



D-BOX Technologies Reports Record Revenue for Second Quarter of Fiscal 2024

- **Total revenues grew 77% to \$10.9 million compared to the second quarter of last year**
 - **System sales revenues increased 99% to \$8.7 million**
 - **Rights for use, rental and maintenance revenues grew 21% to \$2.1 million**
- **Adjusted EBITDA* was \$1.1 million**
- **Net profit was \$0.4 million**

Montréal, Québec, November 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 second quarter ended September 30, 2023. All dollar amounts are expressed in Canadian currency.

“We are proud of the record quarterly revenue we achieved in the second quarter,” said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. “Most of the growth came from higher system sales to theatrical customers as we continued to increase our global footprint in that key market. We also completed the purchase order from Cooler Master, delivering \$1 million in haptic systems for their Motion 1 gaming chair. However, our financial results were tempered by a lower gross margin due to differences in our product and market mix compared to the second quarter of last year.”

“While our financial results for the first two quarters have us on track to surpass our fiscal 2023 numbers, we do expect a softer second half to fiscal 2024 – due in part to the work stoppages this year in Hollywood, the lack of an apparent and impactful blockbuster on the horizon for the Holiday movie season, and uncertain economic conditions.”

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended September 30		Six-month periods ended September 30	
	2023	2022	2023	2022
Total revenues	10,852	6,142	21,343	13,255
Rights for use, rental and maintenance revenues	2,144	1,771	5,155	4,563
System sales revenues	8,708	4,371	16,188	8,692
Gross profit excluding amortization*	5,168	3,295	10,788	7,586
Net profit (loss)	402	(743)	898	(714)
Adjusted EBITDA*	1,092	38	2,348	643
	As at September 30, 2023		As at March 31, 2023	
Cash and cash equivalents	2,877		3,116	

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



SECOND QUARTER OVERVIEW

Second quarter revenues increased 77% to \$10.9 million compared with \$6.1 million for the same quarter a year ago.

Systems sales revenue increased 99% to \$8.7 million, with the majority of the growth coming from a \$2.3 million increase in sales to theatrical customers. Over that same period, net new screen installations were 23, as compared to 4 for the same period last year, bringing the total number of active D-BOX screens to 879 as at September 30, 2023. Also contributing to the growth in system sales, D-BOX haptic systems for the Cooler Master Motion 1 gaming chair were delivered during the period, resulting in an increase of \$1.0 million in entertainment revenues, and D-BOX completed its delivery of haptic systems related to the Vibe chair during the period.

Rights for use, rental and maintenance revenues increased 21% to \$2.1 million, with the growth being attributable to the Corporation's larger footprint in theaters compared to the same quarter last year.

Gross profit excluding amortization increased to \$5.2 million from \$3.3 million for the same period last year. However, gross margin excluding amortization decreased to 48% from 54% for the same period last year due to sales mix, including the addition of system sales to videogaming customers, and a higher proportion of system sales versus rights for use, rental and maintenance revenues during the period as compared to the same period last year. Rights for use, rental and maintenance revenues generate a higher margin than system sales.

Operating expenses for the quarter were \$4.3 million, or 40% of revenues, compared to \$3.7 million, or 61% of revenues, in the same quarter a year earlier. Contributing to the variance was a \$0.4 million increase in selling and marketing expenses due to a higher headcount, a reduction of \$122 thousand in government assistance, and the result of marketing initiatives and participation in trade shows, business development events and travel focused on the entertainment and gaming markets. Administrative expenses were \$0.3 million higher due to an increase in amortization expense related to leasehold improvements that are amortized over the remaining life of the lease.

Net profit for the quarter was \$402 thousand compared with a net loss of \$743 thousand a year earlier. Adjusted EBITDA increased to \$1.1 million from \$38 thousand in the second quarter of last year.

At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$5.7 million.

NOTICE OF INVESTOR VIDEO PRESENTATION

Management of D-BOX will be publishing a video presentation to investors on the Corporation's website at <https://www.d-box.com/en/investor-relations> on Tuesday, November 14, 2023, at [9:00 am ET]. During the presentation, management will discuss the Corporation's second quarter results, its renewed focus on the professional simulation and training market, and its outlook. Investors are invited to submit relevant questions in advance by email to investors@d-box.com.

ADDITIONAL INFORMATION REGARDING THE SECOND QUARTER ENDED SEPTEMBER 30, 2023

The financial information relating to the second quarter ended September 30, 2023, should be read in conjunction with the Corporation's audited consolidated financial statements and the Management's Discussion and Analysis dated November 9, 2023. These documents are available at www.sedarplus.ca.



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 September 30		Six-month periods ended September 30	
	2023	2022	2023	2022
Net profit (loss)	402	(743)	898	(714)
Amortization of property and equipment	307	313	562	561
Amortization of intangible assets	193	257	384	487
Financial expenses	175	150	341	256
Foreign exchange (gain) loss	(10)	233	122	95
Gain (loss) on disposal of assets	(1)	(5)	(1)	(5)
Impairment (reversal)	—	(223)	—	(223)
Income taxes (recovery)	9	11	9	18
Share-based payments	17	45	33	168
Adjusted EBITDA	1,092	38	2,348	643

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, the ability to increase royalty-based revenue and generate profitable growth. 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.sedarplus.ca.

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 this press release 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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