



## D-BOX Technologies Reports Third Quarter Results

### Shift Business Focus Towards Strategic Partnerships and Reduce Corporate Costs

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**Longueuil, Quebec, February 12, 2020** – D-BOX Technologies Inc. (TSX: DBO), a world leader in immersive entertainment experiences, today announced third quarter results for the quarter ended December 31, 2019. All dollar amounts are expressed in Canadian currency and prepared in accordance with International Financial Reporting Standards (IFRS).

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#### FINANCIAL HIGHLIGHTS

##### *Highlights for the third quarter ended December 31, 2019:*

- Revenues totalled \$5.5 million compared to \$8.3 million for the same period last year.
- Recurring revenues were \$1.8 million compared to \$2.1 million for the same period last year.
- Revenues in the Simulation and Training market increased 3% year over year to \$2.1 million.
- Quarterly adjusted EBITDA\* totalled \$0.3 million compared to \$0.5 million for the same period last year.
- Adjusted EBITDA\*/revenues was 5% compared to 6% for the same period last year.
- Net loss totalled (\$1.6 million) compared with (\$0.2 million) for the same period last year.

“D-BOX is currently facing a difficult fiscal year both in the theatrical and commercial entertainment markets. For the quarter and the first nine-month period, sales have decreased as a result of a slowdown in activities from certain partners facing internal and market challenges. However, we are cautiously optimistic that the trend is temporary and that sales will increase in upcoming quarters. At the recent International Association of Amusement Parks and Attractions (IAAPA) tradeshow, several partners launched new promising products that attracted a lot of attention. Moreover, the simulation and training segment is showing continued strength driven by attractive ROI and improvement of performance based on motion cues”, said Mr. Claude Mc Master, President and CEO of D-BOX. “Furthermore, it is management’s goal to move forward in the execution of strategic partnerships and shift the business to profitable growth. In addition, during the quarter D-BOX has focused on reducing its corporate costs”.

“In the last few years, D-BOX has invested significantly to improve its motion technology. For instance, we developed a new synchronization process to make it compatible with the streaming trend in the global entertainment market. D-BOX has also started to use artificial intelligence in its operations and the benefits from this effort should be reflected in the future”, mentioned Mr. Mc Master. “We strongly believe that we are on the right track to commercialize the motion technology in the consumer market through strategic partners which undeniably represents the biggest market opportunity in the years ahead. We will also be working to ramp up our content library with established video game publishers and leverage the relationship between avid gamers and gaming peripheral manufacturers. The strategic partnerships in the video gaming ecosystem will be targeted on racing simulation, virtual reality, e-sports, gaming pod and home gaming”.



### Highlights for the nine-month period ended December 31, 2019

- Revenues totalled \$19.3 million compared to \$25.9 million for the same period last year.
- Recurring revenues were \$6.1 million compared to \$6.8 million for the same period last year.
- Revenues in the Simulation and Training market increased 10% year over year to \$6.1 million.
- Adjusted EBITDA\* was \$0.6 million compared to \$1.8 million for the same period last year.
- Adjusted EBITDA\* / revenues was to 3% compared to 7% for the same period last year.
- Net loss totalled (\$3.2 million) compared to (\$1.2 million) for the same period last year.

<b>Third quarter and Nine-month period ended December 31</b> (in thousands of dollars, except per share amounts)				
	<b>Third Quarter</b>		<b>Nine-month Period</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues	<b>5,473</b>	8,258	<b>19,335</b>	25,855
Net loss	<b>(1,615)</b>	(177)	<b>(3,154)</b>	(1,154)
Adjusted EBITDA*	<b>279</b>	515	<b>608</b>	1,795
Basic and diluted net loss per share	<b>(0.008)</b>	(0.001)	<b>(0.017)</b>	(0.007)
<b>Information from the consolidated balance sheets</b>				
	<b>As at December 31, 2019</b>		<b>As at March 31, 2019</b>	
Cash and cash equivalents	<b>5,392</b>		9,635	

\* See the "Non-IFRS" measures section in the Management's Discussion and Analysis dated February 12, 2020

### OPERATIONAL HIGHLIGHTS

- Ryan Aerospace Australia signed a contract to supply 31 Helimod – Mark III helicopter flight simulators which integrates D-BOX's motion system, to the U.S. Military in Fort Rucker, Alabama, the world's largest helicopter training facility. Ryan Aerospace Australia specializes in the design, manufacture and support of realistic, robust, and cost-effective, helicopter flight simulators for civil, military and emergency applications.
- MajorMega, the developer of the Hyperdeck, has launched a virtual reality platform integrating D-BOX motion technology which has reached over 2,500 activations in its opening month at Two Bit Circus, a popular Los Angeles-based micro-amusement park.
- SiFaT, a German-based training simulation provider, has introduced their latest Porsche motion simulator the *Ultimate Performance Simulator*, powered by D-BOX.
- Kinopolis, one of the largest and most successful movie theatre company in Germany, has opened several screens in Munich at their flagship cinema complex. This agreement brings the total number of D-BOX screens with Kinopolis to 31.
- D-BOX has installed additional screens with Cinemark in South America; a first full auditorium in Santiago (Chile), 2 new screens in Medellin (Colombia), and 2 screens in a state-of-the-art location in Sao Paulo (Brazil).
- In December, Cineplex, the largest exhibitor in Canada opened 5 locations in Québec and Ontario, bringing the total number of screens to 96.
- During the quarter, D-BOX proceeded with a reorganization of its corporate structure allowing savings to its operating expenses.
- On December 10, 2019, Mr. David Montpetit, CPA, CA, was appointed Chief Financial Officer effective



January 13, 2020.

- Subsequent to the quarter end, Claude Mc Master announced his planned retirement as President and CEO effective March 31, 2020. On April 1, 2020, Sébastien Mailhot, D-BOX Chief Operating Officer will become the new President and CEO. Claude Mc Master will continue to support D-BOX as a Strategic Advisor to the CEO to ensure an orderly transition.

## ADDITIONAL INFORMATION REGARDING THE THIRD QUARTER ENDED DECEMBER 31, 2019

The financial information relating to the third quarter ended December 31, 2019 should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and the Management's Discussion and Analysis dated February 12, 2020. These documents are available at [www.sedar.com](http://www.sedar.com).

## RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME (LOSS)\*

Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows provided by operations. It consists of net income (loss) excluding amortization, financial expenses net of income, income taxes, write-off of property and equipment and intangible assets, shared-based payments, foreign exchange loss (gain) and non-recurring expenses related to restructuring costs.

	Third Quarter ended December 31		Nine-month Period ended December 31	
	2019	2018	2019	2018
<b>Net Income (loss)</b>	<b>(1,615)</b>	(177)	<b>(3,154)</b>	(1,154)
Amortization of property and equipment	535	402	1,391	1,512
Amortization of intangible assets	202	197	664	602
Amortization of other assets	1	—	3	2
Write-offs of property and equipment	—	—	2	—
Financial expenses	94	123	467	384
Income taxes	—	(31)	(1)	46
Share-based payments	55	16	116	109
Restructuring costs	1003	—	1003	—
Foreign exchange loss (gain)	4	(15)	117	294
<b>Adjusted EBITDA</b>	<b>279</b>	515	<b>608</b>	1,795

\* See the "Non-IFRS" measures section in the Management's Discussion and Analysis dated February 12, 2020.

## ABOUT D-BOX

D-BOX redefines and creates realistic, immersive entertainment experiences by moving the body and sparking the imagination through motion. 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, virtual reality applications, themed entertainment or professional simulation, creating a feeling of presence that makes life resonate like never before.

D-BOX Technologies Inc. (TSX: DBO) is headquartered in Montreal, Canada with offices in Los Angeles, USA and Beijing, China.



## **DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements included herein, including those that express management's expectations or estimates of our future performance, constitute "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Investors are cautioned not to place undue reliance on forward-looking statements. D-BOX disclaims any intent or obligation to publicly update these forward-looking statements, whether as a result of new information, future events or otherwise.

## **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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