

## Cyberplex reports 1999 revenue up 122 per cent

### ***US revenue for fourth quarter accounts for 45 per cent as company continues aggressive expansion into US market.***

TORONTO, CANADA (March 9, 2000) - Cyberplex, Inc. (TSE:CX), one of North America's leading Internet professional service firms today announced revenue of more than \$21.1 million for its year ended December 31, 1999. This represents an increase of 122 per cent over fiscal 1998. In addition, the Company realized an operating profit (EBITDA) of \$172,000 and a gross margin of 51 per cent for the year.

Cyberplex also reported record fourth quarter revenue of more than \$7.1 million with a operating profit (EBITDA) of more than \$620,000 and a gross margin of 57 per cent. This represents an increase in revenue of 129 per cent over the same period last year and an increase of 20 per cent over the previous quarter. The Company reported that 45 per cent of its fourth quarter revenue came from the US, as it continues to expand aggressively into the US market.

"Our strong performance this year was a direct result of the increased market demand for our unique solutions as well as our significant push into the US market," said Geoffrey Rotstein, chief financial officer of Cyberplex. "Our consistent client successes and strategic growth substantiates our commitment to continually deliver sustainable business results."

"We are pleased with the success of our US entry strategy and the fact that it is beginning to have a measurable impact on both our top line growth as well as our gross margin," said Dean Hopkins, chief executive officer of Cyberplex. "Our efforts to build critical mass and brand awareness in the key markets across the US, while preserving our position as the leading firm in Canada, have positioned us very well for 2000."

"As an organization we have a legacy of building skills ahead of our clients' demands," said Vernon Lobo, chairman and co-founder of Cyberplex. "We will continue to invest in the best people and most strategic clients that will enable us to remain the thought leaders in this competitive space."

### **Recent Success at Cyberplex**

- Subsequent to year-end, Cyberplex continued its penetration of the US market by acquiring i-Socket Web Creative, a full-service Web development company based in Sausalito, California. i-Socket brings a strong client list including Apple, Charles Schwab, Cisco Systems, Decide.com, DVD Express, Gap Inc., Microsoft, Xerox, Sun Microsystems and 3Com among others.
- The Branham 250 survey listed Cyberplex as one of the top 50 Canadian IT professional services companies in Canada.
- Cyberplex continued its expansion strategy by securing its first two European clients.
- Cyberplex was contracted in December as the agency in support of 3M's Customer Centers worldwide.
- In November, Cyberplex formed a strategic alliance with Science Applications International (SAIC), a fortune 500 company that ranks as the largest employee-owned diversified high-technology research and engineering firm in the U.S. Cyberplex received a \$15 million equity investment from SAIC.
- Also in November, Cyberplex was chosen as the Interactive Agency of Record for all Ford of Canada, and announced the dual launch of the new Ford of Canada site as well as the Ford Focus site.
- In May, Cyberplex initiated a \$15 million special warrant offer to help execute its US expansion strategy while continuing to build its infrastructure in Canada.
- In April, Cyberplex opened an Austin office with the acquisition of Saper Media Group, a Texas Internet services firm with a diverse portfolio of clients including Dell Computer, 3M, Tivoli Systems (a division of IBM), Samsung, and Southwestern Bell.
- Cyberplex further strengthened its partnerships with various clients by exchanging fees for equity in some of the aggressive dot com companies.

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## CONSOLIDATED BALANCE SHEET

	1999	1998
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$26,721,670	\$3,423,994
Accounts receivable, net of allowance for doubtful accounts of \$433,093 (1998 - \$181,064)	7,041,965	2,311,779
Income taxes recoverable	103,208	32,593
Prepaid expenses and sundry assets	603,775	70,990
Work in progress	307,666	-
<b>TOTAL CURRENT ASSETS</b>	<b>34,778,284</b>	<b>5,839,356</b>
Loan receivable	-	300,000
Capital assets	5,217,032	1,505,399
Goodwill, net of accumulated amortization of \$749,572 (1998 - \$169,580)	5,813,798	3,913,138
Software development costs, net of accumulated amortization of \$191,548 (1998 - \$129,035)	71,470	133,984
<b>TOTAL ASSETS</b>	<b>\$45,880,584</b>	<b>\$11,691,877</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,445,690	\$1,289,849
Current portion of obligations under capital leases	305,963	77,332
Unearned revenue	336,776	419,001
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,088,429</b>	<b>1,786,182</b>
Deferred income taxes	-	9,810
Obligations under capital leases	554,191	163,806
Shareholders' equity:		
Commitment to issue capital stock	2,692,486	-
Capital stock		
Authorized:		
Unlimited common shares		
Issued and outstanding:		
22,114,213 common shares (1998 - 17,672,245)	38,331,268	9,321,129
Retained earnings (deficit)	(785,790)	410,950
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>40,237,964</b>	<b>9,732,079</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$45,880,584</b>	<b>\$11,691,877</b>

## CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS (Deficit)

	1999	1998
Revenue	\$21,132,300	\$9,538,858
Direct costs	10,378,296	4,580,585
<b>Gross margin</b>	<b>10,754,004</b>	<b>4,958,273</b>
Expenses:		
Sales and marketing	3,640,463	1,013,321
General and administrative	6,546,395	3,143,636
Research and development	394,926	78,586
Amortization:		
Capital assets	774,686	163,337
Goodwill	579,992	169,580
Software development costs	43,472	44,743
	11,979,934	4,613,203
Income (loss) before income taxes	(1,225,930)	345,070
Income taxes (recovery):		
Current	(19,380)	150,000
Deferred	(9,810)	80,000
	(29,190)	230,000
Net income (loss)	(1,196,740)	115,070
Retained earnings, beginning of year	410,950	295,880
<b>RETAINED EARNINGS (DEFICIT), END OF YEAR</b>	<b>\$ (785,790)</b>	<b>\$410,950</b>
Income (loss) per share (basic and fully diluted)	\$ (0.06)	\$0.01
Weighted average number of common shares	19,613,327	14,481,012

## CONSOLIDATED STATEMENT OF CASH FLOWS

	1999	1998
Cash flows from operating activities:		
Net income (loss)	\$ (1,196,740)	\$ 115,070
Items not involving cash:		
Amortization	1,398,150	377,660
Deferred income taxes	(9,810)	80,000
Unrealized foreign exchange loss	94,208	-
Changes in non-cash working capital:		
Accounts receivable	(4,492,717)	(1,174,035)
Income taxes recoverable	(70,615)	3,359
Prepaid expenses and sundry assets	(539,305)	25,707
Work in progress	(166,414)	200,985
Accounts payable and accrued liabilities	1,611,415	754,072
Income taxes payable	-	(115,198)
Unearned revenue	(111,852)	402,401
Cash provided by (used in) operating activities	(3,483,680)	670,021
Cash flows from financing activities:		
Increase in loan receivable	(200,000)	(300,000)
Repayment of loan receivable	500,000	-
Proceeds from private placement, net of issue costs	14,967,058	-
Proceeds from issuance of common stock, net of issue costs	-	3,500,000
Proceeds from special warrant issue, net of issue costs	13,802,284	-
Proceeds from stock options exercised	219,283	53,001
Repayment of long-term debt	-	(246,386)
Cash provided by financing activities	29,288,625	3,006,615
Cash flows from investing activities:		
Additions to software development costs	-	(18,000)
Additions to capital assets	(2,459,230)	(861,951)
Business acquisition costs, net of cash acquired	(61,466)	(681,217)
Cash used in investing activities	(2,520,696)	(1,561,168)
Foreign exchange gain on cash held in foreign currency	13,427	-
Increase in cash and cash equivalents	23,297,676	2,115,468
Cash and cash equivalents, beginning of year	3,423,994	1,308,526
Cash and cash equivalents, end of year	\$ 26,721,670	\$ 3,423,994
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 66,997	\$ 87,975
Income taxes paid	-	75,733
Supplemental disclosures of non-cash investing and financing activities:		
Net assets acquired from Saper Media Group Inc., net of cash acquired (\$34,992)	\$ 281,369	\$ -
Net assets acquired from Webworks Worldwide Inc., net of bank indebtedness acquired (\$389,717)	-	598,499
Acquisition of capital assets through capital leases	619,016	241,138
Additions to capital assets included in accounts payable and accrued liabilities	1,356,592	-