On February 12, 2025, the Company announced that it has expanded its partnership with Aileron Residences, a premier luxury waterfront community being developed in Dania Beach, Florida, enabling the Company's boat rental operations to progressively begin offering rental services in the near future. As part of this expanded partnership, Aileron Residences residents will be eligible to receive automatic membership to the Company's exclusive electric boat club in the near future, granting them effortless access to a fleet of high-performance electric vessels.

On February 19, 2025, the Company announced an enhanced collaboration with Electrified Marina, the only 100% electric watercraft dealer in the U.S. Through this strengthened partnership, the Company will provide Electrified Marina with additional resources to bolster its role as a leading distributor and ambassador for the Company's E-Motion™ electric propulsion technology. This initiative aims to expand consumer access to high-performance, zero-emission boating solutions along the East Coast.

On February 21, 2025, the Company announced that its Board of Directors had approved the establishment of a stock repurchase program authorizing the repurchase of up to 5% of the Company's issued and outstanding common shares. The Company intends to enter into a 10b-18 trading plan establishing such a program in the near future. Under this authorization, the Company envisions repurchasing shares from time to time at its discretion through a 10b-18 trading plan. The timing and amount of any repurchases would be determined pursuant to such plan. To date, no repurchases have been made under this plan.

On February 24, 2025, the Company announced the filing of its ninth patent application related to its E-Motion™ Electric Powertrain System for its Outboard Power Control Unit ("PCU") designed for electric marine vessels for the autonomous management of propulsion parameters and cooling operations to deliver enhanced efficiency and reliability. Leveraging a dual-CAN bus architecture, the PCU promotes seamless communication with both internal sensors and actuators within the outboard engine housing and external vessel control units. This architecture promotes real-time autonomous control of the electric motor, designed to increase performance while maintaining robust safety protocols and scalability.

On February 27, 2025, the Company announced the signing of a three-year exclusive supply agreement with MS Marine GmbH (“STERK”). This agreement positions the Company to become the sole provider of electric propulsion systems for STERK boats and grants the Company the exclusive global distribution rights for electric-powered STERK vessels with the Company’s electric propulsion systems.

On March 10, 2025, the Company announced the filing of its tenth patent application related to its E-Motion™ Electric Powertrain System for its Adaptive Control of a Water Pump in a Marine Propulsion System, which is designed to regulate pump operation based on real-time conditions, optimizing cooling efficiency, reducing energy consumption, and extending propulsion component longevity.

On April 9, 2025, the Company announced the filing of its eleventh patent application related to its E-Motion™ Electric Powertrain System for an advanced secure communication framework employing token-based authentication to safeguard essential vessel systems from unauthorized access. The technology utilizes a secure gateway acting as a protective intermediary between external interface devices and internal CAN bus systems, preserving integrity while allowing authorized control of critical components like batteries, throttles, and motor controllers.

On April 16, 2025, the Company, along with MS Marine GmbH, announced the successful completion of internal hull optimization in the latter’s STERK brand of vessels. The joint engineering effort focused on refining the internal hull layout of STERK vessels to securely house the Company’s E-Motion™ Electric Powertrain System. This milestone represents a key deliverable under the exclusive supply agreement between the two companies

On May 6, 2025, the Company announced the filing of its twelfth patent application related to its E-Motion™ Electric Powertrain System for software-driven overload protection of cooling-pump motors integrated within the system. The patent introduces smart software within the Company’s E-Motion™ Electric Powertrain System that continuously monitors electrical conditions of the cooling-pump motor. Similar to a home’s digital circuit breaker, this system instantly disconnects power when an overload is detected, eliminating the need for traditional hardware fuses.

On May 16, 2025, the Company reached a settlement agreement resolving an outstanding legal claim related to certain of its Series A Convertible Preferred shareholders. The Company agreed to issue 250,000 Voting Common Shares to these shareholders to settle the dispute. The settlement is pending court approval, and the court hearing is scheduled for July 29, 2025.

On June 11, 2025, the Company announced the expansion of its partnership with Octillion Power Systems, a U.S.-based lithium-ion battery manufacturer, to produce high-voltage battery packs dedicated exclusively to the American market. Under the terms of the agreement, Octillion Power Systems will assemble the Company’s new proprietary 45.36 kWh battery packs at its facility in Nevada, aiding in fast, cost-efficient distribution across North America. These batteries are designed to support both the Company’s OEM integrations and consumer-facing electric boat offerings, delivering increased power, extended range, and improved performance, while reducing total system cost and simplifying logistics.

On June 18, 2025, announced that its E-Motion™ Electric Powertrain System has been approved for inclusion in California’s Clean Off-Road Equipment (“CORE”) Voucher Incentive Project. The voucher approval grants the Company’s propulsion kits eligibility for point-of-sale vouchers of up to US\$170,000 per unit, substantially reducing the cost of adopting electric propulsion for organizations modernizing their electric fleets.

On June 23, 2025, the Company announced that it had entered into an equity purchase agreement to acquire 100% of the issued and outstanding equity of Nautical Ventures, a Florida-based recreational boat dealership, marina, and service provider. The closing date of the acquisition occurred on June 20, 2025. The purchase consideration included a US\$2 million payment to a creditor of Nautical Ventures, approximately US\$300,000 in payments to satisfy certain of Nautical Venture’s real property tax obligations, approximately US\$1.7M capital contribution to Nautical Ventures for ongoing operations, and the issuance of a US\$4 million convertible note to the former shareholders of Nautical Ventures, bearing interest at 6% per annum for a term of 24 months. The convertible note is convertible into Voting Common Shares of the Company at a conversion price of US\$8.624 per share.

## ***Financings***

During the nine-month period ended May 31, 2025 as well as the period up to the filing date of this report, the Company issued the following securities:

On September 16, 2024, the Company issued 37,778 Voting Common Shares as part of a public offering for a total cash consideration of \$4,619,240 less transaction costs of \$1,051,801. As part of this offering, we also issued 1,889 warrants to the placement agent exercisable at US\$112.50 per Voting Common Share.

During the month of September 2024, 400 Series A Convertible Preferred Shares were converted into 988 Voting Common Shares.

In October 2024, the Company established an “at-the-market” facility with ThinkEquity LLC for the sale of up to US\$11.75 million of Voting Common Shares. During the nine-month period ended May 31, 2025, the Company issued 447,816 Voting Common Shares as part of the “at the market” public offering for a total cash consideration of \$16,703,749 less transaction costs of \$965,662.

On October 8, 2024, the Company implemented a reverse stock split, consolidating every 9 Voting Common Shares into 1 Voting Common Share. As a result of the round up feature for fractional shares, the Company issued an additional 19,512 Voting Common Shares.

On December 21, 2024, the Company forced the conversion of 1,950 Series A Convertible Preferred Shares in exchange for 4,821 Voting Common Shares. Following this conversion, there were no Series A Convertible Preferred Shares issued and outstanding.

On January 16, 2025, the Company issued 425,640 Voting Common Shares and 45,000 Pre-Funded Warrants as part of a private placement offering for a total cash consideration of \$7,656,000 less transaction costs of \$1,106,374, of which \$627,146 was recorded as a reduction in equity and \$479,228 was recorded as an expense. As part of this private placement, the Company issued warrants to purchase 235,320 Voting Common Shares for a period of five and a half years from the issuance date at an exercise price at US\$15.00.

On January 17, 2025, the Company forced the conversion of 3,000 Series B Convertible Preferred Shares in exchange for 7,408 Voting Common Shares. Following this conversion, there were no Series B Convertible Preferred Shares issued and outstanding.

In February 2025, 45,000 Pre-Funded Warrants were converted into 45,000 Voting Common Shares.

On March 31, 2025, the Company implemented a reverse stock split, consolidating every 10 Voting Common Shares into 1 Voting Common Share. As a result of the round up feature for fractional shares, the Company issued an additional 65,664 Voting Common Shares.

During the nine-month period ended May 31, 2025, the Company issued a total of 59,769 Voting Common Shares to third parties in exchange of sub-contracting services provided to the Company related to marketing, investor relations and board fees.

During the month of June 2025, the Company issued a total of 26,391 Voting Common Shares to third parties in exchange for sub-contracting services provided to the Company related to marketing, investor relations and board fees.

## **Incentive Stock Options**

During nine-month period ended May 31, 2025, the Company did not grant any stock options. In addition, 450 previously issued stock options expired in the period.

### 1.3 Selected Annual Financial Information

	<u>Year Ended</u> <u>August 31, 2024</u>	<u>Year Ended</u> <u>August 31, 2023</u>	<u>Year Ended</u> <u>August 31, 2022</u>
	\$	\$	\$
Revenue	3,794,345	5,651,502	7,350,946
Gross Profit	1,497,438	1,536,426	3,285,565
<b>Expenses</b>	<b>(15,813,521)</b>	<b>(22,694,487)</b>	<b>(16,139,007)</b>
Income/(Loss) before Tax	(14,316,083)	(21,158,061)	(12,853,442)
Income Taxes	(255,463)	(280,875)	258,343
Total comprehensive income/(loss)	(13,966,200)	(20,542,229)	(12,802,680)
Basic & Diluted Earnings/(Loss) per Share	(1,534.83)	(3,000.46)	(2,118.22)
<b>Balance Sheet</b>			
Working Capital Surplus <sup>(1)</sup>	923,886	3,636,936	8,727,011
Total Assets	11,420,241	24,046,512	29,100,209
Total Long-Term Liabilities	2,675,347	7,631,898	2,197,684

<sup>(1)</sup> Working capital surplus (deficit) is calculated using current assets less current liabilities

### Selected Quarterly financial information

<u>Quarter end</u>	<u>Revenues</u>	<u>Total comprehensive</u> <u>income (loss)</u>	<u>Income (Loss)</u> <u>per Share</u>
	\$	\$	\$
May 31, 2025 <sup>6</sup>	283,553	(7,135,509)	(6.53)
February 28, 2025 <sup>5</sup>	105,282	(3,610,416)	(5.57)
November 30, 2024 <sup>4</sup>	142,411	(1,602,337)	(19.75)
August 31, 2024 <sup>3</sup>	1,019,189	(3,655,827)	(356.39)
May 31, 2024	1,060,153	(2,949,434)	(333.33)
February 29, 2024 <sup>2</sup>	728,611	(8,414,588)	(969.68)
November 30, 2023 <sup>1</sup>	986,392	1,053,649	119.60
August 31, 2023	2,120,447	(4,354,706)	(545.58)
May 31, 2023	1,300,100	(3,056,639)	(428.88)

<sup>1</sup> The Company had a net finance income related to its derivative liabilities of \$5,411,168.

<sup>2</sup> The Company recorded a goodwill impairment loss of \$4,274,000 and had a net finance income of \$906,760 related to its derivative liabilities.

<sup>3</sup> The Company recorded a goodwill impairment loss of \$4,430,182 and had a net finance income of \$3,564,240 related to its derivative liabilities.

<sup>4</sup> The Company had a net finance income related to its derivative liabilities of \$1,673,420.

<sup>5</sup> The Company had a net finance income related to its derivative liabilities of \$1,456,228.

<sup>6</sup> The Company had a net finance loss related to its derivative liabilities of \$34,815 and litigation settlement costs of \$2,813,511.

### Three-month period ended May 31, 2025

Revenue for the three-month month period ended May 31, 2025 was \$283,553 (May 31, 2024: \$1,060,153); the decrease of 73% resulted primarily from a decrease in the revenue generated by the Company's boat rental operations which were largely affected by the sale of EB Rental, Ltd. ("EBR") in April 2024. Excluding the revenues generated by EBR in the corresponding prior period, the decrease in revenue for the period would have been 56%. A general downturn in the boating industry as well as severe weather are the primary reasons for this drop in revenue. The Company sold its first E-Motion™ Electric Powertrain System in the current period. The Company recognized a gross profit of \$32,936 for the three-month period ended May 31, 2025 compared to a gross profit of \$450,037 in the corresponding prior period. The decrease is due primarily to the decrease in revenues in the current period. The following provides an analysis of the sale of electric boats and revenue from boat rental operations:

	<b>Three-month period ended May 31, 2025</b>	<b>Three-month period ended May 31, 2024</b>	<b>Decrease</b>
Sale of Electric Boats	160,372	599,380	(73%)
Rental of electric boats	45,156	460,773	(90%)
Sale of E-Motion™ powertrains	80,025	-	N/A
	<b>\$285,553</b>	<b>\$1,060,153</b>	<b>(73%)</b>

During the three-month period ended May 31, 2025, the Company incurred a net loss of \$7,189,450 compared to a net loss of \$3,025,977 for the corresponding prior period. The increase in net loss was mainly attributable to litigation settlement costs accrued in the current period resolving an outstanding legal claim related to certain of its Series A Convertible Preferred shareholders. Overall, the Company's operating expenses for the three-month period ended May 31, 2025 were \$3,779,850 (May 31, 2024: \$3,185,282), representing a 19% increase when compared to the corresponding prior period.

The following variances were observed for the three-month period ended May 31, 2025:

- Research and development costs for the three-month period ended May 31, 2025 were \$738,522 (May 31, 2024: \$628,578); the increase was due to integration costs related to the fitting of the Company's E-Motion™ powertrains to third party prototypes for testing purposes with several major boat manufacturers including Smoker Craft Inc., Massimo Marine and STERK.
- Office salaries and benefits for three-month period ended May 31, 2025 were \$716,788 (May 31, 2024: \$791,409). The decrease is due to reduced staffing since the beginning of the prior fiscal year.
- Selling and marketing expenses for the three-month period ended May 31, 2025 were \$1,033,713 (May 31, 2024: \$326,877) due to increased attendance at boat shows as well as increased marketing and investor relations costs.
- Professional fees for the three-month period ended May 31, 2025 increased to \$697,229 (May 31, 2024: \$587,990) due to increased legal costs associated with required regulatory filings as well the organization of a general shareholders' meeting in the quarter.
- Office and general expenses for the three-month period ended May 31, 2025, were \$450,675 (May 31, 2024: \$585,364) due to cost-cutting measures the Company began implementing since the beginning of the prior fiscal year.
- Share-based compensation for the three-month period ended May 31, 2025 decreased to \$11,787 (May 31, 2024: \$46,270), as the Company had not granted any stock options during the three-month period ended May 31, 2025. The costs include past grants of stock options which are recognized when the stock options are vested. The Company recognizes compensation expense for option grants based on the fair value at the date of grant using the Black-Scholes valuation model.
- Net finance expense for the three-month period ended May 31, 2025 amounted to \$3,400,886 (May 31, 2024: \$453,301). This amount consisted primarily of accrued litigation settlement costs of \$2,813,511 (May 31,

2024: nil) related to the resolution of an outstanding legal claim related to certain of its Series A Convertible Preferred shareholders.

### Nine-month period ended May 31, 2025

Revenue for the nine-month month period ended May 31, 2025 was \$533,246 (May 31, 2024: \$2,775,156); the decrease of 81% resulted primarily from a decrease in the revenue generated by the Company’s boat rental operations which were largely affected by the sale of EB Rental, Ltd. (“EBR”) in April 2024. Excluding the revenues generated by EBR in the corresponding prior period, the decrease in revenue for the period would have been 39%. A general downturn in the boating industry as well as severe weather are the primary reasons for this drop in revenue. The Company sold its first E-Motion™ Electric Powertrain System in the current period. The Company recognized a gross loss of \$23,206 for the nine-month period ended May 31, 2025 compared to a gross profit of \$1,105,648 in the corresponding prior period. The decrease is due primarily to the decrease in revenues in the current period. The following provides an analysis of the sale of electric boats and revenue from boat rental operations:

	<b>Three-month period ended May 31, 2025</b>	<b>Three-month period ended May 31, 2024</b>	<b>Decrease</b>
Sale of Electric Boats	359,096	893,998	(60%)
Rental of electric boats	94,125	1,881,158	(95%)
Sale of E-Motion™ powertrains	80,025	-	N/A
	<b>\$533,246</b>	<b>\$2,775,156</b>	<b>(81%)</b>

During the nine-month period ended May 31, 2025, the Company incurred a net loss of \$12,344,937 compared to a net loss of \$10,407,997 for the corresponding prior period. The increase in net loss was mainly attributable to litigation settlement costs accrued in the current period resolving an outstanding legal claim related to certain of its Series A Convertible Preferred shareholders and a decrease in gains attributable to mark to market valuations of the Company’s derivative liabilities at the balance sheet date, which were partially offset by the absence of a goodwill impairment loss of \$4,274,000 which occurred in the corresponding prior period. Overall, the Company’s operating expenses for the nine-month period ended May 31, 2025 were \$10,991,954 (May 31, 2024: \$11,437,853), representing a 4% decrease when compared to the corresponding prior period.

The following variances were observed for the nine-month period ended May 31, 2025:

- Research and development costs for the nine-month period ended May 31, 2025 were \$1,782,507 (May 31, 2024: \$1,947,815); the decrease was due to the Company moving towards the production of its E-Motion™ powertrains, thus reducing core research and development costs during the period, which was partially offset by integration costs related to the fitting of the Company’s E-Motion™ powertrains to third party prototypes for testing purposes with several major boat manufacturers including Smoker Craft Inc., Massimo Marine and STERK.
- Office salaries and benefits for nine-month period ended May 31, 2025 were \$2,151,659 (May 31, 2024: \$2,696,635). The decrease is due to reduced staffing since the beginning of the prior fiscal year.
- Selling and marketing expenses for the nine-month period ended May 31, 2025 were \$2,641,459 (May 31, 2024: \$1,727,701) due to increased attendance at boat shows as well as increased marketing and investor relations costs.
- Professional fees for the nine-month period ended May 31, 2025 increased to \$2,705,781 (May 31, 2024: \$2,194,337), due to increased legal costs associated with required regulatory filings related to various capital raises in the period as well the organization of a general shareholders’ meeting in the period.
- Office and general expenses for the nine-month period ended May 31, 2025, were \$1,296,789 (May 31, 2024: \$2,045,738) due to cost-cutting measures the Company began implementing since the beginning of the prior fiscal year.

- Share-based compensation for the nine-month period ended May 31, 2025 decreased to \$44,214 (May 31, 2024: \$192,622), as the Company had not granted any stock options during the nine-month period ended May 31, 2025. The costs include past grants of stock options which are recognized when the stock options are vested. The Company recognizes compensation expense for option grants based on the fair value at the date of grant using the Black-Scholes valuation model.
- For the nine-month period ended May 31, 2025, the Company realized net finance expense of \$1,320,950 (May 31, 2024: net finance income of \$3,909,102). This unfavorable variance was due primarily to decreased gains attributable to the period-end fair value adjustments caused by the issuance of warrants and preferred shares which are classified as derivative liabilities for accounting purposes rather than equity of \$3,094,832 (May 31, 2024: \$5,913,484), as well as accrued litigation settlement costs of \$2,813,511 (May 31, 2024: nil) related to the resolution of an outstanding legal claim related to certain of its Series A Convertible Preferred shareholders.

## 1.6 Liquidity and Capital Resources

Prior to June 23, 2025, the Company's operations consisted of the designing, developing and manufacturing of electric outboard powertrain systems, rental of electric boats and electric boats sales. On June 23, 2025, the Company expanded its operations to include dealerships for the sale of boats, parts and accessories manufactured by third parties as well as the provision of related services. The Company's financial success depends upon its ability to market and sell its outboard powertrain systems and electric boats; to sell boats, parts and accessories as well as related services through its dealerships; and to raise sufficient working capital to enable the Company to execute its business plan. The Company's historical capital needs have been met by internally generated cashflow from operations and the support of its shareholders. During the year ended August 31, 2021, the Company raised gross proceeds of US\$27,600,000 from its initial public offering onto the Nasdaq, and during the year ended August 31, 2023, the Company raised \$12,437,523. In addition, during the fiscal year ended August 31, 2024, the Company raised \$8,326,492. During the nine-month period ended May 31, 2025, the Company raised a further \$27,145,659. However, should the Company need further funding, there is no assurance that funding will be possible at the times required by the Company. If no funds can be raised and sales of its outboard powertrain systems and electric boats does not produce sufficient net cash flow, then the Company may require a significant curtailing of operations to ensure its survival.

The interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company generated a net loss before tax of \$12,334,407, and a net loss of \$12,344,937 during the nine-month period ended May 31, 2025 and had a cash balance and a working capital surplus of \$10,891,002 and \$16,182,610, respectively, as at May 31, 2025. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern depends on the continued financial support of the creditors and the shareholders. In the past, the Company has relied on the support of its shareholders to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue its operations. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis could cause the Company to reduce or terminate its operations.

The Company is evaluating several different strategies and is actively pursuing actions that are expected to increase its liquidity position, including, but not limited to, pursuing additional cost savings initiatives, seeking additional financing from both the public and private markets through the issuance of equity securities, and potentially selling assets which do not align with the Company's outlook of future operations. However, the Company's management cannot provide assurances that the Company will be successful in accomplishing any of its proposed financing plans. These matters, when considered in aggregate, indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern for at least 12 months from the issuance of the interim condensed consolidated financial statements for the nine-month period ended May 31, 2025.

As of July 11, 2025, the Company had 1,157,137 issued and outstanding common shares and 1,886,551 on a fully diluted basis. In addition, there are up to 505,102 common shares that are issuable but contingent on court approval of a litigation settlement with certain Series A Convertible Preferred shareholders (250,000 common shares issuable) and the exercise of the option to acquire the six real estate properties of Nautical Ventures (up to 255,102 common

shares issuable). If those events were to materialize, the total outstanding common shares on a fully diluted basis would be 2,391,653.

The Company had \$16,182,610 of working capital surplus as at May 31, 2025 compared to \$923,886 working capital surplus as at August 31, 2024. The increase in working capital surplus during the nine-month period ended May 31, 2025 resulted from the cash used in operations of \$15,442,572 (May 31, 2024: \$11,135,794); cash used for investing activities of \$449,025 (May 31, 2024: cash provided by investing activities of \$603,561) resulting primarily from the additions to property and equipment of \$312,420 (May 31, 2024: \$465,463) and intangible assets of \$136,605 (May 31, 2024: \$50,653). Note that, for the nine-month period ended May 31, 2024, the Company generated net proceeds from the sale of a subsidiary and the disposal of equipment of \$993,109 and \$126,568, respectively, which did not materialize in the current period; financing activities provided cash of \$26,719,473 (May 31, 2024: \$7,514,284), caused mainly by the issuance of various securities of \$27,145,659 (May 31, 2024: \$8,326,492), and by an increase in long-term debt of \$280,500 (May 31, 2024: \$247,000). These increases were partially offset by the repayment of lease liabilities of \$108,928 (May 31, 2024: \$517,497), the repayment of long-term debt of \$495,734 (May 31, 2024: \$386,711) and the repayment of advances from related parties of \$102,024 (May 31, 2024: nil).

### 1.7 Capital Resources

As at May 31, 2025, the Company had cash of \$10,891,002 (August 31, 2024: \$63,126).

As of the date of this MD&A, the Company has no outstanding commitments, other than rent and lease commitments and purchase commitments as disclosed in notes 11 and 22 of the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025, as well as the following lease commitments of Nautical Ventures following its acquisition in June 2025:

	US\$
2025	1,237,554
2026	1,724,600
2027	1,365,300
2028	1,365,300
2029 and thereafter	2,047,950

### 1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### 1.9 Transactions with Related Parties

#### *Related party balances and transactions*

The following table summarizes the Company's related party transactions for the period:

	Three-month period ended May 31, 2025 \$	Three-month period ended May 31, 2024 \$	Nine-month period ended May 31, 2025	Nine-month period ended May 31, 2024
<b>Research and Development</b>				
Mac Engineering, SASU	-	65,962	1,392,983	1,646,738

The Company leases its Boisbriand premises from California Electric Boat Company Inc. Prior to August 1, 2024, this lease was accounted for as a right-of-use asset and lease liability. However, on August 1, 2024, the lease was renegotiated for a one-year term only and ceased to be accounted for as a right-of-use asset and lease liability. As such, as at May 31, 2025, the right-of-use asset for this lease was nil [August 31, 2024 – nil] and the lease liability was nil [August 31, 2024 – nil]. For the three-month and nine-month periods ended May 31, 2025, rent expense of \$68,347 and \$205,043 respectively [May 31, 2024 – nil for both periods] was recorded under the renegotiated lease.

#### Remuneration of directors and key management of the Company

	Three-month period ended May 31, 2025 \$	Three-month period ended May 31, 2024 \$	Nine-month period ended May 31, 2025 \$	Nine-month period ended May 31, 2024 \$
Wages	369,254	715,753	1,087,612	1,292,518
Share-based payments – capital stock	16,414	71,145	257,918	187,771
Share-based payments – stock options	3,938	37,823	20,533	120,929
	<b>389,606</b>	<b>824,721</b>	<b>1,366,061</b>	<b>1,601,218</b>

The amounts due to and from related parties are as follows:

	As at May 31, 2025 \$	As at August 31, 2024 \$
<b>Share subscription receivable</b>		
9335-1427 Quebec Inc.	25,000	25,000
Alexandre Mongeon	14,200	14,200
	<b>39,200</b>	<b>39,200</b>
<b>Current advances to (from) related party</b>		
Alexandre Mongeon	17,609	(84,616)
	As at May 31, 2025 \$	As at August 31, 2024 \$
<b>Amounts due to related parties included in trade and other payables:</b>		
Alexandre Mongeon	10,769	86,115
Raffi Sossoyan	5,750	11,500
Xavier Montagne	5,808	11,615
California Electric Boat Company Inc.	-	197,862
Mac Engineering, SASU	18,519	1,006,541
	<b>40,846</b>	<b>1,313,670</b>

Advances from related parties are non-interest bearing and have no specified terms of repayment.

### **1.10 Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. There were no material changes in estimates in the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025.

### **1.11 Changes in Accounting Policies including Initial Adoption**

See Note 2 of the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended August 31, 2024, except for the adoption of the amendments to IAS 1 *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* on September 1, 2024 as described in Note 2 of the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025.

### **1.12 Controls and procedures**

#### **Disclosure controls and procedures**

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures at May 31, 2025 were not effective to provide reasonable assurance that material information required to be disclosed by us in the reports that we file with, or submit to, the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in by the SEC's rules and regulations, solely due to the presence of a material weakness in internal controls over financial reporting as described below, which management is in the process of remediating.

#### **Internal controls over financial reporting**

The CEO and the CFO have also designed internal controls over financial reporting or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our internal controls over financial reporting, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 Framework).

As a result of the year-end assessment process for the year ended August 31, 2024, we identified that we did not maintain effective processes and controls over the financial statement close process and the accounting for and reporting of complex and non-routine transactions due to a material weakness. Specifically, we determined that there was a lack of sufficient accounting and finance personnel to enable appropriate level of internal controls within the

financial statement close process, including performing in-depth analysis and review of complex accounting matters and non-routine transactions within the timeframes set by us for filing our consolidated financial statements. Because of this deficiency, we concluded there was a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis at May 31, 2025.

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected.

To remediate the identified material weaknesses, management is in the process of hiring additional personnel and designing and implementing revised controls and procedures which management believes will address the material weakness. These controls and procedures include establishing a more comprehensive schedule for management review of financial information and establishing additional review procedures over the accounting for complex and non-routine transactions. As at May 31, 2025, the Company is working on remediating the identified material weakness.

Notwithstanding the material weakness, management has concluded that the Company's interim condensed consolidated financial statements as at and for the three-month and nine-month periods ended May 31, 2025 present fairly, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows in accordance with IFRS.

#### **Changes in internal controls over financial reporting**

Other than as described above, no changes were made to our internal controls over financial reporting that occurred during the nine-month period ended May 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

#### **1.14 Financial Instruments and risk management**

See Notes 13 and 19 to the Company's interim condensed consolidated financial statements for the three-month and nine-month periods ended May 31, 2025.

## **1.15 Additional Information**

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### **OFFICERS & DIRECTORS**

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*Director*

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*Director*

Dr. Philippe Couillard  
*Director*

Luisa Ingargiola  
*Director*

Pierre-Yves Terrisse  
*Director*

Alexandre Mongeon,  
*Chief Executive Officer and Director*

Xavier Montagne  
*Chief Operating Officer and Chief Technology Officer*

Raffi Sossoyan, CPA  
*Chief Financial Officer*

### **CAPITALIZATION**

(as at July 11, 2025)

Common Shares Authorized: Unlimited

Common Shares Issued: 1,157,137

### **AUDITORS**

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