



## PRESS RELEASE

For immediate release

# D-BOX Technologies Reports Second Quarter and reaches a significant milestone in its home entertainment strategy

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November 11, 2020, Longueuil - D-BOX Technologies Inc. (TSX: DBO), a world leader in haptic and immersive entertainment experiences, announced today its financial results for the second quarter ended September 30, 2020. All amounts in this press release are in Canadian dollars.

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## FINANCIAL HIGHLIGHTS

### *Highlights for the Second Quarter Ended September 30, 2020*

- Cash and cash equivalents was \$5.0 million as at September 30, 2020 compared to \$4.1 million as at March 31, 2020, while during the same period, cash flow provided by working capital has generated \$2.6 million, the line of credit balance decreased by \$1.0 million and long-term debt increased by \$2.0 million.
- Total revenues decreased to \$2.9 million from \$6.3 million for the same period last year as a result of the adverse impact of the COVID-19 pandemic.
- Net loss remained flat at \$0.9 million compared to the same period last year.
- Adjusted EBITDA\* decreased to (\$0.6) million from \$0.1 million for the same period last year.

### *Highlights for the six-month period ended September 30, 2020*

- Total revenues decreased to \$5.1 million from \$13.9 million for the same period last year as a result of the adverse impact of the COVID-19 pandemic.
- Net loss increased to \$1.9 million from \$1.5 million for the same period last year.
- Adjusted EBITDA\* decreased to (\$0.7) million from \$0.3 million for the same period last year.

This quarter's results continued to be impacted by the COVID-19 global pandemic, but the Corporation made progress on generating royalties as some movie theatres have resumed its activities. While we do not know the future impact COVID-19 will have on our business, or when our business will fully return to normal operations, the Corporation expects to see a continued impact from COVID-19 on its results in the upcoming quarters, especially in the commercial entertainment business where some commercial entertainment venues are forced to close temporarily.



<b>Second quarter and Six-month period ended September 30</b> (in thousands of dollars, except per share amounts)				
	<b>Second Quarter</b>		<b>Six-month Period</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues	<b>2,917</b>	6,329	<b>5,146</b>	13,862
Net loss	<b>(954)</b>	(933)	<b>(1,920)</b>	(1,539)
Adjusted EBITDA*	<b>(571)</b>	114	<b>(667)</b>	329
Basic and diluted net loss per share	<b>(0.005)</b>	(0.005)	<b>(0.010)</b>	(0.008)
<b>Information from the consolidated balance sheet</b>				
	<b>As at September 30, 2020</b>		<b>As at March 31, 2020</b>	
Cash and cash equivalents	<b>4,979</b>		4,116	

\* See the “Non-IFRS” measures” section in the Management’s Discussion and Analysis dated November 11, 2020.

“We are pleased with the progress that D-BOX has accomplished on multiple fronts in the past few months. Ensuring a healthy balance sheet has always been a top priority and we are proud that we have been able to manage our spending and get some additional financing to maintain a cash position that is greater than at the beginning of the COVID-19 pandemic. With the expectation of a progressive recovery of our recurring revenue from the theatrical market in the next months and the future contribution of home entertainment revenue, we are cautiously optimistic that the brunt of the situation is at a tail end,” mentioned Mr. Sébastien Mailhot, President and CEO of D-BOX.

“This quarter, recovery on our business has been encouraging with total revenues growing at 31% sequentially between Q2 over Q1. The simulation and training segments grew 44% sequentially and 17% compared to the same period last year in large part due to the increasing penetration of simracing at home and great value proposition of our simulation and training offering. With the recent endorsement of the FIA, we do expect to see continued sequential growth,” stated Mr. Mailhot.

“Our long-awaited immersive and haptic home entertainment system is now ready! We are proud to launch a home entertainment recliner, in partnership with Jaymar, that will integrate D-BOX’s haptic technology. It is an important milestone given the size of the market opportunity; U.S. consumers spent over \$25 billion in 2019, up 8.4% from the year before, in home entertainment streaming services, video-on-demand and electronic title purchases. By leveraging D-BOX’s strong brand and market leadership in haptics, D-BOX has a unique opportunity to enhance the experience of consumers by providing a true-to-life experience from their home. Consumers will be able to enjoy over 2,000 pieces of content and growing, including movies, TV series, music, video games, and a relaxation mode. Over time, D-BOX will add new content types of all sorts and will constantly update the existing content. The movements, vibrations and textures will make entertainment lovers feel their favorite theme park ride, the beats of a live concert or experience floating on the moon. The possibilities are endless!” added Mr. Mailhot.



In other news, the Corporation is pleased to announce the appointment this day of Eve Laurier to the Corporation's Board of Directors. Mrs. Laurier brings more than 20 years of experience in communication and marketing strategy. Currently, she is General Manager of Edelman Montreal's communications firm and is also a member of Edelman Canada's management team, a global public relations firm. Prior to joining Edelman, Mrs. Laurier worked for Richter, an accounting and financial consulting firm, where she held the position of Vice-President, Strategic Relations. In 2020, she earned the 'Revelation' of the Quebec Association of Women in Finance, as well as a finalist at the Mercuriades for the Women of Exception Award. Mrs. Laurier holds an Executive MBA from McGill University and HEC Montréal. As well, she sits on the board of the Marie-Vincent Foundation (2017) and the Metropolitan Orchestra (2017). "We welcome Mrs. Laurier to D-BOX's board. Her appointment comes with perfect timing, just as we are about to launch our home entertainment strategy. Her strong credentials in communications and marketing and her vast business network will be a great asset as we maximize D-BOX awareness", stated Mr. Denis Chamberland.

### **OPERATIONAL HIGHLIGHTS**

- D-BOX and Jaymar, a leading manufacturer of upholstered furniture in Canada, partnered to offer consumers a recliner which integrates D-BOX haptic technology, providing fans of series, movies and video games with immersive and haptic experiences.
- Part of its gaming strategy, D-BOX has been locking a lineup of video game franchises such as Ubisoft latest Assassin's Creed Valhalla, Microsoft's Flight Simulator, and Slightly Mad Studios' Project CARS 3.
- The Fédération Internationale de l'Automobile (FIA), the governing body of motor sport and mobility, announced the exclusive endorsement of D-BOX products. The D-BOX haptic system enables drivers to feel an incredibly powerful and reliable simulator that responds precisely to any in-game situation. The experience features subtle cues based on pavement variations, vehicle physics, acceleration, deceleration, braking, cornering, suspension feedback, traction, weather conditions and speed.

### **ADDITIONAL INFORMATION**

The financial information relating to the second quarter ended September 30, 2020 should be read in conjunction with the Corporation's unaudited condensed consolidated financial statements and the Management's Discussion and Analysis dated November 11, 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:



All amounts are in thousands of Canadian dollars

	Second quarter ended September 30		Six-month Period ended September 30	
	2020	2019	2020	2019
<b>Net loss</b>	<b>(954)</b>	(933)	<b>(1,920)</b>	(1,539)
Amortization of property and equipment	<b>401</b>	439	<b>876</b>	856
Amortization of intangible assets	<b>189</b>	204	<b>380</b>	462
Amortization of other assets	—	1	—	2
Loss on disposal of property and equipment	—	2	—	2
Financial expenses (income)	<b>98</b>	280	<b>191</b>	373
Income taxes (recovery)	<b>(1)</b>	6	<b>(1)</b>	(1)
Share-based payments	<b>31</b>	16	<b>77</b>	61
Foreign exchange loss(gain)	<b>(335)</b>	99	<b>(270)</b>	113
<b>Adjusted EBITDA</b>	<b>(571)</b>	114	<b>(667)</b>	329

\* See the “Non-IFRS measures” section in the Management’s Discussion and Analysis dated November 11, 2020.

## ABOUT D-BOX

D-BOX redefines and creates realistic, haptic and immersive entertainment experiences by providing feedback to the whole body and sparking the imagination through motion. Haptic essentially allows to feel sensations that would be felt if the body was interacting directly with physical objects. 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, 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](http://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. 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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