



Message to Shareholders

**D-BOX Technologies Inc.
Fiscal Year Ended March 31, 2021**

Message from the Chair of the Board

Dear fellow shareholders,

It is my privilege to address you today as the Chair of the Board of Directors of D-BOX Technologies Inc. Since I joined D-BOX's Board in February 2020 and named Chair of the Board of Directors in September 2020, I have witnessed D-BOX's unique opportunity to lead in the haptic technology field and create value to shareholders.

A Clear Vision

Whether you watch a TV series at home, play a video game or bring your kids to the movie theatres, entertainment is here to stay. The way we consume entertainment has evolved. Consumers now crave for immersion and the sense of presence. Over the years, D-BOX has developed a technology platform with applications in entertainment and simulation and training that garnered over 10 million users annually before the recent COVID-19 pandemic. While not necessarily an easy feat, the management team of D-BOX starves for much larger ambitions with the home entertainment opportunity. Does it make sense? Why not! After all, the haptic market is in its infancy of what could be a long secular growth cycle similar to the adoption of color television in 1950.

The focus for D-BOX remains to create long-term shareholder value. While the Corporation has developed key intellectual property and has proved that consumers are willing to pay for the immersive experience, management will tweak the business model to ensure a profitable and self-sustaining model as soon as its key markets recover from the adverse impact of the pandemic.

Resilience

The impact of the COVID-19 pandemic during the fiscal year ended March 31, 2021 has been significant for D-BOX with the commercial entertainment industry either on pause for a significant portion of the time or following the government's strict health and safety measures. However, we can be proud of the employees who stepped up and made significant sacrifices, rolled up their sleeves to innovate and positioned the Corporation for the home entertainment opportunity. With the vaccination rollout globally, the recovery of our key markets and the recent financing to strengthen the balance sheet and support key growth initiatives, the near future is promising.

New Board Members

I am pleased to welcome Ève Laurier and Jean-Pierre Trahan to the Board; both bringing senior level executive experience in strategic communication, corporate development and finance. Also, I wish to thank Robert Copple for his valuable contribution to the Board. His insightful perspective and attention to details will be missed. We wish him all the best in his future endeavours.

Looking ahead to fiscal 2022, the Board is pleased with management's strategic plan and tactics as it considers the economic context and impacts of the COVID-19 pandemic. D-BOX's core business is poised for a recovery, and the plan to democratize the haptic technology into the home entertainment market, for video games, sim racing, and other entertainment experiences represents a significant market opportunity. The future is bright!

Sincerely,

Signed:

Denis Chamberland
Chairman of the Board

Message from the President and Chief Executive Officer

Dear fellow shareholders,

This past fiscal year has been a year like no other.

It goes without saying that the load of challenges we faced in the last year has forced our employees, our partners and our customers to overcome adversity.

From health and safety concerns, shutdown of our primary markets resulting in loss of revenues, managing hindered liquidity and depressed share price, the survival instinct of our employees demonstrated resilience, ability to transform and undeniable passion to succeed.

A Busy Year in Retrospect

I am proud of what we were able to accomplish on all fronts in a tough business environment. We were able to achieve an important milestone with our artificial intelligence initiative to increase the breadth and depth of our content library. Moreover, we have applied our key automatic content recognition software to our new home entertainment seat, allowing D-BOX to recognize and synchronize the content on screen with D-BOX Haptic Code. This will mitigate the risk of content dependency.

On the business side, we are pleased that our strategic plan is moving forward with several key partnerships. Ubisoft, Slightly Mad Studios (now part of Electronic Arts), CoolerMaster and AudioKinetic (a division of Sony Interactive Entertainment) are key signatures to our gaming cluster, while FIA and SimTag have strengthened our sim racing ecosystem. Additionally, we are proud that our partner Jaymar supports D-BOX's vision to democratize the haptic experience at home with the D-BOX Lifestyle entertainment seat. Consumers now have the opportunity to enhance their entertainment experience by feeling hyper-realistic and immersive sensations, while sparking their imagination at home and in commercial venues.

These commercial milestones were possible because we managed our balance sheet with an iron fist. Not only did we mitigate the adverse impact of the pandemic on our liquidity with proactive cash management strategies, but we have also restructured our banking facility with National Bank of Canada, added a new debt facility with the Business Development Bank of Canada, and proceeded with an equity financing of \$5.75M to strengthen our balance sheet and finance growth opportunities.

Several Key Milestones Ahead

As disclosed last year, the expansion of D-BOX's technology platform towards home entertainment applications will be the cornerstone of the future. Here are three key pillars of our strategy:

- 1) Expand the compatibility, functionality and usability of our haptic solutions.
- 2) Increase the breadth and depth of our content portfolio of over 2,200 titles as of March 31, 2021.
- 3) Grow our partnership ecosystem to accelerate the adoption of our technology. D-BOX is looking to scale up its business with business partners that are well positioned in their respective markets; the addition of new integrators, value-added resellers and distributors will be critical for the long-term growth of D-BOX.

Market Recovery in Sight

As vaccines roll out across the world, restrictions lift and theaters reopen, early data shows that consumers are eager to get out of home and spend in out-of-home entertainment which would benefit our commercial entertainment segment. The simulation and training segment has been resilient as a result of the home racing simulation success in the past year. Moreover, the ultra-high precision of the software has allowed D-BOX to gain traction into other professional simulation submarket segments such as heavy equipment, defense, aerospace, agriculture and commercial racing simulation. The trend for local training facilities and more affordable simulators will benefit D-BOX's goal to continue to increase its global market penetration. As for the home entertainment, initiatives are relatively nascent and positive contribution could be seen in the second half of fiscal 2022.

In closing, we have accomplished a lot during the past year despite the pandemic slowing down certain initiatives. We overcame those challenges, and the upcoming year should be as exciting, even though we may still face adverse impacts of the COVID-19 pandemic. With several key deliverables regarding our technology, our business development initiatives and the execution of certain sales opportunities, we are on the right path to resume growth. I would like to thank all our partners, our customers, our employees and our investors for their infinite confidence, their desire to tackle the challenges together, and contributing to the espousal of the haptic growing trend. Earning their trust is at the centerpiece of our value creation strategy.

Sincerely,

Signed:

Sébastien Mailhot
President and CEO