



D-BOX Technologies Reports Record Revenues and Net Profit in Second Quarter Fiscal 2025

All dollar amounts are expressed in Canadian currency
(1) Please refer to " Non-IFRS financial performance measures " in this press release

Q2 FISCAL 2025 HIGHLIGHTS

- Record total revenues of \$12.1 million, up 12% vs Q2 2024
- Record adjusted EBITDA¹ of \$2.9 million, or 24% of total revenues
- Record net profit of \$2.1 million, or 17% of total revenues
- YTD 2025 cash from operating activities of \$3.0 million

Montreal, Quebec, November 12, 2024 – D-BOX Technologies Inc. ("D-BOX" or the "Company") (TSX: DBO) a world leader in haptic and immersive experiences, today reported financial results for the second quarter ended September 30, 2024.

"We are pleased with the positive momentum we've seen this quarter across our revenue streams despite a challenging environment. We are diligently executing our strategy by focusing on three key commercial markets - theatrical, sim racing and simulation and training - all of which have shown revenue growth this quarter. By scaling our operations, we are surpassing the topline inflection point and positioning D-BOX for continued and enhanced profitability. We are also encouraged to see the industry slowly regaining momentum following last year's disruptions," said Sebastien Mailhot, President and Chief Executive Officer of D-BOX.

Q2 2025 Operating Results

In the second quarter, revenues reached a record \$12.1 million, up \$1.3 million, or 12%, over the prior year. This included a record \$8.9 million from system sales, up 3%, and a record \$3.2 million from royalties, up 49% from \$2.1 million last year, driven by our increased footprint and the success of blockbuster release Deadpool & Wolverine in the second quarter.

Our system sales in the Entertainment markets totaled \$6.8 million including \$6 million of revenue in theatrical and sim and racing – two key commercial markets – which together were up 21% over the prior year. Revenue growth in these markets was primarily driven by the continued rollout to major theatrical customers, highlighted by the addition of 22 net new screen installations, bringing our total to 955 screens as of September 30, 2024. Sales were further supported by the growing deployment of sim racing centers and the strengthening of our customer and business relationships, notably with the Federation Internationale de l'Automobile (FIA). Our third key commercial market, Sim and training, ended the quarter with \$2.1 million in system sales, up 3% from the previous year, pointing to stability with our industrial customers. Revenue growth in system sales was partly offset by the \$1 million impact of exiting the direct-to-consumer hardware market, as previously communicated. This reflects our strategic decision to concentrate on our best-performing commercial markets.

Overall, we are pleased with our record sales performance in the quarter, with growth in all three strategic end markets, underscoring our growing footprint and an improving industry backdrop. While we highlight this outperformance, it's important to consider the variability in quarterly sales and the importance of assessing D-BOX's performance over a trailing twelve-month period.



(Amounts are in thousands of Canadian dollars)	Q2 2025	Q2 2024	Var. (\$)	Var. (%)	YTD 2025	YTD 2024	Var. (\$)	Var. (%)
Revenues from								
System sales								
Entertainment ²	6,782	6,625	157	2 %	11,014	11,168	(154)	(1) %
Simulation and training	2,147	2,083	64	3 %	4,241	5,020	(779)	(16) %
Total system sales	8,929	8,708	221	3 %	15,255	16,188	(933)	(6) %
Rights for use, rental and maintenance ("royalties")	3,188	2,144	1,044	49 %	5,624	5,155	469	9 %
Total Revenues	12,117	10,852	1,265	12 %	20,879	21,343	(464)	(2) %

2) Entertainment system sales include theatrical and sim racing commercial markets as well as direct-to-consumer hardware markets which D-BOX exited as of February 2024.

D-BOX generated gross profit of \$6.4 million, up \$1.5 million versus the prior year, driven by higher revenues and improved margin performance. Gross margin of 53%, increased by 8-percentage points from 45% last year, primarily due to a higher proportion of revenues from royalties and a favorable channel mix within system sales as we exit the lower-margin direct-to-consumer hardware market. We emphasize the significant positive impact that a higher proportion of royalties, as part of our total revenues, has on our profitability. However, we caution that this revenue stream can fluctuate due to the seasonality of new theatrical releases and varying consumer responses.

Operating expenses of \$4.2 million in the second quarter were essentially in line with the prior year. As a percentage of sales operating expenses improved by 4 percentage points, reflecting sales leverage. The Company generated operating income of \$2.2 million, or 18% of total revenues, compared to \$0.6 million, or 5% of total revenues in the same quarter last year. The increase in operating income reflected higher sales and a higher gross margin. Adjusted EBITDA¹ was \$2.9 million, or 24% of total revenues, up from \$1.1 million, or 10% of total revenues a year ago.

As a result, the Company achieved a record quarterly net profit this quarter of \$2.1 million in the quarter compared to net profit of \$0.4 million a year earlier. At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$13.2 million.

Year-to-date Operating Results

Total revenues for the first half ended September 30, 2024 were \$20.9 million, down \$0.5 million, or 2% over the prior year. The decline was primarily driven by a decrease of \$0.9 million in system sales, partly offset by an increase in revenues from royalties of \$0.4 million, or 9% over the prior year. Our system sales in the Entertainment markets were down 1%, as high-single-digit growth in theatrical and sim and racing were more than offset by the impact of exiting the direct-to-consumer hardware market as detailed above. Sim and training system sales were down 16% due to the timing of orders versus last year. Gross margin of 53% increased approximately 5 percentage points compared to last year reflecting a higher proportion of revenues from royalties, a more favorable market mix within system sales and the impact of exiting the lower-margin direct-to-consumer hardware market. Operating expenses of \$9.0 million were essentially in line with the same period last year. As a result, operating margin of 10% and adjusted EBITDA as a percentage of sales of 15% both increased 4 percentage points versus the prior year period. Reflecting lower financial expenses compared to last year, net income increased by \$0.9 million to \$1.8 million, up two-fold from the first half of last year. Cash flows from operating activities totaled \$3.0 million compared to \$0.9 million in the prior year, mainly due to higher net profit and lower working capital investments.

NOTICE OF VIDEO INVESTOR PRESENTATION

D-BOX will be publishing a video presentation to investors on the Company's website at <https://www.d-box.com/en/investor-relations> on Friday, November 15, 2024, at 9:00 am ET. During the presentation, management will discuss the Company's second quarter results and outlook. Investors are invited to submit relevant questions in advance by email to investors@d-box.com.

This release should be read in conjunction with the Company's audited consolidated financial statements and the Management's Discussion and Analysis dated November 12, 2024. These documents are available at www.sedarplus.ca.

Supplemental Financial Data - unaudited

(Amounts are in thousands of Canadian dollars)	Q2 2025	Q2 2024	Var. (%)	YTD 2025	YTD 2024	Var. (%)
Total Revenues	12,117	10,852	12 %	20,879	21,343	(2) %
Gross profit	6,428	4,868	32 %	10,979	10,189	8 %
Operating expenses	4,212	4,283	(2) %	8,992	8,941	1 %
Operating income	2,216	585	279 %	1,987	1,248	59 %
Adjusted EBITDA ¹	2,905	1,092	166 %	3,168	2,349	35 %
Financial expenses	91	174	(48) %	168	341	(51) %
Net profit	2,125	402	429 %	1,809	898	101 %
Gross margin ¹	53%	45%	8 p.p.	53%	48%	5 p.p.
Operating expenses as % of total revenues ¹	35%	39%	(4) p.p.	43%	42%	1 p.p.
Operating margin ¹	18%	5%	13 p.p.	10%	6%	4 p.p.
Adjusted EBITDA margin ¹	24%	10%	14 p.p.	15%	11%	4 p.p.
Cash flows provided by operating activities				3,001	856	

As at (in thousands of Canadian dollars)	Sept. 30, 2024	Mar. 31, 2024
Cash and cash equivalents	5,169	2,916

1) Please refer to "Definition and reconciliation of non-GAAP financial measures" in this press release

NON-IFRS FINANCIAL PERFORMANCE MEASURES

D-BOX uses the following 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 Company'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 Company'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. Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues.



The following table reconciles adjusted EBITDA to net profit:

(Amounts are in thousands of Canadian dollars)	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net profit	2,125	402	1,809	898
Amortization of property and equipment	258	307	517	562
Amortization of intangible assets	140	193	282	384
Financial expenses	91	174	168	341
Income taxes	—	9	10	9
Share-based payments	19	17	38	33
Foreign exchange (gain) loss	(133)	(10)	(61)	122
Restructuring costs	405	—	405	—
Adjusted EBITDA	2,905	1,092	3,168	2,349

- 2) Gross margin is defined as gross profit divided by total revenues.
- 3) Operating expenses as percentage of sales is defined as operating expenses divided by total revenues.
- 4) Operating margin is defined as operating income divided by net sales.

ABOUT D-BOX

D-BOX creates and redefines realistic, immersive 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 films, 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](https://www.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 Company, 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 Company'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 Company.

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 Company'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 Company's control.

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Company'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 Company’s annual information form for the fiscal year ended March 31, 2024, a copy of which is available on SEDAR+ at www.sedarplus.ca.

Except as may be required by Canadian securities laws, the Company 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 Company 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 Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company’s business, financial condition or results of operations.

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