

Message from the Chair of the Board

Dear fellow shareholders,

In the last two years, I had the opportunity to witness the agility of D-BOX's leadership team to build a strong corporate structure, spearhead growth opportunities for its haptic technology and now be ready to deliver solid financial results. The business environment we had to face included one of the worst global pandemics in the modern era, facing supply chain issues that resulted in delays and rising costs without forgetting a cyberattack (ransomware).

During the fiscal year 2022, D-BOX delivered excellent financial performance. Total revenue grew 92% YoY and delivered a positive adjusted EBITDA of \$922,000 compared to a negative adjusted EBITDA of \$3.5 million in the previous year. This is a significant milestone as this should provide investors with greater confidence that the D-BOX leadership can deliver a profitable growth strategy.

A key growth driver for D-BOX is the quality of its haptic experience, its product management customer-centric approach and the years of investment in creativity and innovation. This is one of the main reasons why D-BOX's footprint extends to more than 70 countries, through more than 400 business partners and is enjoyed by millions of consumers worldwide. The geographic and sector diversification leads to the democratization of the experience.

Over the last year, the board has also been active in providing a sturdy foundation for D-BOX and developing strong environmental, social, and governance (ESG) practices. In April 2021, D-BOX hired COESIO to push forward policies related to environmental sustainability, social impact and corporate governance practices. Moreover, D-BOX will identify, integrate and measure sustainable development practices, that promote corporate accountability and mitigate D-BOX's ESG risks. Those policies will support our growth as it is requested by shareholders, valued by customers, and attracts highly sought talents. We've added to the Board Mr. Jean- Pierre Trahan, and Ms. Zrinka Dekic. They bring a solid background in business strategy and corporate finance with valuable accomplishments in technology and entertainment.

As for future growth, D-BOX is strategically positioned to capture a significant portion of the entertainment opportunity. D-BOX will continue to expand its footprint in movie theatres, location-based entertainment, museums, arcades, theme parks, simulation & training centres and other commercial venues as it has already an established base of partners and end-users. As well, the metaverse, video game accessories, consumer electronics, and home furniture are all areas where haptic technology will soon be in our daily lives.

In closing, D-BOX has been building a strong foundation and we look forward to maintaining this strong momentum. I am very proud of what has been accomplished in this past year with greater oversight on corporate governance, pushing ESG initiatives and delivering strong financial performance. D-BOX is committed to value creation and profitable growth. Finally, I would like to thank D-BOX employees for believing in the vision, the strategies and the tactics, our customers and partners that helped democratize D-BOX's haptic technology and investors for the support. You are all important to the success of D-BOX.

Sincerely,

Signed:

Denis Chamberland
Chair of the Board

Message from the President and Chief Executive Officer

Dear fellow shareholders,

My appointment as President and CEO was officially announced on April 1st, 2020, right at the start of the COVID pandemic. It's been a turbulent two years, and my life has been anything, but normal. With perseverance, resilience, and faith in our vision, I am proud to announce that D-BOX delivered an excellent financial performance for FY2022, in one of the toughest business environments. I would like to thank all stakeholders who were part of that extraordinary situation, for their incommensurable support. I will summarize some of the key highlights and discuss some key catalysts to come.

Over the last year, our daily life was clouded by uncertainty related to the pandemic, the management of an unpredictable recovery, a cyberattack (ransomware), and dealing with the supply chain disruption which led to delays and rising costs. What is the most gratifying, is to see that the D-BOX team rolled up their sleeves, and used creativity and ingenuity to not only mitigate the adverse impacts but deliver great execution resulting in strong financial performance. In FY2022, total revenue grew 92% YoY to \$21.3 million, driven by rights for use revenues which grew 530% YoY and the commercial entertainment segment which increased 382% YoY. More importantly, we generated a positive adjusted EBITDA of \$922,000 compared to a negative adjusted EBITDA of \$3.5 million for the previous year. Interestingly, if we compare the last three quarters of FY2022 to the same period of FY2020, we have reached a similar level of revenues, but higher adjusted EBITDA by \$1.0M. This demonstrates the actions taken by the management, have paid off.

While some of the achievements highlighted below contributed to the financial performance of FY2022, a significant portion will impact positively in FY2023. Here are some key achievements of the last fiscal year:

- Addition of more than 40 theatrical screens equipped with haptic seats
- Reached 3.2 million tickets sold by theatrical exhibitors, despite many theatres being closed due to the pandemic;
- Partnerships with EA/CodeMaster for F1 2021 video game, BMW for developing a haptic platform with custom motion cueing, and eNASCAR to maintain D-BOX's leadership in the motorsport and sim racing markets as the best haptic solution;
- Launch of a concept seat with Razer, the world's leading lifestyle brand for gamers, to showcase a concept gaming chair featuring D-BOX's high-fidelity haptic technology at the CES 2022. Cooler Master for the unveiling of a gaming chair featuring D-BOX's high-fidelity haptic technology at its Summer Summit 2021;
- Partnership with LADB and development of internal tools for D-BOX's content scalability strategy;
- Strengthen the sales team with the addition of Ms. Karen Mendoza and Mr. Tripp Wood as sales executive leaders; and
- Strategically positioned D-BOX leadership within the Haptic Industry Forum;

One of the key assets of D-BOX is its people. The team has been resilient, innovative, engaged and committed to the success of the organization and I could not thank them enough for their contribution. D-BOX will continue to promote and invest in a work-life balance as well as create an inspiring working culture environment for its employees.

While some uncertainties remain present, some have abated. One thing is for sure, D-BOX is committed to working hard and delivering results. We are optimistic regarding the opportunities in the haptic technology

market since D-BOX is an established player and a pioneer in this industry for more than 20 years! Our technological platform, our large ecosystem of partners and our worldwide install-based, are extremely valuable. My job is to make sure you see it, you hear about it, and you feel it.

Sincerely,

Signed:

Sébastien Mailhot
President and CEO