



## D-BOX Technologies Reports Fiscal Year and Fourth Quarter 2020 Results

### Results Impacted by COVID-19 Additional Financing to Strengthen Liquidity Position

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**Longueuil, Québec, July 3, 2020** – D-BOX Technologies Inc. (TSX: DBO), a world leader in immersive entertainment experiences, today announced results for the fiscal year and fourth quarter ended March 31, 2020. All dollar amounts are expressed in Canadian currency.

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#### FINANCIAL HIGHLIGHTS

##### *Highlights for the Year Ended March 31, 2020*

Compared with the year ended March 31, 2019:

- Revenues decreased from \$34.2 million to \$25.9 million.
- Recurring revenues decreased from \$8.6 million to \$7.3 million.
- Net loss went from \$1.7 million to \$6.3 million.
- Net loss for this year includes \$1.4 million of restructuring costs to reflect the change of the organizational structure and \$1.3 million of impairment charges.
- Adjusted EDITDA\* decreased from \$2.1 million to \$0.6 million.

##### *Highlights for the Fourth Quarter Ended March 31, 2020*

Compared with the fourth quarter ended March 31, 2019:

- Revenues decreased from \$8.3 million to \$6.6 million.
- Recurring revenues decreased from \$1.8 million to \$1.3 million.
- Net loss went from \$0.6 million to \$3.1 million.
- Net loss for this quarter includes \$0.4 million of restructuring costs and \$1.3 million of impairment charges.
- Quarterly Adjusted EBITDA\* amounted to \$7 thousand compared with \$0.3 million.

"The COVID-19 pandemic abruptly and severely impacted D-BOX's fourth quarter results. With mandated social distancing and government-imposed temporary shutdown of entertainment venues around the world, the impact on our industry was exacerbated during the month of March. While most of our customers around the world have reopened or are planning to reopen in the near future, the timing for a full recovery remains uncertain and first quarter and second quarter financial results will most likely be adversely impacted," stated Sébastien Mailhot, President and CEO of D-BOX. "It is a key priority for D-BOX to work towards achieving a profitable business as soon as the business activity normalizes. The organization has already taken steps to transform into a different structure to ensure long-term sustainability of the business. Furthermore, the addition of \$2 million long-term debt with the Business Development Bank of Canada and the restructuring of the current debt with the National Bank of Canada into a line of credit of \$4 million will strengthen the Corporation's liquidity position."

“Despite the economic challenges, our main concern remains the health and safety of our customers, partners and our employees, whom I thank for their unconditional dedication under tough conditions,” added Mr. Mailhot. “We are optimistic that we will be able to weather this unprecedented period with the strengthening of our balance sheet and cost reduction initiatives. While D-BOX has grown as a market leader in the theatrical industry, D-BOX has diversified over the years into other markets such as professional simulation and commercial entertainment. We are confident our technological platform will allow D-BOX to expand into the home entertainment market with applications for movies, series, games, virtual reality and racing simulation. Recently, we launched a racing simulation initiative and the feedback shows that it is very promising”.

<b>Fiscal Year and Fourth Quarter Ended March 31</b> (in thousands of dollars, except per share data)				
	<b>Fiscal Year</b>		<b>Fourth Quarter</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues	<b>25,895</b>	34,164	<b>6,560</b>	8,309
Net loss	<b>(6,250)</b>	(1,705)	<b>(3,096)</b>	(551)
Adjusted EBITDA*	<b>612</b>	2,062	<b>7</b>	267
Basic and diluted net loss per share	<b>(0.036)</b>	(0.010)	<b>(0.019)</b>	(0.003)
<b>Information from the consolidated balance sheets</b>				
	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
Cash and cash equivalents	<b>4,116</b>		<b>9,635</b>	

\* See the “Non-IFRS” measures” section in the Management’s Discussion and Analysis dated July 3, 2020

On June 23, 2020, the Corporation signed a term sheet with the National Bank of Canada [“NBC”] related to the availability of a line of credit amounting to \$4 million for the ongoing operations and working capital of the Corporation. This line of credit will be renewable annually and will bear interest at prime rate plus 3.25%. The line of credit will be secured by first-ranking hypothec and security interests on all assets of the Corporation and its U.S. subsidiary, and will replace the three-year secured revolving credit facility with the NBC from which an amount of \$4 million was drawn at March 31, 2020.

On June 19, 2020, the Corporation also executed a letter of offer with the Business Development Bank of Canada [“BDC”] related to the availability of a working capital commercial loan of \$2 million. This loan will bear interest at a variable rate, currently 4.55%, and will be payable in 24 monthly instalments of \$33 thousand from June 2021 to May 2023 and by a final payment of \$1.2 million in June 2023. The loan will be secured by second-ranking hypothec and security interests on all assets of the Corporation and its U.S. subsidiary.

The signed term sheet from NBC is subject to the signing of an offer of financing and customary conditions precedent, and the executed letter of offer of the BDC is subject to customary conditions precedent. A closing is expected to take place in July 2020.



## **OPERATIONAL HIGHLIGHTS**

- On March 11, 2020, the World Health Organization declared coronavirus (“COVID-19) a global pandemic. Most governments have enacted emergency measures to combat the spread of the virus, including travel bans, mandatory closures of nonessential services and businesses and social distancing. These measures have caused material disruption to businesses worldwide resulting in economic uncertainty, supply chain disruption, change in consumer demand. At the present time, D-BOX cannot reliably provide an estimate of the duration or magnitude of the outbreak and its impact on the Corporation’s financial results.
- In the professional simulation segment, CM Labs, the leading vendor for simulation-based training in the construction industry with over 1,000 simulators in 30 countries, has developed a new simulator. This simulator, which integrates D-BOX’s motion technology, is adapted for the training of heavy equipment operators.
- In the themed entertainment, BRP Inc., a global leader in powersport vehicles and marine products, has developed a Ski-Doo simulator with D-BOX’s motion technology to replicate an immersive experience.
- In the theatrical segment, D-BOX expanded its footprint with the additions from Premiere Cinemas (USA), Traumpalast (Germany) and Golden Screen Cinemas (Malaysia).

## **ADDITIONAL INFORMATION REGARDING THE FISCAL YEAR AND FOURTH QUARTER ENDED MARCH 31, 2020**

The financial information relating to the fiscal year and fourth quarter ended March 31, 2020 should be read in conjunction with the Corporation’s audited consolidated financial statements. Annual Information Form and the Management’s Discussion and Analysis dated July 3, 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 from operations. It consists of net income (loss) excluding amortization, financial expenses net of income, income taxes, impairment charges, share-based payments, foreign exchange loss (gain) and non-recurring expenses related to restructuring costs.



The following table reconciles adjusted EBITDA to net loss:

(Amounts are in thousands of Canadian dollars)

	Fiscal year ended March 31		Fourth quarter ended March 31	
	2020	2019	2020	2019
<b>Net loss</b>	<b>(6,250)</b>	<b>(1,705)</b>	<b>(3,096)</b>	<b>(551)</b>
Amortization of property and equipment	1,914	1,934	523	422
Amortization of intangible assets	905	800	241	198
Amortization of other assets	2	3	—	1
Impairment of property and equipment	765	—	765	—
Impairment of intangible assets	508	—	508	—
Impairment of finance lease receivable	52	—	52	—
Financial expenses (income)	545	529	78	145
Income taxes (recovery)	8	10	9	(36)
Share-based payments	155	157	39	48
Foreign exchange loss	605	334	488	40
Restructuring costs	1,403	—	400	—
<b>Adjusted EBITDA</b>	<b>612</b>	<b>2,062</b>	<b>7</b>	<b>267</b>

\* See the “Non-IFRS measures” section in the Management’s Discussion and Analysis dated July 3, 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 its 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. [www.d-box.com](http://www.d-box.com).

## DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

This news release contains statements that 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, financial performance and condition of the Corporation, or the assumptions underlying any of the foregoing. In this news release, 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. No assurance can be given that any events anticipated by the forward-looking information will transpire or occur, including but not limited to, the closing of the financings with the National Bank of Canada and the Business Development Bank of Canada. Forward-looking information is based on information available at the time 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.



These risks, uncertainties and assumptions include, but are not limited to, those described under “Risk Factors” in the Corporation’s Annual Information Form for the fiscal year ended March 31, 2020, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com), and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Corporation does not intend, nor does the Corporation undertake any obligation, to update or revise any forward-looking information contained in this news release to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

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