



D-BOX Technologies Reports Fourth Quarter and Fiscal 2023 Year End Results

Fourth quarter revenue growth caps strongest year in four years

- Total revenues grew 60% to \$34.1 million for the year, including 49% growth in the fourth quarter
- System sales revenues increased 63% to \$25.6 million for the year, including 57% growth in the fourth quarter
- Rights for use, rental and maintenance revenues grew 53% to \$8.5 million for the year, including 22% growth in the fourth quarter
- Adjusted EBITDA* was \$1.8 million for the year, including \$0.6 million in the fourth quarter
- Net loss decreased to \$0.9 million for the year and was \$0.1 million in the fourth quarter

Montréal, Québec, May 31, 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 fourth quarter and fiscal year ended March 31, 2023. All dollar amounts are expressed in Canadian currency.

“Fiscal 2023 was one of our best years ever and marked the resurgence of D-BOX,” said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. “We had strong revenue growth across the business for both the fourth quarter and the year. In the theatrical market, annual ticket sales for D-BOX reached an all-time high and we completed 70 new auditorium installations in the year. System sales revenue for the home entertainment market grew 39% to reach \$5.9 million, including \$2.2 million in the fourth quarter, and was driven by the traction we are gaining in sim racing.”

“In fiscal 2024 we will celebrate our 25th anniversary and there has never been a more exciting time for D-BOX,” added Mr. Mailhot. “We see significant potential to expand our worldwide install base and industry-leading haptic ecosystem and are poised for growth in multiple strategic markets. We look to further build upon our leadership position in the theatrical market while continuing to add new revenue streams in sim racing and establishing a foothold in video gaming.”

“This past year, we invested in growth with the launch of our G5 actuator system in the second quarter and the doubling of our output capacity in the third quarter, some of these investments shouldn’t be repeated in the future,” said David Montpetit, Chief Financial Officer of D-BOX. “Our inventory was higher at year end as we purposely looked to limit our risk of exposure to geopolitical supply, as well as ramping up to ensure enough supply to deliver on certain orders over the first half of fiscal 2024. As we continue to scale the business, we remain focused on building recurring revenue and continuing to deliver profitable growth.”

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended March 31		Twelve-month periods ended March 31	
	2023	2022	2023	2022
Total revenues	10,412	6,971	34,122	21,313
Rights for use, rental and maintenance revenues	1,930	1,579	8,502	5,573
System sales revenues	8,482	5,392	25,620	15,740
Gross profit excluding amortization*	5,164	4,157	17,732	12,445
Net (loss) income	(115)	238	(937)	(1,867)
Adjusted EBITDA*	648	972	1,782	922
	As at March 31, 2023		As at March 31, 2022	
Cash and cash equivalents	3,116		3,937	

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

FOURTH QUARTER OVERVIEW

Fourth quarter revenues increased 49% to \$10.4 million compared to \$7.0 million for the same quarter a year earlier. The increase was primarily due to the increase in system sales for both the commercial and home entertainment markets. Systems sales for the commercial market increased 55% to \$6.3 million, driven by new screens in the theatrical entertainment market, delivered and installed in the quarter. System sales revenue for the home entertainment market increased by 65% to reach \$2.2 million due to expansion and growth in sim racing.

Rights for use, rental and maintenance revenues increased 22% to \$1.9 million on strong showings from highly anticipated films like Ant-Man and the Wasp: Quantumania, Avatar: The Way of Water and John Wick: Chapter 4.

Gross profit excluding amortization related to cost of goods sold increased 24% to \$5.2 million from \$4.2 million for the same period in the previous year. Gross margin excluding amortization decreased to 50% of revenues from 60%. The decrease in gross margin is due to a higher proportion (market mix) of system sales to theatrical exhibitors and themed entertainment system sales over the two periods. Higher theatrical system sales results in a decrease to the Corporation's gross margin in the initial year of sale, followed by higher margins from rights for use fees earned in subsequent years. Theatrical exhibitor and themed entertainment system sales accounted for 29% of total system sales in the quarter compared to 6% for the same period in the previous year. Theatrical exhibitor and themed entertainment system sales continued to be impacted by higher logistics costs in the quarter versus the same period in the previous year. Logistics costs have decreased from the previous quarter.

Operating expenses for the quarter were \$4.7 million, or 45% of revenues, compared to \$3.5 million, or 50% of revenues, in the same quarter a year earlier. Contributing to the variance was a \$0.5-4 million increase in research and development expenses due to projects related to the next generation of actuator controllers and software development; a \$0.4 million increase in selling and marketing



expenses due to marketing initiatives and trade shows focused on the theatrical and sim racing markets; a \$0.5 million increase in administrative expenses and professional fees.

Net loss for the quarter was \$0.1 million compared with net income of \$0.2 million in the fourth quarter a year earlier.

Adjusted EBITDA was \$0.6 million compared with \$1.0 million for the same period the prior year.

At year-end, D-BOX had a cash position and undrawn credit facilities totaling \$5.9 million.

NOTICE OF INVESTOR WEBINAR

Management of D-BOX will be participating in a Radius Research investor webinar on Thursday, June 1, 2023, at 4:00 pm ET. During the webinar, management will discuss D-BOX's fiscal 2023 results and recent developments in the video gaming market. Anyone wishing to join the webinar may register at <https://bit.ly/DBOX2023Q4>.

ADDITIONAL INFORMATION REGARDING THE FOURTH QUARTER AND YEAR ENDED MARCH 31, 2023

The financial information relating to the fourth quarter and fiscal year ended March 31, 2023, should be read in conjunction with the Corporation's audited consolidated financial statements and the Management's Discussion and Analysis dated May 31, 2023. These documents are available at www.sedar.com.

NON-IFRS FINANCIAL PERFORMANCE MEASURES*

D-BOX uses three 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 non-IFRS performance measures are described as follows:



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

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended March 31		Twelve-month periods ended March 31	
	2023	2022	2023	2022
Net (loss) income	(115)	238	(937)	(1,867)
Amortization of property and equipment	351	277	1,226	1,124
Amortization of intangible assets	249	211	1,000	848
Impairment (reversal)	—	—	(223)	179
Gain on disposal of assets	—	—	(5)	—
Financial expenses	103	99	504	396
Income taxes	—	—	19	—
Share-based payments	20	48	228	192
Foreign exchange loss (gain)	40	99	(30)	50
Adjusted EBITDA	648	972	1,782	922

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, 2023, 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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