



D-BOX Technologies Reports Third Quarter Results

Video Gaming and Home Entertainment Strategy Gains Traction

LONGUEUIL, Quebec, Feb. 11, 2021 (GLOBE NEWSWIRE) -- D-BOX Technologies Inc. (TSX: DBO), a world leader in haptic and immersive entertainment experiences, announced today its financial results for the third quarter ended December 31, 2020. All amounts in this press release are in Canadian dollars.

FINANCIAL HIGHLIGHTS

Highlights for the Third Quarter Ended December 31, 2020

- Cash and cash equivalents were \$4.8 million as at December 31, 2020 compared to \$4.1 million as at March 31, 2020.
- Total revenues decreased to \$3.0 million from \$5.5 million for the same period last year as a result of the adverse impact of the COVID-19 pandemic.
- Net loss was \$2.2 million compared to a net loss of \$1.6 million during the same period last year.
- Adjusted EBITDA* decreased to (\$1.3) million from \$0.3 million for the same period last year.

Highlights for the nine-month period ended December 31, 2020

- Total revenues decreased to \$8.1 million from \$19.3 million for the same period last year as a result of the adverse impact of the COVID-19 pandemic.
- Net loss increased to \$3.7 million from \$3.2 million for the same period last year.
- Adjusted EBITDA* decreased to (\$2.0) million from \$0.6 million for the same period last year.

On January 25, 2021, D-BOX entered into an amendment agreement with National Bank of Canada. In light of the COVID-19 pandemic and its effects on D-BOX's businesses, the Company did not meet certain financial covenant ratios as at December 31, 2020. The amendment provides D-BOX with the immediate suspension of certain financial covenants, and upon certain conditions will be extended to the fourth quarter of 2021 ended March 31, 2021. As at February 11, 2021, an aggregate of \$3.3M million was outstanding under the Credit Facilities.

Third quarter and Nine-month period ended December 31 (in thousands of dollars, except per share amounts)				
	Third Quarter		Nine-month Period	
	2020	2019	2020	2019
Revenues	2,997	5,473	8,144	19,335
Net loss	(2,194)	(1,615)	(3,701)	(3,154)
Adjusted EBITDA*	(1,288)	279	(1,957)	608
Basic and diluted net loss per share	(0.012)	(0.008)	(0.021)	(0.017)
Information from the consolidated balance sheet				
	As at December 31, 2020		As at March 31, 2020	
Cash and cash equivalents	4,811		4,116	

* See the "Non-IFRS" measures" section in the Management's Discussion and Analysis dated February 11, 2021.

"The strategic transformation towards high-growth opportunities related to home entertainment have accelerated during the third quarter with the signing of new commercial partners, product release and the strengthening of the management team with the arrival of Stéphane Vidal, as Vice President Marketing and Communications, an experienced executive who brings expertise at successfully implementing marketing digital strategies at the international level. Following the groundbreaking partnership announcement of Ubisoft in the previous quarter, D-BOX's gaming ecosystem is growing with the additions of Cooler Master, a retailer of computer accessories, five Quebec video gaming studios, and more recently, AudioKinetic, a leading player in videogame design tools. These partners not only bring market leadership and a well-established ecosystem, but will also enable gaming studios to natively integrate D-BOX's HaptiCode into video games for most platforms (Playstation, XBOX, Nintendo, iOS, Android, Windows, Linux), increase the depth and breadth of our video game library, and most importantly, deliver for the first time in the world, a haptic experience on a gaming chair. As a reminder, the global gaming and streaming gear market¹ is worth approximately \$40 billion according to Jon Peddie Research and D-BOX is thrilled to address this market opportunity," mentioned Mr. Sébastien Mailhot, President and CEO of D-BOX. "D-BOX is also proud to receive the first official endorsement for a haptic immersive system by the Fédération Internationale de l'Automobile (FIA). This recognition will bring significant value to the eyes of avid video gaming consumers who seek the best racing simulator. Finally, the launch of D-BOX Lifestyle by Jaymar Experience, a home entertainment recliner that enriches your entertainment experience, is an important milestone for D-BOX. The immersive haptic seat is available on amazon.com, wayfair.com and

jaymarexperience.com for U.S. consumers, and soon through Jaymar's network of authorized retailers for Canadians. This groundbreaking product will allow consumers to feel immerse on more than 2,000+ movies, TV series and music, including your favorite classics, recent releases and many more," added Mr. Mailhot.

"Considering the impact of the COVID-19 pandemic, we are satisfied with our financial performance this quarter. Home entertainment revenues have grown 94% compared to the same period last year and 246% sequentially. Also, sales activities have been strengthening which bodes well for a recovery in the upcoming quarters. Moreover, our cash balance at the end of Q3 stood at \$4.8M in cash compared to \$4.9M in Q2. Considering the COVID-19 vaccine global rollout, the heavy lineup of blockbusters expected to be released in the second half of 2021, the high margin royalty revenues that D-BOX recognizes from theatrical box office receipts, and the contribution of our newly launched home entertainment solutions, we are confident that we will see a turnaround in fiscal 2022," explained Mr. David Montpetit, CFO of D-BOX.

OPERATIONAL HIGHLIGHTS

- D-BOX and Cooler Master, a leading manufacturer of computer and gaming peripherals, joined forces on the design and commercialization of an innovative video gaming chair, integrating D-BOX whole-body haptic feedback technology. Aimed at gamers of all genres and skill levels, this immersive chair, will enhance the gaming experience and will be available in the summer 2021 via Cooler Master's global retail network.
- D-BOX and Jaymar, one of North America's leading furniture manufacturers, launched a recliner which integrates D-BOX haptic technology, providing fans of TV series, movies and video games with immersive and haptic experiences.
- D-BOX, True Course Simulations and Morane Technologies, combined their expertise for the delivery of 30 flight simulation Immersive Training Devices (ITD) installed in the U.S. Air Force Academy (USAF).
- The Fédération Internationale de l'Automobile (FIA), the governing body of motor sport and mobility, announced the exclusive endorsement and recommendation of D-BOX products to its members.

ADDITIONAL INFORMATION

The financial information relating to the third quarter ended December 31, 2020 should be read in conjunction with the Corporation's unaudited condensed consolidated financial statements and the Management's Discussion and Analysis dated February 11, 2021. These documents are available at 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

	Third Quarter ended December 31		Nine-month Period ended December 31	
	2020	2019	2020	2019
Net loss	(2,194)	(1,615)	(3,701)	(3,154)
Amortization of property and equipment	387	535	1,263	1,391
Amortization of intangible assets	228	202	608	664
Amortization of other assets	—	1	—	3
Loss on disposal of property and equipment	—	—	—	2
Financial expenses (income)	150	94	338	467
Income taxes (recovery)	(3)	—	(2)	(1)
Share-based payments	19	55	96	116
Foreign exchange loss (gain)	125	4	(145)	117
Restructuring costs	—	1,003	(414)	1,003
Adjusted EBITDA	(1,288)	279	(1,957)	608

* See the "Non-IFRS measures" section in the Management's Discussion and Analysis dated February 11, 2021

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 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 relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Corporation's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. 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 and the readers should not place undue reliance on forward-looking information. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Corporation 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.

The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Corporation. For additional information with respect to these risks and other factors, see the Corporation's Annual Information Form for the fiscal year ended March 31, 2020, filed with on the Corporations' profile on SEDAR at www.sedar.com. The Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by securities laws.

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¹ “Global PC Gaming Hardware Market Forecast”, Jon Peddie Research, July 6, 2020