D-BOX

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

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

Q3 FISCAL 2025 HIGHLIGHTS

- Record total revenues of $13.3 million, up 65% vs. Q3 2024
- Adjusted EBITDA[1] of $2.6 million, or Adjusted EBITDA margin of 19%
- Net profit of $1.5 million
- D-BOX pays down close to $1 million in long-term debt further strengthening its financial flexibility
- Year-to-date 2025 cash from operating activities of $5.4 million

Montreal, Quebec, February 12, 2025 – 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 third quarter ended December 31, 2024.

"Since taking on the role of CEO at D-BOX, I have been privileged to work alongside the talented team that has come together over the past five years to execute a strategy that is driving strong topline and bottom-line results. We are now focusing on our best-performing commercial markets, those that align with our unique IP and platform, while optimizing operations for cost efficiency" said Sebastien Mailhot, President and Chief Executive Officer of D-BOX.

Q3 2025 Operating Results

In the third quarter, total revenues reached a record $13.3 million, up $5.2 million, or 65%, over the prior year. This included a record $10.1 million from system sales, up 52%, and $3.2 million in royalties, more than double the prior-year period.

Our system sales in the Entertainment markets totalled $8.2 million–covering theatrical and sim racing markets, two key commercial markets—saw a $3.7 million increase, or 82% over the prior year. Revenue growth was primarily driven by the continued large-scale rollout of systems to major theatrical customers, including 51 net new screen installations, compared to 19 last year and 27 two years ago—nearly doubling on a two-year basis. Results underscore the successful execution of our strategy, with the theatrical industry recovery also contributing to growth in the quarter, as system sales in the prior year were impacted by the Hollywood labour stoppage and delayed capital spending. Entertainment system sales were further supported by the expansion of sim racing centers, highlighted by the opening of a new location of the F1 Arcade rollout in Washington. Our third key commercial market, Simulation and training, closed the quarter with $1.9 million in system sales, down $0.2 million or 9% from the prior year, reflecting the timing of certain industrial customers transitioning to the next generation of D-BOX products. Favourable movements in currency exchange rates also contributed positively to the quarter's results.

Additionally, having surpassed the milestone of 1,000 screens as of December 31, 2024, and with the combined success of multiple blockbusters, royalties in the quarter totalled $3.2 million, also benefiting from favourable movements in currency exchange rates. Box office hits for the quarter included Moana 2, Venom: The Last Dance, Sonic the Hedgehog 3, and Mufasa: The Lion King, reflecting a broader blockbuster offering compared to the previous year. Overall, we are pleased with two consecutive quarters of record total revenues, highlighting our expanding footprint and the improving industry backdrop. While we highlight this outperformance, it is important to consider the variability and seasonality in quarterly sales and the importance of assessing D-BOX's performance over a trailing twelve-month period. It is also important to note that we are closely monitoring the evolving U.S.-Canada tariffs situation and actively evaluating potential measures to minimize any impact on our operations in the fourth quarter and beyond.

(Amounts are in thousands of Canadian dollars)	Q3 2025	Q3 2024	Var. ($)	Var. (%)	YTD 2025	YTD 2024	Var. ($)	Var. (%)
Revenues								
System sales								
Entertainment [2]	**8,180**	4,496	3,684	82 %	**19,194**	15,665	3,529	23 %
Simulation and training	**1,956**	2,161	(205)	(9 %)	**6,197**	7,180	(983)	(14 %)
Total System Sales	**10,136**	6,657	3,479	52 %	**25,391**	22,845	2,546	11 %
Rights for use, rental and maintenance (“royalties”)	**3,163**	1,418	1,745	123 %	**8,787**	6,573	2,214	34 %
Total Revenues	**13,299**	8,075	5,224	65 %	**34,178**	29,418	4,760	16 %

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 $6.7 million, up $3.0 million versus the prior year, driven by higher revenues and improved margin performance. Gross margin[1] of 50%, increased by 4 percentage points from 46% last year, primarily due to a higher proportion of revenues from royalties and the favourable impact from currency exchange rates in the quarter. 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 $5.0 million in the third quarter were up $1.0 million or 26% over the prior year, mainly reflecting a foreign exchange loss as well as increased R&D expenses driven by the development of the next generation of products and software. As a percentage of sales, operating expenses of 38% improved by 12 percentage points, reflecting sales leverage. The Company generated operating income of $1.6 million, or 12% of total revenues, compared to a $0.3 million operating loss, in the same quarter last year. Adjusted EBITDA[1] was $2.6 million, or 19% of total revenues, up from approximately nil a year ago. As a result, the Company achieved a net profit this quarter of $1.5 million compared to a net loss of $0.4 million a year earlier.

Through strong free cash flow generation in the quarter, D-BOX reduced long-term debt by $0.9 million, further strengthening its balance sheet and providing increased financial flexibility. Additionally, with a solid cash position and undrawn credit facilities totalling $14.3 million of liquidity at the end of the quarter, the Company is well positioned to support its strategic initiatives and navigate potential risks and uncertainties.

Year-to-date Operating Results

Total revenues for the nine months ended December 31, 2024 were $34.2 million, up $4.8 million, or 16%. This growth was driven by the successful execution of the D-BOX strategy combined with an improved industry backdrop, compared to a weaker performance last year, which was impacted by the Hollywood labour stoppage. Total revenues for the nine-month period consisted of $25.4 million in system sales and $8.8 million in royalties. Sales growth was primarily driven by a $3.5 million increase, or 23%, in Entertainment system sales, despite a $1 million headwind from exiting the direct-to-consumer market as part of our strategy to focus on our best-performing commercial markets. Additionally, revenue from royalties rose by $2.2 million, or 34%, compared to the prior year, partially offset by $1 million, or 14%, decline in Simulation & Training system sales. Gross margin of 52% increased 5 percentage points compared to last year reflecting a higher proportion of revenues from royalties, and the impact of exiting the lower-margin direct-to-consumer hardware market. Operating margin of 11% and adjusted EBITDA margin[1] of 17% increased by 8 and 9 percentage points, respectively, compared to the prior year, driven by higher gross margin and the benefit of operating sales leverage. Reflecting significantly lower financial expenses compared to last year, net profit totalled $3.3 million, up seven-fold from the same period last year. Cash flows from operating activities totalled $5.4 million compared to $2.6 million in the prior year, mainly due to higher net profit.

[1] Please refer to "Non-IFRS and other financial performance measures" in this press release

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, February 14, 2025, at 9:00 a.m. ET. During the presentation, management will discuss the Company's second quarter results. 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 February 12, 2025. These documents are available at www.sedarplus.ca.

Supplemental Financial Data - unaudited

(Amounts are in thousands of Canadian dollars)	Q3 2025	Q3 2024	Var. (%)	YTD 2025	YTD 2024	Var. (%)
Total Revenues	**13,299**	8,075	65 %	**34,178**	29,418	16%
Gross profit	**6,687**	3,737	79 %	**17,666**	13,926	27%
Operating expenses	**5,041**	4,012	26 %	**14,033**	12,953	8 %
Operating income (loss)	**1,646**	(275)	n.m.	**3,633**	973	273 %
Adjusted EBITDA[1]	**2,565**	90	n.m.	**5,733**	2,439	135 %
Financial expenses	**104**	152	(32 %)	**272**	493	(45 %)
Net profit (loss)	**1,531**	(425)	n.m.	**3,340**	473	606 %
Gross margin[1]	**50%**	46%	4 p.p.	**52%**	47%	5 p.p.
Operating expenses as % of total revenues[1]	**38%**	50%	(12 p.p.)	**41%**	44%	(3 p.p.)
Operating margin[1]	**12%**	(3%)	n.m.	**11%**	3%	8 p.p.
Adjusted EBITDA margin[1]	**19%**	1%	18 p.p.	**17%**	8%	9 p.p.
Cash flows provided by operating activities				**5,430**	2,624	

As at (in thousands of Canadian dollars)	Dec. 31, 2024	Mar. 31, 2024
Total debt[1]	**1,292**	2,468
Cash and cash equivalents	**6,333**	2,916
Net cash (net debt) [1]	**5,041**	448
Adjusted EBITDA (LTM) [1]	**6,352**	3,056
Total debt to adjusted EBITDA (LTM) [1]	**0.2x**	0.8x

1) Please refer to "Non-IFRS and other financial performance measures" in this press release
n.m.= not meaningful

NON-IFRS AND OTHER 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:

EBITDA

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 flow from operations. Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues. A reconciliation of net profit to adjusted EBITDA margin is included below.

Total Debt, Net Debt and Total Debt to Adjusted EBITDA

Total debt is defined as the total bank indebtedness, long-term debt (including any current portion), and net debt is calculated as total debt net of cash and cash equivalents. The Company considers total debt and net debt to be important indicators for management and investors to assess the financial position and liquidity of the Company and measure its financial leverage. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Total debt to adjusted EBITDA ratio is calculated as total net debt divided by the last four quarters adjusted EBITDA. We believe that total debt to adjusted EBITDA is a useful metric to assess the Company's ability to manage debt and liquidity.

Supplementary Financial Measures

Gross margin is defined as gross profit divided by total revenues.

Operating expenses as a percentage of sales are defined as operating expenses divided by total revenues.

Operating margin is defined as operating income divided by net sales.

The following table reconciles adjusted EBITDA to net profit:

(Amounts are in thousands of Canadian dollars)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Net profit	**1,531**	(425)	**3,340**	473
Amortization of property and equipment	**296**	286	**813**	848
Amortization of intangible assets	**134**	187	**416**	574
Financial expenses	**104**	152	**272**	493
Income taxes	**11**	(2)	**21**	7
Share-based payments	**19**	2	**57**	35
Foreign exchange loss (gain)	**470**	(110)	**409**	12
Restructuring costs	**—**	—	**405**	—
Adjusted EBITDA	**2,565**	90	**5,733**	2,439

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 presence in Los Angeles and 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 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 outlined under "Risk Factors" in the Company's management's discussion and analysis for the period ended December 31, 2024, and discussed in greater detail in the most recently filed Annual Information Form dated May 30, 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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