



## D-BOX Technologies Announces its Third Quarter Results

**Longueuil, Quebec, February 9, 2017** – D-BOX Technologies Inc. (TSX:DBO), a leader in immersive motion technology, announced today revenues of \$6.8 million for the quarter ended December 31, 2016 in comparison to revenues of \$8.2 million for the quarter ended December 31, 2015.

### FINANCIAL HIGHLIGHTS

- Quarterly revenue declined from \$8,221 k last year to \$6,803 k this year primarily related to:
  - ✓ New technical import regulations in a Latin American country which has slowed delivery; and
  - ✓ A shift in market trends creating demand for a new value added premium product in certain geographical markets. We expect to see the benefit of the shift to this new premium product in the next few quarters.
- Quarterly gross profit amounted to \$3,546 k compared with \$4,294 k last year. Excluding amortization, gross margin increased from 61% last year to 62% this year.
- Quarterly net loss of \$1,638 k compared to a net income of \$397 k last year.
- Quarterly adjusted EBITDA\* of \$(595 k), including a restructuring charge of \$359 k, compared to an adjusted EBITDA of \$1,371 k last year.
- Cash and cash equivalents of \$10,084 k as at December 31, 2016 compared to \$16,454 k as at March 31, 2016.

<b>Third quarter and nine-month period ended December 31</b> (in thousands of CAD, except per share amounts)				
	<b>Third quarter</b>		<b>Nine months</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues	<b>6,803</b>	8,221	<b>20,796</b>	20,430
Net income (loss)	<b>(1,638)</b>	397	<b>(3,178)</b>	219
Adjusted EBITDA*	<b>(595)</b>	1,371	<b>(451)</b>	2,654
Basic and diluted net income (loss) per share	<b>(0.009)</b>	0.002	<b>(0.018)</b>	0.001
<b>Information from the consolidated balance sheet</b>				
	<b>As at December 31, 2016</b>		<b>As at March 31, 2016</b>	
Cash and cash equivalents	<b>10,084</b>		16,454	

\* See the reconciliation table of adjusted EBITDA to the net loss below and the "Non-IFRS" measures section in the Management Discussion and Analysis dated February 9, 2017.

### OPERATIONAL HIGHLIGHTS

- Continuous development of our entertainment business activities in Asia following the launch of a first entire auditorium equipped with our technology with Shanghai Bestar Cinemas Management Co. Ltd in China with 1) two more full-size auditoriums to be installed with the collaboration of the distributor Link China in Chengdu and Shanghai. Both theatres will be branded under the Bestar D-BOX Cinema moniker, 2) installation of a first complete D-BOX auditorium with AEON Cinema in Japan.
- Screens installed or in backlog increased by 16% from 528 a year ago to 615 as at December 31, 2016.
- D-BOX signed an exclusive distribution agreement with Hangzhou JC City Management Investment Group Limited, a wholly-owned subsidiary of Gold Finance Group, to distribute and promote D-BOX's high-end home entertainment motion system in China for revenues of up to US \$22 M, including a US \$3.1 million value to be delivered in the next 15 months. In order to maintain its exclusivity in China (excluding Taiwan, Macau and Hong Kong), it is required to purchase at least US \$22 million of D-BOX motion systems over the next five years. Gold Finance has the right to terminate the Agreement upon 30 days' notice without any further liability or obligation on its part, except for orders already placed.
- Launch of Canada's largest racing motion simulator centre in Mirabel with ICAR, Canada's ultimate motorsports complex.



Commenting on the quarterly results, Mr. Claude Mc Master, President and Chief Executive Officer of D-BOX, declared: "The Company continued to execute its long-term strategic plan during the last quarter by investing in product development as well as developing new markets. We are confident that those business development initiatives will yield results in the next quarters."

## ADDITIONAL INFORMATION WITH RESPECT TO THE THIRD QUARTER AND NINE-MONTH PERIOD ENDED DECEMBER 31, 2016

The financial information relating to the third quarter and nine-month period ended December 31, 2016 should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and the Management Discussion and Analysis dated February 9, 2017. These documents are available at [www.sedar.com](http://www.sedar.com).

## OUTLOOK

D-BOX focuses on two major development areas: the entertainment market and the simulation and training market which have their respective sub-markets. In light of the business development activities in each of these two markets, D-BOX anticipates the long-term upward trend in revenue to continue. In combination with this expected growth of revenue, D-BOX intends to increase the level of its operating expenses aiming, amongst others, to accelerate China market penetration and to support the sales and marketing of technological innovations. This strategy will help solidify D-BOX's position in existing sub-markets and will facilitate entering new ones.

With the advent of the VR world and with D-BOX expertise in immersive motion and true-to-life simulation, D-BOX has actively been developing new applications for VR and other key markets. De facto, D-BOX is well positioned to become a key player in the VR industry given that its technology can reduce motion dizziness sometimes associated with such experiences and may be the missing link that will solve one of the main challenges virtual reality needs to overcome. D-BOX is particularly excited to be part of the new trend as the size of the virtual and augmented reality markets may soon reach billions of dollars according to many industry sources.

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

The adjusted EBITDA provides useful and complementary information which allows, among other things, the evaluation of profitability and cash flows provided by operations. It is comprised of net income (loss) but excludes the following: items not affecting cash, foreign exchange loss (gain), financial expenses (income) and income taxes. The following table explains the reconciliation of adjusted EBITDA to the net income (loss).

(in thousands of CDN \$)	Third quarter ended December 31		Nine-month period ended December 31	
	2016	2015	2016	2015
<b>Net income (loss)</b>	<b>(1,638)</b>	397	<b>(3,178)</b>	219
Amortization of property and equipment	743	738	1,855	1,805
Amortization of intangible assets	146	132	446	399
Amortization of other assets	7	22	9	104
Write-off of property and equipment	10	24	10	158
Share-based payments	32	59	94	178
Foreign exchange gain	(18)	(118)	(28)	(452)
Financial expenses (net of interest income)	123	129	341	244
Income taxes (recovery)	—	(12)	—	(1)
<b>Adjusted EBITDA</b>	<b>(595)</b>	1,371	<b>(451)</b>	2,654

\*\* See the "Non-IFRS" measures section in the Management Discussion and Analysis dated February 9, 2017.



## **ABOUT D-BOX**

D-BOX Technologies Inc. designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and the simulation and training markets. This unique and patented technology uses motion effects specifically programmed for each visual content which are sent to a motion system integrated into either a platform, a seat or any other product. The resulting motion is perfectly synchronized with the on-screen action, thus creating an unparalleled realistic immersive experience.

D-BOX®, D-BOX Motion Code®, LIVE THE ACTION®, MOTION ARCHITECTS® and MOVE THE WORLD® are trademarks of D-BOX Technologies Inc. Other names are for informational purposes only and may be trademarks of their respective owners.

## **DISCLAIMER IN REGARDS TO 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 put undue reliance on forward-looking statements. D-BOX disclaims any intent or obligation to update publicly these forward looking statements, whether as a result of new information, future events or otherwise.

-30-

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