



D-BOX Technologies Reports Second Quarter 2023 Results

Strong order book for back half of year

- **Total revenues increased 10% to \$6.1 million compared to the same quarter last year**
- **Rights for use, rental and maintenance revenues surged 38% year-over-year to \$1.8 million**
- **July was D-BOX's second-best month ever in terms of number of tickets sold on a global basis**
- **Fifth consecutive quarter of positive adjusted EBITDA***
- **Net loss amounted to \$0.7 million compared to \$0.4 million in the second quarter of 2022**

Montréal, Québec, November 14, 2022 – D-BOX Technologies Inc. (“D-BOX” or the “Corporation”) (TSX: DBO) a world leader in haptic and immersive experiences, announced today financial results for the second quarter of fiscal 2023 ended September 30, 2022. All dollar amounts are expressed in Canadian currency.

“Fiscal 2023 is shaping up to be a strong year for D-BOX,” said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. “During the second quarter, we launched G5, our latest generation of haptic systems, and continued our rollout with Cinemark by expanding our footprint with that partner to nearly 300 screens in the United States through the signing of 36 additional auditoriums. Our second quarter revenue was up 10% over the same quarter last year and would have been higher if several systems orders had not been pushed to the third quarter. As a result, we are looking forward to a strong second half. Our order book is at its highest level since the beginning of the pandemic and the upcoming movie slate includes highly anticipated sequels, *Black Panther: Wakanda Forever* and *Avatar: The Way of Water*.”

“This is an exciting time for D-BOX. With its new architecture, our G5 system is easier to deploy and enables the seamless integration of our haptic technology in many more devices, allowing us to target a much larger addressable market. We’re also continuing to advance collaborations with leading players in the videogaming and sim racing markets and look forward to providing updates in the near future as they happen. At the same time, we remain focused on strengthening our leadership position in the theatrical market and recently announced additional Hoyts locations in Australia, increasing our backlog to 69 auditoriums awaiting installation,” Mr. Mailhot added.

“Our second quarter results were tempered by the timing of revenue recognition, as well as supply chain challenges, as several systems orders we were expecting to fill during the quarter will now be delivered in the third quarter” said David Montpetit, Chief Financial Officer of D-BOX. “Our cash position and overall balance sheet remain strong. And given the improved cash flows from

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



operations, we have ramped up our inventory to meet demand, as orders are fully booked for the third quarter and substantially filled for Q4.”

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended September 30		Six-month periods ended September 30	
	2022	2021	2022	2021
Total revenues	6,142	5,601	13,255	8,764
Rights for use, rental and maintenance revenues	1,771	1,284	4,563	1,896
System revenues	4,371	4,317	8,692	6,868
Gross profit excluding amortization*	3,295	2,994	7,586	4,712
Net loss	(743)	(421)	(714)	(1,765)
Adjusted EBITDA*	38	150	643	(448)
		As at September 30, 2022	As at March 31, 2022	
Cash and cash equivalents		3,934	3,937	

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

SECOND QUARTER OVERVIEW

Total revenues for the quarter increased 10% to \$6.1 million, driven by a 38% increase in rights for use, rental and maintenance revenues, which amounted to \$1.8 million and benefited from the reopening of movie theaters and the release of major films in the early part of the summer. Systems sales revenue increased 1% to \$4.4 million compared with \$4.3 million for the same period last year.

Gross profit excluding amortization related to cost of goods sold increased to \$3.3 million from \$3.0 million for the same period last year. Gross margin excluding amortization remained stable at 54% as the growth of rights for use, rental and maintenance revenues, which generate a higher margin, were partially offset by the increased cost of components and transportation in system sales revenues.

Selling and marketing expenses decreased by 3% to \$1.3 million, or 21% of revenues, compared to \$1.4 million, or 24% of revenues, in the second quarter of last year. Administration expenses increased by 37% to \$1.5 million, or 24% of revenues, from \$1.1 million, or 19% of revenues, for the same period last year. In the second quarter of last year, employee working hours as well as overall expenses were reduced due to the impact of the Covid-19 pandemic on the Corporation’s clients.

Research and development expenses increased by 15% to \$0.7 million, or 12% of revenues, from \$0.6 million, or 11% of revenues, for the same period last year. The increase is a result of projects related to the next generation of actuators and software development

Net loss for the quarter was \$0.7 million (basic and diluted net loss of \$0.003 per share) compared with a loss of \$0.4 million in the second quarter a year ago.



Adjusted EBITDA amounted to \$0.04 million, down from \$0.2 million in the same quarter last year. However, it marked the fifth consecutive quarter of positive adjusted EBITDA for the Corporation.

At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$6.6 million.

ADDITIONAL INFORMATION REGARDING THE SECOND QUARTER ENDED SEPTEMBER 30, 2022

The financial information relating to the second quarter ended September 30, 2022, should be read in conjunction with the Corporation's audited consolidated financial statements and the Management's Discussion and Analysis dated November 11, 2022. 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 September 30		Six-month periods ended September 30	
	2022	2021	2022	2021
Profit (loss)	(743)	(421)	(714)	(1,765)
Amortization of property and equipment	313	277	561	574
Amortization of intangible assets	257	182	487	406
Financial expenses	150	85	256	238
Foreign exchange (gain) loss	233	(26)	95	(1)
Gain (loss) on disposal of assets	(5)	—	(5)	—
Impairment (reversal)	(223)	—	(223)	—
Income taxes (recovery)	11	1	18	—
Share-based payments	45	52	168	100
Adjusted EBITDA	38	150	643	(448)

- 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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