



D-BOX Technologies' Third Quarter Results Highlighted by 87% Revenue Increase

Strong surge in system sales drives second best revenue quarter on record

- Total revenues grew 87% to \$10.5 million compared to same quarter last year
- System sales revenues increased 143% to \$8.4 million
- Sixth consecutive quarter of positive adjusted EBITDA*
- Net loss decreased to \$0.1 million compared to \$0.3 million in the third quarter of 2022

Montréal, Québec, February 9, 2023 – D-BOX Technologies Inc. ("D-BOX" or the "Corporation") (TSX: DBO) a world leader in haptic and immersive experiences, today reported financial results for the third quarter of fiscal 2023 ended December 31, 2022. All dollar amounts are expressed in Canadian currency.

"The third quarter was our second-best quarter ever in terms of revenue, building on our strong fiscal 2023 year-to-date performance," said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. "System sales for the quarter were very strong and we achieved our sixth consecutive quarter of positive adjusted EBITDA. Importantly, our order book remains strong, and we have several highly anticipated movies being released with D-BOX's haptic experience in the current quarter, including *Ant-Man and the Wasp: Quantumania*, *Shazam: Fury of the Gods*, *John Wick: Chapter 4*, and *Dungeons and Dragons: Honor Among Thieves*."

"While we continue to build upon our leadership position in the theatrical market, we are much more than a great movie theatre partner. D-BOX is poised for growth across multiple key markets. During the quarter, Kindred Concepts opened its first state-of-the art F1 racing simulation center called F1 Arcade, featuring 60 D-BOX-equipped simulators in London, England, with 30 locations planned over the next five years; and we announced collaborations with leading sim racing equipment designers, manufacturers and marketers, RSEAT and Trak Racer. And last month, we announced our Mercedes-branded multipurpose haptic platform, which will be available for on-line purchase by the end of February. This product is compatible with most racing simulator chassis and can be retrofitted under static seats such as sofas and recliners, with multiple applications in the commercial and home entertainment markets," Mr. Mailhot added.

"We've achieved a marked improvement in revenue and profitability for the quarter and for the first nine months of our fiscal 2023," said David Montpetit, Chief Financial Officer of D-BOX. "Within the quarter, we've done our best to navigate sales market mix, supply chain costs challenges and manage expenses while continuing to collaborate with leading partners to develop and launch great products to position our business well for the future. Importantly, we exited the quarter with a strong overall balance sheet."

* See the Non-IFRS Financial Performance Measures section in this news release for more information.



(Amounts are in thousands of Canadian dollars)

	Three-month periods ended December 31		Nine-month periods ended December 31	
	2022	2021	2022	2021
Total revenues	10,455	5,578	23,710	14,341
Rights for use, rental and maintenance revenues	2,009	2,098	6,572	3,994
System sales revenues	8,446	3,480	17,138	10,347
Gross profit excluding amortization*	4,982	3,578	12,568	8,285
Net loss	(110)	(340)	(823)	(2,105)
Adjusted EBITDA*	491	402	1,128	(52)
	As at December 31, 2022		As at March 31, 2022	
Cash and cash equivalents	3,341		3,937	

*See the Non-IFRS Financial Performance Measures section in this news release for more information.

THIRD QUARTER OVERVIEW

Total revenues in the third quarter of fiscal 2023 were \$10.5 million, compared to \$5.6 million a year ago. Total revenues growth was attributable to a 143% increase in systems sales revenues, partially offset by a 4% decrease in rights for use, rental and maintenance revenues. Higher system sales in the quarter were driven by growth in commercial entertainment, which includes sales to theatrical exhibitors and themed entertainment.

Gross profit excluding amortization related to cost of goods sold increased to \$5.0 million from \$3.6 million for the same period last year. Gross margin excluding amortization decreased to 48% from 64%. The decrease in gross margin was due to a higher proportion (market mix) of sales to theatrical exhibitors and themed entertainment system sales in the third quarter of this year. Additionally, theatrical exhibitor and themed entertainment system sales were impacted by higher transportation costs. Theatrical exhibitor and themed entertainment system sales accounted for 54% of total system sales for the quarter compared to 29% for the same period last year.

Operating expenses for the quarter increased 36% to \$4.6 million, or 44% of revenues, compared to \$3.3 million, or 60% of revenues, in the third quarter of last year. Contributing to the variance was a \$0.6 million increase in research and development expenses resulting from projects related to transitioning more of D-BOX's product portfolio to the G5 haptic system and software development; a \$0.5 million increase in selling and marketing expenses, as well as a higher headcount. The increase in selling and marketing expenses largely reflected the resumption of trade shows and travel as economies continued to recover from the COVID-19 pandemic.



Net loss for the quarter was \$0.1 million compared with a loss of \$0.3 million in the third quarter a year ago.

Adjusted EBITDA improved to \$0.5 million from \$0.4 million in the same quarter last year and represented the sixth consecutive quarter of positive adjusted EBITDA for the Corporation.

At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$6.8 million.

ADDITIONAL INFORMATION REGARDING THE THIRD QUARTER ENDED DECEMBER 31, 2022

The financial information relating to the third quarter ended December 31, 2022, should be read in conjunction with the Corporation's audited consolidated financial statements and the Management's Discussion and Analysis dated February 9, 2023. These documents are available at www.sedar.com.

NON-IFRS FINANCIAL PERFORMANCE MEASURES*

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

- 1) Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows from operations. It consists of profit (loss) excluding amortization, financial expenses net of income, income taxes (recovery), impairment charges, share-based payments, foreign exchange (gain) loss and non-recurring expenses related to restructuring costs. The following table reconciles adjusted EBITDA to profit (loss):

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended December 31		Nine-month periods ended December 31	
	2022	2021	2022	2021
Profit (loss)	(110)	(340)	(823)	(2,105)
Amortization of property and equipment	315	271	871	846
Amortization of intangible assets	263	232	749	638
Financial expenses	147	59	402	296
Foreign exchange (gain) loss	(165)	(48)	(70)	(50)
Accretion of interest expense	—	5	—	5
Gain (loss) on disposal of assets	—	—	(5)	—
Impairment (reversal)	—	179	(223)	179
Income taxes (recovery)	1	—	19	—
Share-based payments	40	44	208	144
Adjusted EBITDA	491	402	1,128	(47)



- 2) Gross profit excluding amortization is used to evaluate the Corporation's capacity to generate funds through product sales by considering the cost of these products while excluding the main non-cash item, namely amortization.

ABOUT D-BOX

D-BOX creates and redefines realistic, immersive entertainment experiences by moving the body and sparking the imagination through effects: motion, vibration and texture. D-BOX has collaborated with some of the best companies in the world to deliver new ways to enhance great stories. Whether it's movies, video games, music, relaxation, virtual reality applications, metaverse experience, themed entertainment or professional simulation, D-BOX creates a feeling of presence that makes life resonate like never before. D-BOX Technologies Inc. (TSX: DBO) is headquartered in Montreal with offices in Los Angeles, USA and Beijing, China. Visit D-BOX.com.

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Corporation's expectations expressed in or implied by the forward-looking information include, but are not limited to: dependence on suppliers; indebtedness; future funding requirements; global health crises and COVID-19; political, social and economic conditions; strategic alliances; access to content; performance of content; distribution network including inflation and interest rates;



concentration of clients; competition; technology standardization; exchange rate between the Canadian dollar and the U.S. dollar; warranty, recalls and lawsuits; intellectual property; security and management of information; credit risk; reputational risk through social media; and dependence on key personnel and labour relations. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed under “Risk Factors” in the Corporation’s annual information form for the fiscal year ended March 31, 2022, a copy of which is available on SEDAR at www.sedar.com.

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

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

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