



D-BOX Technologies Reports First Quarter Financial Results

D-BOX lays foundation for next phase of growth with new executive and cost structure, and improved credit agreement

Montréal, Québec, August 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 first quarter ended June 30, 2024. All dollar amounts are expressed in Canadian currency.

Q1 FISCAL 2025 HIGHLIGHTS

(Compared to Q1 fiscal 2024)

- Total revenues decreased 16% to \$8.8 million due to continued softness in the theatrical market and timing differences in the simulation and training market
- Sim racing revenues increased \$1.1 million
- 4 net new screens installed, bringing the total number of active D-BOX cinema screens to 933 as at June 30, 2024
- Adjusted EBITDA was \$263 thousand versus \$1.3 million a year earlier
- The Corporation incurred a net loss of \$316 thousand compared to net profit of \$496 thousand in Q1 of 2024

“Our first quarter results reflect the continued softness in the theatrical market, as announced previously, and timing differences in the professional simulation and training market,” said Sébastien Mailhot, President and Chief Executive Officer of D-BOX. “While occupancy rates for D-BOX seats in cinemas remained well above that of standard seating, supported by the appetite for premium offerings, the movie slate during the quarter was not as strong as a year ago; but we see an improved slate trending to the second half of calendar 2024 and beyond. Meanwhile, our sim racing sales were up in the quarter as we continue to see great traction for the D-BOX-equipped product offerings of our existing customers in this market.”

“In the meantime, we have been solidifying our positioning for driving profitable growth in line with our strategic decision to focus on commercial markets. With the recent addition of Jean-François Gagnon to the executive team, we have a streamlined sales and marketing structure. In August, we executed a more favorable credit agreement that provides us more capacity and flexibility for growth, as well as completed an organizational restructuring that will allow us to reduce our cost structure moving forward and tighten our commercial execution.”

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30	
	2025	2024
Rights for use, rental and maintenance revenues	2,436	3,011
System sales revenues	6,326	7,480
Total revenues	8,762	10,491
Gross profit excluding amortization*	4,807	5,620
Net profit (loss)	(316)	496
Adjusted EBITDA*	263	1,257

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

Balance sheet		
	As at June 30, 2024	As at March 31, 2024
Cash and cash equivalents	1,695	2,916
Working capital	9,828	9,987

FIRST QUARTER OVERVIEW

Revenues in the first quarter decreased 16% to \$8.8 million compared to the same period last year. System sales were down by 15% due to lower sales in the simulation and training and entertainment markets, with the exception of sim racing revenues, which were up \$1.1 million in the quarter. Simulation and training system sales were 29% lower at \$2.1 million, mainly due to timing differences in orders from automotive customers, which are anticipated to be completed later in the year. Entertainment system sales declined by 7% to \$4.2 million, as only four net new theater installations occurred during the quarter, compared to 46 in the same period last year. As of June 30, 2024, the total number of active D-BOX screens reached 933.

Rights for use, rental and maintenance revenues decreased 19% to \$2.4 million with the decrease primarily due to an exceptionally strong slate of D-BOX encoded titles in the first quarter of last year (including The Super Mario Bros. Movie, Fast X and Guardians of the Galaxy Vol. 3, among others) and no comparable blockbusters in the first quarter of this year.

Gross profit excluding amortization decreased to \$4.8 million from \$5.6 million a year ago. Gross margin excluding amortization increased to 55% from 54% due to the higher proportion (market mix) of simulation and training, and sim racing system sales versus theatrical revenues during the quarter. System sales to theatrical customers generally have a slightly lower margin due to rights for use, rental and maintenance revenues generated in the years following the system sale.

Operating expenses were up less than 3%, as a 10% increase in administration expenses and a 4% increase in selling and marketing expenses were partially offset by decreases in research and development expenditures and foreign exchange losses. The increase in administration expenses is due to a \$0.1 million increase in expected credit loss charges related to accounts receivable, as well as IT infrastructure upgrade costs.



Adjusted EBITDA was \$263 thousand, down from \$1.3 million a year ago. The Corporation incurred a net loss of \$316 thousand in the quarter compared to net income of \$496 thousand a year earlier.

At quarter-end, D-BOX had a cash position and undrawn credit facilities totaling \$6.7 million.

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 Friday, August 16, 2024, at 9:00 am ET. During the presentation, management will discuss the Corporation's first quarter results and outlook. Investors are invited to submit relevant questions in advance by email to investors@d-box.com before 4 pm ET on Wednesday, August 14, 2024.

ADDITIONAL INFORMATION REGARDING THE FIRST QUARTER ENDED JUNE 30, 2024

The financial information relating to the first quarter ended June 30, 2024, should be read in conjunction with the Corporation's audited consolidated financial statements and the Management's Discussion and Analysis dated August 13, 2024. 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 June 30	
	2024	2023
Net (loss) income	(316)	496
Amortization of property and equipment	259	255
Amortization of intangible assets	142	191
Financial expenses	77	167
Income taxes	10	—
Share-based payments	19	16
Foreign exchange loss	72	132
Adjusted EBITDA	263	1,257



- 2) Gross profit excluding amortization and gross margin excluding amortization are both 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 (see the reconciliation table in section 5.2 of the Management's Discussion and Analysis dated August 10, 2023).

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, 2024, 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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