Management's Discussion and Analysis

D-BOX Technologies Inc.
Three- and nine-month periods ended December 31, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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1. SCOPE OF THE MD&A

This Management's Discussion and Analysis ("MD&A") is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiaries, as well as key elements of its financial results. In particular, it explains changes in the Corporation's financial position and operating results for the three- and nine-month periods ended December 31, 2023, by comparing them to the results of the corresponding periods of the previous fiscal year. It also presents a comparison of the balance sheets as at December 31, 2023 and March 31, 2023.

This MD&A has been prepared in accordance with National Instrument 51-102, *Continuous Disclosure Obligations,* and should be read in conjunction with the information included in the audited consolidated financial statements for the fiscal year ended March 31, 2023 and accompanying notes and the unaudited interim condensed consolidated financial statements of the three- and nine-month periods ended December 31, 2023. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the three- and nine-month periods ended December 31, 2023, and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors of the Corporation on February 13, 2024. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

2. FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A 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, business outlook, and financial performance and condition of the Corporation, or the assumptions underlying any of the foregoing. In this MD&A, 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. Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on several assumptions which give rise to the possibility that actual results could differ materially from the Corporation's expectations expressed in or implied by such forward-looking information and no assurance can be given that any events anticipated by the forward-looking information will transpire or occur, including but not limited to the future plans, activities, objectives, operations, strategy, business outlook and financial performance and condition of the Corporation.

Forward-looking information is provided in this MD&A for the purpose of giving information about Management's current expectations and plans and allowing investors and others to get a better understanding of the Corporation's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this MD&A is based on information available at the date hereof 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 risks, uncertainties and assumptions that could cause actual results to differ materially from the Corporation's expectations expressed in or implied by the forward-looking information include, but are not limited to: dependence on suppliers; concentration of clients; indebtedness; future funding requirements; access to content; global health crises; performance of content; distribution network; strategic alliances; competition; political, social and economic conditions; technology standardization; exchange rate between the Canadian dollar and the U.S. dollar; warranty, recalls and lawsuits; intellectual property; security and management of information; credit risk; reputational risk through social media; and dependence on key personnel and labour relations. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed under "Risk Factors" in the Corporation's annual information form for the fiscal year ended March 31, 2023, a copy of which is available on SEDAR at www.sedar.com. Except as may be required by Canadian securities laws, the Corporation does not intend nor does it undertake any obligation to update or revise any forward-looking information contained in the annual information form to reflect subsequent information, events, circumstances or otherwise.

The Corporation cautions readers that the risks described above are not the only ones that could have an impact on it. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems to be immaterial may also have a material adverse effect on the Corporation's business, financial condition or results of operations.

3. CORPORATE OVERVIEW

D-BOX is a leader in the design of haptic and immersive experiences. D-BOX creates and redefines haptic and immersive entertainment experiences by moving the body and sparking the imagination through motion, vibration and textures. D-BOX has collaborated with some of the best companies in the world to deliver new ways to enhance great content. Whether it's movies, TV series, video games, virtual reality, music, themed entertainment or professional simulation, D-BOX's motion technology creates a feeling of presence that makes life resonate like never before. Thanks to its unparalleled mastery of haptics, D-BOX offers the best possible synchronization of body movements with images and sound.

Three components produce unparalleled synchronized motion in perfect harmony with the images and sounds:

1. Software haptic effects are programmed as a track, frame by frame, in the case of linear content, or programmed as a library for interactive content based on the content's specific telemetry.

2. A haptic processor (or haptic controller) serving as an interface between the content (films, video games, music, wellness, simulation and training, VR experiences) and the D-BOX haptic system. This device can recognize the content being used or played, regardless of the source, and associate it with the appropriate D-BOX Haptic Code. It then enables the D-BOX haptic systems to be synchronized with the content.

3. The D-BOX haptic system consists, amongst other things, of proprietary electromechanical actuators built into a seat, platform, or other type of equipment.

The Corporation's current revenue streams mainly consist of:

(i) the sale or lease of D-BOX hardware including haptic actuators and haptic bases that are integrated by resellers, integrators, and equipment or seating manufacturers (known as original equipment manufacturers ("OEMs")) into chairs, recliners, seats, haptic controllers and electronic interfaces or servers, and market the D-BOX technology under their own brands;

(ii) the licensing of the D-BOX Haptic Code in theatres and entertainment centres which are equipped with the D-BOX haptic systems to play content encoded by D-BOX. The Corporation also receives maintenance revenue relating to the use of the haptic systems.

As at December 31, 2023, D-BOX had 103 employees compared with 96 employees as at December 31, 2022.

3.1 Business Strategy

The Corporation engages in business activities within a single operating segment. D-BOX sells its products to original equipment manufacturers ("OEMs") including integrators, resellers and distributors. As it relates specifically to system sales revenues, the Corporation analyzes and discusses performance across two markets, the entertainment market and the simulation and training market. D-BOX distributes the same products in both markets; however, it considers that these markets have a disproportionate effect on revenue, and therefore discuss them separately.

The entertainment market includes customers in theatrical entertainment (including home theater), location-based entertainment centres (theme parks, arcades, museums, planetariums, etc.), simulation video game peripherals (which includes sim racing and other simulation gaming customers), and virtual reality ("VR") systems. The simulation and training market includes customers in the automobile, transportation logistics, aviation and construction industries, as well as certain military customers.

Key components of the Corporation's business strategy in these markets are as follows:

- Continue to enhance and develop D-BOX's haptic motion technology in order to maintain our presence as a leader in immersive seated haptic experiences;
- Enter into business partnerships with market leaders in these markets to integrate the D-BOX haptic experience in their products and to commercialize new products and applications;
- Expand, drive growth and scale specifically among simulation video gaming and theatrical customers by extending existing capabilities and infrastructure;
- Focus on operational excellence by controlling costs while continuing to provide leading haptic experiences.

4. FINANCIAL AND OPERATING HIGHLIGHTS

Highlights for the three-month period ended December 31, 2023

- Total revenues decreased 23% from $10.5 million to $8.1 million compared to the previous year.
- Rights for use, rental and maintenance revenues decreased 29% from $2.0 million to $1.4 million compared to the previous year.
- Revenues related to system sales decreased 21% from $8.4 million to $6.7 million compared to the previous year.
- Net loss increased from a $0.1 million to a $0.4 million compared to the previous year.
- Adjusted EBITDA* decreased from $0.5 million to $0.1 million compared to the previous year.
- Cash and cash equivalent was $2.4 million as at December 31, 2023 compared with $3.1 million as at March 31, 2023.
- Subsequent to period end, the Corporation sold an investment, recorded in other assets, for gross proceeds of $500. The sale resulted in a net realized gain on sale of investment of $478.

Highlights for the nine-month period ended December 31, 2023

- Total revenues increased 24% from $23.7 million to $29.4 million compared to the previous year.
- Rights for use, rental and maintenance revenues remained stable at $6.6 million compared to the previous year.
- Revenues related to system sales increased 33% from $17.1 million to $22.8 million compared to the previous year.
- Profit increased from a $0.8 million net loss to a $0.5 million profit compared to the previous year.
- Adjusted EBITDA* increased from $1.1 million to $2.4 million compared to the previous year.

(Amounts are in thousands of Canadian dollars)

Three- and nine-month periods ended December 31				
	Three-month periods		**Nine-month periods**	
	2023	2022	**2023**	2022
Revenues	**8,075**	10,455	**29,418**	23,710
(Net loss) profit	**(425)**	(110)	**473**	(823)
Adjusted EBITDA*	**90**	491	**2,438**	1,128
	As at December 31, 2023		As at March 31, 2023	
Cash and cash equivalents	**2,406**		3,116	

* See the "Non-IFRS Financial Performance Measures" in section 8.

5. OPERATING RESULTS

The following table shows selected significant financial information for the three- and nine-month periods ended December 31, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars)

	Three-month periods		Nine-month periods	
	2023	2022	**2023**	2022
Revenues	**8,075**	10,455	**29,418**	23,710
Gross profit excluding amortization*	**4,033**	4,982	**14,821**	12,568
(Net loss) profit	**(425)**	(110)	**473**	(823)
Adjusted EBITDA*	**90**	491	**2,438**	1,128

* See the "Non-IFRS Financial Performance Measures" in section 8.

5.1 Revenues

The following table presents the revenue information for the three- and nine-month periods ended December 31, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars)

	Three-month periods				Nine-month periods			
	2023	2022	Var. ($)	Var. (%)	2023	2022	Var. ($)	Var. (%)
Revenues from								
System sales								
Entertainment	**4,496**	6,146	(1,650)	(27%)	**15,665**	12,534	3,131	25%
Simulation and training	**2,161**	2,300	(139)	(6%)	**7,180**	4,604	2,576	56%
Total System sales	**6,657**	8,446	(1,789)	(21%)	**22,845**	17,138	5,707	33%
Rights for use, rental and maintenance	**1,418**	2,009	(591)	(29%)	**6,573**	6,572	1	0%
TOTAL REVENUES	**8,075**	10,455	(2,380)	(23%)	**29,418**	23,710	5,708	24%

Three-month period ended December 31, 2023

For the three-month period ended December 31, 2023, total revenue decreased 23% to $8.1 million compared with $10.5 million for the same period last year. This variation is due to decreases in both entertainment system sales, as well as rights for use, rental and maintenance revenues.

Systems sales revenue decreased 21% to $6.7 million compared with $8.4 million for the same period last year. Much of the variance is due to a $1.4 million decrease in sales to theatrical customers for the three-month period ended December 31, 2023 as compared to the same period last year. Over that same period, net new screen installations were 19, as compared to 27 for the same period last year, bringing the total number of active D-BOX screens to 898 as at December 31, 2023.

Rights for use, rental and maintenance revenues decreased 29% to $1.4 million compared with $2.0 million for the same period last year. This reduction is due to the D-BOX encoded movie slate. An exceptionally strong showing from *Avatar: The Way of the Water* last year, with no comparable blockbuster D-BOX encoded titles in the current period is the reason for the decrease.

Nine-month period ended December 31, 2023

For the nine-month period ended December 31, 2023, total revenue increased 24% to $29.4 million compared with $23.7 million for the same period last year. This variation is due to the growth of system sales revenues.

Systems sales revenue increased 33% to $22.8 million compared with $17.1 million for the same period last year. Theatrical and sim racing customers account for $4.7 million of the increase in the entertainment market. This increase is offset by a reduction among location-based entertainment customers. The remaining variance is due to increases in the simulation and training market among transportation and construction industry customers.

Rights for use, rental and maintenance revenues remained stable at $6.6 million as compared to the same period last year.

5.2 Gross Profit

The following table reconciles gross profit to gross profit excluding amortization for the three- and nine-month periods ended December 31, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars)

	Three-month periods		Nine-month periods	
	2023	**2022**	**2023**	**2022**
Revenues	**8,075**	10,455	**29,418**	23,710
Gross profit	**3,737**	4,592	**13,926**	11,490
Amortization related to cost of goods sold	**296**	390	**895**	1,078
Gross profit excluding amortization*	**4,033**	4,982	**14,821**	12,568
Gross margin excluding amortization*	**50%**	48%	**50%**	53%

* See the "Non-IFRS Financial Performance Measures" in section 8.

Three-month period ended December 31, 2023

For the three-month period ended December 31, 2023, gross profit excluding amortization decreased to $4.0 million from $5.0 million for the same period last year. The decrease is explained by the decrease in revenues. Gross margin excluding amortization increased to 50% from 48% for the same period last year. The increase in gross margin is due to the $1.4 million decrease in sales to theatrical customers for the three-month period ended December 31, 2023 as compared to the same period last year. This decrease results in a lower proportion (market mix) of sales to theatrical customers in the current period as compared to the same period last year. System sales to theatrical customers accounts for 29% of entertainment system sales for the three-month period ended December 31, 2023 as compared to 48% for the same period last year. System sales to theatrical customers generally have a slightly lower margin due to rights for use, rental and maintenance revenues following the system sale.

Nine-month period ended December 31, 2023

For the nine-month period ended December 31, 2023, gross profit excluding amortization increased to $14.8 million from $12.6 million for the same period last year. Gross margin excluding amortization decreased to 50% from 53% for the same period last year. The decrease in gross margin is due to the higher proportion of theatrical customer system sales versus other system sales during the period as compared to the same period last year.

5.3 Operating Expenses

(Amounts are in thousands of Canadian dollars)

	Three-month periods			Nine-month periods		
	2023	2022	Variation (%)	2023	2022	Variation (%)
Selling and marketing	**1,611**	1,863	(14%)	**5,060**	4,721	7%
% of Revenues	20%	18%		17%	20%	
Administration	**1,579**	1,711	(8%)	**4,995**	4,753	5%
% of Revenues	20%	16%		17%	20%	
Research and development	**932**	1,145	(19%)	**2,887**	2,716	6%
% of Revenues	12%	11%		10%	11%	
Foreign exchange (gain) loss	**(110)**	(165)	(33%)	**12**	(70)	(117%)
% of Revenues	(1%)	(2%)		0%	0%	

Selling and Marketing: Selling and marketing expenses consist primarily of employee costs including share-based payments, professional fees, advertising and point-of-sale material expenses and attendance at trade shows. They also include expenses related to motion coding and other marketing expenses.

For the three-month period ended December 31, 2023, selling and marketing expenses decreased by 14% to $1.6 million (20% of revenues) compared with $1.9 million (18% of revenues) for the same period last year. The decrease is primarily due to a reduction of marketing initiatives and participation in trade shows, business development events and travel focused on the entertainment market.

For the nine-month period ended December 31, 2023, selling and marketing expenses increased by 7% to $5.1 million (17% of revenues) compared with $4.7 million (20% of revenues) for the same period last year. The increase is primarily due to an increased headcount as well as a reduction of $250 thousand in government assistance, as a result of changes in government programs, during the period as compared to the same period last year.

Administration: Administration expenses consist primarily of employee costs including share-based payments, professional fees and other general and administration expenses.

For the three-month period ended December 31, 2023, administrative expenses decreased by 8% to $1.6 million (20% of revenues) compared with $1.7 million (16% of revenues) for the same period last year. The decrease is due to a number of factors in other general and administration expenses.

For the nine-month period ended December 31, 2023, administration expenses increased by 5% to $5.0 million (17% of revenues) from $4.8 million (20% of revenues) for the same period last year. Much of the increase is due to an increase in amortization expense related to leasehold improvements that are amortized over the remaining life of the lease.

Research and Development: Research and development expenses mainly include costs related to employees including share-based payments, amortization of property and equipment and intangible assets, other costs associated with enhancements to existing products, and the cost of adapting products to various international standards, less investment tax credits.

For the three-month period ended December 31, 2023, research and development expenses decreased by 19% to $0.9 million (12% of revenues) from $1.1 million (11% of revenues) for the same period last year. The variance is due to timing of certification costs related to adapting products to various international standards.

For the nine-month period ended December 31, 2023, research and development expenses increased by 6% to $2.9 million (10% of revenues) from $2.7 million (11% of revenues) for the same period last year. The increase is a result of projects related to the next generation of actuators and software development.

Foreign Exchange (Gain) Loss: Foreign exchange (gain) loss results primarily from the fluctuation of the Canadian dollar relative to the U.S. currency when translating U.S. dollar operations at the prevailing rate on the date of a transaction and the translation of U.S. dollar monetary assets and liabilities at the end-of-period rate. Foreign exchange (gain) loss includes the change in fair value of derivative financial instrument related to foreign exchange.

For the three- and nine-month periods ended December 31, 2023, foreign exchange gain amounted to $0.1 million and ($0.01) million respectively compared with $0.2 million and $0.1 million respectively for the corresponding periods last year. The foreign exchange difference was driven by the volatility of the Canadian dollar relative to the U.S. currency between the periods.

Government assistance: For the three- and nine-month periods ended December 31, 2023, the Corporation recognized government assistance from various governmental entities in the amount of $0.2 million and $0.4 million respectively, compared to $0.2 million and $0.6 million respectively for the same period last year.

5.4 Financial Expenses

For the three- and nine-month periods ended December 31, 2023, financial expenses net of interest income amounted to $0.2 million and $0.5 million compared with $0.1 million and $0.4 million respectively for the same periods last year.

5.5 Income Taxes

With respect to accounting for future income taxes, the Corporation has concluded that a valuation allowance equal to its future income tax assets should be recorded. Income tax expenses, when incurred, are related to D-BOX's international operations in different countries and different foreign rules of taxation.

5.6 (Net Loss) Profit

Net loss for the three-month period ended December 31, 2023, amounted to $0.4 million (basic and diluted net loss of $0.002 per share) compared with $0.1 million (basic and diluted net loss of $0.000 per share) for the same periods last year. Profit for the nine-month periods ended December 31, 2023, amounted to $0.5 million (basic and diluted profit of $0.002 per share) compared with a $0.8 million net loss (basic and diluted net loss of $0.004 per share) for the same periods last year.

6. QUARTERLY DATA

Operating results for each of the past eight quarters are shown in the table below:

(Amounts are in thousands of Canadian dollars, except number of shares and per-share data)

	FY 2024			FY 2023				FY 2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Rights for use, rental and maintenance	**1,418**	2,144	3,011	1,930	2,009	1,771	2,792	1,579
System sales	**6,657**	8,708	7,480	8,482	8,446	4,371	4,321	5,392
TOTAL REVENUES	**8,075**	10,852	10,491	10,412	10,455	6,142	7,113	6,971
Adjusted EBITDA*	**90**	1,092	1,257	648	491	38	605	972
(Net loss) profit	**(425)**	402	496	(115)	(110)	(743)	29	238
Basic and diluted profit (loss) per share	**(0.002)**	0.002	0.002	(0.001)	(0.000)	(0.003)	0.000	0.001
Weighted average number of common shares outstanding (in thousands)	**220,227**	220,227	220,227	220,226	220,226	220,226	220,226	220,226

* See the "Non-IFRS Financial Performance Measures" in section 8.

7. LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

The following table shows certain selected significant financial information from the consolidated balance sheets as at December 31, 2023 and March 31, 2023:

(Amounts are in thousands of Canadian dollars)

Information from the Consolidated Balance Sheets	As at December 31, 2023	As at March 31, 2023
Cash and cash equivalents	**2,406**	3,116
Inventories	**7,985**	9,966
Total assets	**21,893**	26,721
Total current liabilities	**8,272**	13,334
Total liabilities	**10,433**	15,827
Equity	**11,460**	10,894

Working capital increased $0.7 million to $9.1 million as at December 31, 2023, from $8.4 million as at March 31, 2023. This is due to a decrease in current liabilities during the period.

Current liabilities decreased $5.1 million to $8.3 million as at December 31, 2023. The variation is attributable to repayment of the credit facility, payment of accounts payable and accrued liabilities, delivery of deferred revenues and repayment of current portion of long-term debt. This variation, combined with the variation in long-term debt, explains the variation of total liabilities which decreased $5.4 million to $10.4 million as at December 31, 2023. As at December 31, 2023, long-term debt, including the current portion, stood at $2.6 million, versus $3.9 million as at March 31, 2023.

Equity increased $0.6 million to $11.5 million as at December 31, 2023, from $10.9 million as at March 31, 2023. The increase resulted mainly from the $0.5 million profit for the nine-month period ended December 31, 2023.

The following table shows selected significant financial information for the nine-month period ended December 31, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars).

Information from the Consolidated Statements of Cash Flows	Nine-month periods ended December 31	
	2023	2022
Cash flows provided by operating activities	**2,624**	994
Cash flows used in investing activities	**(849)**	(1,010)
Cash flows used in financing activities	**(2,417)**	(662)

For the nine-month period ended December 31, 2023, net change in cash and cash equivalents totaled $(0.7) million compared to $(0.6) million for the same period last year.

7.1 Operating Activities

For the nine-month period ended December 31, 2023, cash flows provided by operating activities totaled $2.6 million compared with $1.0 million for the same period last year. This $1.6 million variance is mainly attributable to the $0.5 million profit for the current period, compared to the $0.8 million net loss for the same period last year. The $0.5 million year over year variation in changes in working capital items accounts for the remaining difference.

7.2 Investing Activities

For the nine-month period ended December 31, 2023, cash flows used in investing activities amounted to $0.8 million compared with $1.0 million last year.

7.3 Financing Activities

For the nine-month period ended December 31, 2023, cash flows used in financing activities amounted to $2.4 million compared with $0.7 million last year. Repayment of the credit facility and long-term debt agreements accounted for much of the variance.

As at December 31, 2023, the effective interest rate of long-term debt was 11.05% (7.20% as at December 31, 2022). For the three- and nine-month periods ended December 31, 2023, the interest expense on long-term debt charged to profit (loss) amounted to $0.5 million compared with $0.4 million for the same periods last year.

8. NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Corporation uses three non-IFRS financial performance measures in its MD&A and other communications. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Corporation's performance. The three non-IFRS performance measures are described as follow:

1) EBITDA represents earnings before interest and financing, income taxes and depreciation and amortization. Adjustments to EBITDA are for items that are not necessarily reflective of the Corporation's underlying operating performance. As there is no generally accepted method of calculating EBITDA, this measure is not necessarily comparable to similarly titled measures reported by other issuers. Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows from operations. The following table reconciles adjusted EBITDA to profit (loss):

(Amounts are in thousands of Canadian dollars)

	Three-month periods		Nine-month periods	
	2023	**2022**	**2023**	**2022**
(Net loss) profit	**(425)**	(110)	**473**	(823)
Amortization of property and equipment	**286**	315	**848**	871
Amortization of intangible assets	**187**	263	**571**	749
Financial expenses	**152**	147	**493**	402
Foreign exchange (gain) loss	**(110)**	(165)	**12**	(70)
Gain (loss) on disposal of assets	**—**	—	**(1)**	(5)
Impairment (reversal)	**—**	—	**—**	(223)
Income taxes (recovery)	**(2)**	1	**7**	19
Share-based payments	**2**	40	**35**	208
Adjusted EBITDA	**90**	491	**2,438**	1,128

2) Gross profit excluding amortization and gross margin excluding amortization are both used to evaluate the Corporation's capacity to generate funds through product sales by considering the cost of these products while excluding the main non-cash item, namely amortization (see the reconciliation table in section 5.2).

9. FULLY DILUTED SHARE CAPITAL (FEBRUARY 13, 2024)

	Class A common shares
Class A common shares outstanding	220,226,573
Convertible instruments	
Stock-options outstanding	7,367,500
	227,594,073

10. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") STRATEGY

The Corporation is committed to conducting its business in an ethical, legal and socially responsible manner, with an ever more responsible approach by promoting, accelerating, and facilitating the integration of sustainable development principles into its business model.

ESG matters are interwoven with each other and must be addressed by all responsible corporate citizens. The Corporation recognizes that ESG has gained a greater importance among investors, policymakers, and other key stakeholders because it is seen as a way to safeguard businesses from future risks. The three pillars of ESG for D-BOX are as follows:

'E' or Environmental pertains to the Corporation's energy use, waste, pollution, and natural resource conservation;

'S' or Social looks at how the Corporation interacts with communities where it operates, and the Corporation's internal policies related to labour, diversity and inclusion policies, among others;

'G' or Governance relates to internal practices and policies that lead to effective decision making and legal compliance. ESG facilitates the Corporation's top-line growth in the long run, attracts talent, reduces costs, and forge a sense of trust amongst consumers.

D-BOX has taken a proactive approach by adopting policies and behaviours pertaining to environment and sustainability, wellbeing, diversity and ethics. These policies and behaviours are described in the Annual Information Form (AIF) dated May 31, 2023, which is available on www.sedar.com.

11. RISK AND UNCERTAINTIES

For a detailed description of risk factors associated with the Corporation, please refer to the "Risk Factors" section of the Corporation's Annual Information Form (the "**AIF**") dated May 31, 2023, which is available on www.sedar.com. The following update should be read together with such risk factors described in the 2023 AIF, which are hereby incorporated by reference.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting aims to provide reasonable insurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the three- and nine-month periods ended December 31, 2023, there were no changes in the Corporation's internal control over financial reporting that materially affected, or are likely to materially affect, the Corporation's internal control over financial reporting.

13. CONTINUOUS INFORMATION AND ADDITIONAL DISCLOSURE

This MD&A was prepared as at February 13, 2024. Additional information can be found on the SEDAR website at www.sedar.com.

The trademarks D-BOX, HAPTICODE, HAPTISYNC, FEEL IT ALL, MOVE THE WORLD, LIVE THE ACTION, HEMC and D-BOX MOTION CODE, whether in text or graphical form, are owned by the Corporation and in most cases are registered or in the process of being registered in Canada and in the countries or territories in which these trademarks are used.

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