



## D-BOX Technologies Reports Fiscal 2024 Third Quarter Results

### *Company announces conclusion of strategic review process*

**Montréal, Québec, February 13, 2024** – 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 ended December 31, 2023. All dollar amounts are expressed in Canadian currency.

### **Q3 FISCAL 2024 HIGHLIGHTS**

(Compared to Q3 fiscal 2023)

- Total revenues decreased 23% to \$8.1 million;
  - System sales decreased 21% to \$6.7 million;
  - Rights for use, rental and maintenance revenues decreased 29% to \$1.4 million;
- 19 net new screens installed, bringing the total number of active D-BOX cinema screens to 898 as at December 31, 2023;
- Adjusted EBITDA decreased from \$0.5 million to \$0.1 million;
- Net loss increased from \$0.1 million to \$0.4 million.

“Our fiscal year-to-date results remain well ahead of last year at this time; however, as expected, our third quarter results were impacted by the 2023 strikes in Hollywood,” said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. “Those work stoppages delayed the box office releases of certain movies, reducing our rights for use revenues, and postponed some capital spending by our cinema partners, affecting our system sales revenues. This temporary issue did not impact our business in sim racing or professional simulation and training. Nevertheless, we continue to manage expenses where appropriate and remain focused on resuming our path of profitable growth.”

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended December 31		Nine-month periods ended December 31	
	2023	2022	2023	2022
Total revenues	8,075	10,455	29,418	23,710
Rights for use, rental and maintenance revenues	1,418	2,009	6,573	6,572
System sales revenues	6,657	8,446	22,845	17,138
Gross profit excluding amortization*	4,033	4,982	14,821	12,568
Net profit (loss)	(425)	(110)	473	(823)
Adjusted EBITDA*	90	491	2,438	1,128

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



Balance sheet		
	As at December 31, 2023	As at March 31, 2023
Cash and cash equivalents	2,406	3,116
Working capital	9,125	8,417

### THIRD QUARTER OVERVIEW

Third quarter revenues decreased 23% to \$8.1 million compared with \$10.5 million for the same period last year.

Systems sales revenue decreased 21% to \$6.7 million compared with \$8.4 million a year ago, mostly due to lower sales to theatrical customers. During the quarter, there were 19 net new screen installations in the theatrical business compared to 27 for the same period last year. The total number of active D-BOX screens increased to 898 as at December 31, 2023.

Rights for use, rental and maintenance revenues were down 29% to \$1.4 million compared with \$2.0 million a year ago. The 2023 labour disruptions in Hollywood resulted in a weaker slate of movies for the quarter, whereas the same quarter a year ago benefited from an exceptionally strong showing from Avatar: The Way of the Water.

Gross profit excluding amortization decreased to \$4.0 million from \$5.0 million for the same period last year. However, the gross margin, excluding amortization, increased from 48% to 50% for the same period, driven by a lower proportion (market mix) of system sales to theatrical customers in the current period as compared to the same period last year. Generally, system sales to theatrical customers have a slightly lower margin due to rights for use, rental, and maintenance revenues following the system sale.

Operating expenses for the quarter were \$4.0 million, or 50% of revenues, compared to \$4.6 million, or 44% of revenues, in the same quarter a year earlier. Selling and marketing expenses decreased 14% to \$1.6 million; administration expenses fell 8% to \$1.6 million; and research and development expenses were down 19% to \$0.9 million; however, all three of these expense categories represented increases as a percentage of total revenues over the comparable periods.

Net loss for the quarter was \$425 thousand compared with a net loss of \$110 thousand a year earlier. Adjusted EBITDA for the quarter was \$90 thousand, down from \$491 thousand a year ago.

At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$7.6 million.

### CONCLUSION OF STRATEGIC REVIEW PROCESS

The Corporation also announced the conclusion of its previously announced formal review process to explore available strategic alternatives with a view to enhance shareholder and stakeholder value (the “**Review Process**”).

Since the Review Process was initiated by the board of directors of the Corporation (the “**Board**”) in the third calendar quarter of 2022, a strategic review committee of the Board (the “**Strategic Review**”



**Committee**”), comprised solely of independent directors, conducted, an extensive and thorough review of the Corporation’s strategic alternatives with the assistance of financial and legal advisors.

The Review Process included broad and extensive marketing efforts by the Corporation’s financial advisor, Stifel Nicolaus Canada Inc. (“**Stifel**”), to solicit interest in a sale of the Corporation or other transaction to maximize value for all stakeholders of the Corporation. Over the course of the Review Process, the Corporation and Stifel together contacted a large number of potential strategic and private equity buyers. This outreach, as well as the announcement by the Corporation in August 2023 that it had initiated a Review Process, resulted in a limited number of expressions of interest. After careful consideration, analysis and advice from its financial and legal advisors, as well as with the Board’s approval, the Strategic Review Committee pursued a proposal received from one of those potential buyers. However, in light of factors including strategic fit and current stock market dynamics, the Strategic Review Committee later determined that the proposed transaction was not in the best interests of the Corporation, as it was not adequately reflecting the intrinsic value of the Corporation based upon its assets, operations and prospects for growth and profitability, and recommended to the Board to continue to execute on the Corporation’s revised strategic plan, which is now focused on the commercial markets, specifically in theatrical, racing simulation, and professional simulation and training.

“In light of the thorough Review Process completed by the Strategic Review Committee, and with the Corporation showing increasing revenue, profit and adjusted EBITDA growth in the last few quarters, it is clear that our current strategic plan focused on commercial markets, specifically in theatrical, racing simulation, and professional simulation and training, is the best path forward for D-BOX at this time,” said Denis Chamberland, Chair of the Board. “The Board has decided to dissolve the Strategic Review Committee for the time being, but will continue to consider and evaluate all actionable, value-accretive opportunities with an open-minded approach.”

#### **NOTICE OF VIDEO INVESTOR 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 Thursday, February 15, 2024, at 9:00 am ET. During the presentation, management will discuss the Corporation’s third quarter results and outlook for the balance of the fiscal year. Investors are invited to submit relevant questions in advance by email to [investors@d-box.com](mailto:investors@d-box.com).

#### **ADDITIONAL INFORMATION REGARDING THE THIRD QUARTER ENDED DECEMBER 31, 2023**

The financial information relating to the third quarter ended December 31, 2023, should be read in conjunction with the Corporation’s audited consolidated financial statements and the Management’s Discussion and Analysis dated February 13, 2024. These documents are available at [www.sedarplus.ca](http://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		Nine-month periods	
	2023	2022	2023	2022
<b>(Net loss) profit</b>	<b>(425)</b>	(110)	<b>473</b>	(823)
Amortization of property and equipment	<b>286</b>	315	<b>848</b>	871
Amortization of intangible assets	<b>187</b>	263	<b>571</b>	749
Financial expenses	<b>152</b>	147	<b>493</b>	402
Foreign exchange (gain) loss	<b>(110)</b>	(165)	<b>12</b>	(70)
Gain (loss) on disposal of assets	—	—	<b>(1)</b>	(5)
Impairment (reversal)	—	—	—	(223)
Income taxes (recovery)	<b>(2)</b>	1	<b>7</b>	19
Share-based payments	<b>2</b>	40	<b>35</b>	208
<b>Adjusted EBITDA</b>	<b>90</b>	491	<b>2,438</b>	1,128

## 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](http://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](http://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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