Management Discussion and Analysis

D-BOX Technologies Inc.
First Quarter Ended June 30, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS
D-BOX Technologies Inc.
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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 first quarter ended June 30, 2017 by comparing them to the results of the first quarter of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2017 and March 31, 2017.

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 and MD&A for the fiscal year ended March 31, 2017 and the unaudited interim condensed consolidated financial statements for the first quarter ended June 30, 2017. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the first quarter ended June 30, 2017 and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors. Unless otherwise indicated, all the amounts in this MD&A are in thousands of Canadian dollars.

2. FORWARD-LOOKING STATEMENTS

Some of the statements made in this MD&A, including, but not limited to, statements about the opinions, the projects, the objectives, the strategies, the estimates, the intentions and the expectations of the Corporation, as well as other statements not referring to historical facts, are forward-looking statements. Forward-looking statements can be identified by terms such as "expects," "anticipates," "estimates," "predicts," "undertakes" and other similar terms and expressions. These statements are based on the information available at the time they were prepared and management's good faith assumptions and expectations regarding future events, and inherently involve known and unknown risks and uncertainties such as, without limitation, competition, the Corporation's ability to build on its technology, the Corporation's ability to continue developing its distribution network and entering into new commercial agreements in the entertainment and simulation and training markets, exchange rate fluctuations, and other factors discussed herein (see "Risks and Uncertainties") or in the Corporation's continuous disclosure filings. The Corporation's actual results may be materially different from those expressed or implied in these forward-looking statements. As a result, you are cautioned not to place undue reliance on these forward-looking statements. These statements do not reflect the potential impact of any special items or of any business combination or other transaction that may be announced or that may occur after the date herein. Except as required by law, the Corporation does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events.

3. FIRST QUARTER HIGHLIGHTS

3.1 Financial Highlights

- Quarterly revenue up by 6% to $8,141K, including an increase of 31% in recurring revenues for the entertainment market.
- Net loss of $984K for the quarter compared to a net loss of $426K last year.
- Quarterly adjusted EBITDA* of $120K compared to $439K last year.

First quarter ended June 30 (in thousands of dollars, except per share amounts)		
	2017	**2016**
Revenues	**8,141**	7,662
Net loss	**(984)**	(426)
Adjusted EBITDA*	**120**	439
Basic and diluted net loss per share	**(0.006)**	(0.002)
Information from the consolidated balance sheet		
	As at June 30, 2017	**As at March 31, 2017**
Cash and cash equivalents	**7,838**	8,867

* See the "Non IFRS Measures" section and the reconciliation table of adjusted EBITDA to the net loss on page 6.

3.2 Operational Highlights

- 9% increase in screens installed or in backlog to 651 at quarter-end including additional screens installed with Cineplex in Canada and with Cinemark in United States.
- Selected by the National Football League*, NFL Experience Times Square,* to take part in the creation by Cirque du Soleil of a thrilling state-of-the-art sports-themed immersive attraction in the heart of New York City.
- Introduction of a second generation of actuators (D-BOX Gen II) for the simulation and training market. This latest evolution of its motion-cueing solutions provides adopters an unprecedented range of creativity and flexibility and will contribute opening new markets for D-BOX.
- Launch of the partnership with ICAR, Canada's largest racing motion simulator center in Mirabel, Canada's ultimate motorsports complex.

4. 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, accelerating the Chinese market penetration and 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's 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 keen 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.

5. CORPORATE PROFILE

D-BOX is a company of visionaries, artists, and innovators. We create hyper-realistic, immersive entertainnment experiences by moving the body and sparking the imagination through motion. This expertise is one of the reasons why we have collaborated with some of the best companies of the world to deliver new ways to tell great stories. Whether it's movies, video games, virtual reality applications, themed entertainment or professional simulation, our mission is to move the world.

D-BOX designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and simulation and training markets. With its unique and patented technology D-BOX produces motion effects specifically programmed for each visual content which are sent to a motion system integrated into either within a platform, a seat or various types of equipment. The computer-programmed software motion effects (the "D-BOX Motion Code") is precisely synchronized with the on-screen visual, thus creating a unique realistic immersive experience.

Three components produce motion synchronized in perfect harmony with image and sound:

1. the software motion effects programmed frame by frame based on visual content;

2. a motion controller serving as an interface between the visual content (films, video games, simulation and training, virtual reality experiences) and the D-BOX motion system; and

3. the D-BOX motion system, consisting amongst other things of proprietary electromechanical actuators built into a platform, a seat, or another type of equipment.

As at June 30, 2017, D-BOX had 130 employees compared to 113 as at June 30, 2016.

6. Corporate Strategy

The Corporation is a leader with respect to the creation and design of non-distractive immersive motion systems. It is also in a unique position to be part of and to act as a truly differentiating factor for upcoming virtual reality technologies and experiences.

D-BOX continues to develop brand awareness in addition to offering a differentiated asset generating revenue in various business sectors. The Corporation's cutting-edge motion systems target two distinct markets: the entertainment market and the simulation and training market

Examples of Applications

Entertainment Market	Simulation and Training Market
• Commercial theatres • Home Entertainment: ○ Home theatre ○ Video games • Themed Entertainment: ○ Amusement parks ○ Arcades ○ Museums and planetariums	• Simulation and training for: ○ Automotive ○ Flight ○ Heavy equipment/cranes ○ Racing ○ Wellness
• Virtual reality for the Entertainment and Simulation and Training markets	

6.1 Revenue Models

The Corporation's revenue streams consist mainly of:

1. the sale or lease of D-BOX motion systems including motion seats, motion controllers and, in the case of larger installations such as commercial theatres, computer servers;

2. utilization rights for the licensing and use of the D-BOX Motion Code in commercial theatres and entertainment centres which are equipped with the D-BOX motion systems to view visual content encoded by D-BOX. The Corporation also receives maintenance revenue relating to the use of the motion systems;

3. the sale of actuators to resellers, integrators, and equipment or seating manufacturers who incorporate and market the D-BOX technology under their own brands (original equipment manufacturers ("OEMs"). This marketing method offers the advantage of minimizing sales and marketing costs; and

4. coding rights charged to distributors of visual content.

6.2 Growth Strategy / Entertainment Market

The Corporation is constantly pursuing opportunities with commercial theatre owners to increase the number of venues equipped with its technology.

Concurrently, the Corporation relies on its privileged relationships and credibility established with Hollywood's major studios and some Asian and

European studios in order to provide a wide array of content to its commercial theatres. D-BOX believes that an increase in the offering of motion pictures is having a direct impact on the number of equipped theatre venues and that box office revenue per D-BOX-equipped theatre acts as a motivational agent to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors that want to add a distinctive element to their offering;
2. facilitate the sale of its technology to current exhibitors that may want to equip more than one of their complexes or equip more than one screen within the same complex;
3. generate motion system sales to the clientele of the home entertainment sub-market, who want to experience D-BOX in the comfort of their homes;
4. showcase the technology to potential customers in the simulation and training market; and
5. encourage video game customers to purchase gaming seats equipped with D-BOX motion systems thereby allowing them to add a new level of immersion to their gaming experience.

As of June 30, 2017, 40 exhibitors (37% of all exhibitors) had more than one location that integrated the D-BOX motion system and 170 locations (40% of all locations) had more than one screen incorporating our technology within the same complex.

An increase in the number of equipped theatres has a direct impact on the offering of studios which is based on a business model that benefits all parties since they share the new revenue generated by D-BOX.

Access to content is a key factor in accelerating the deployment of D-BOX motion systems. The Corporation is constantly expanding its business relationships with new film and gaming content providers. For instance, over 270 titles, including more than 125 which ranked number 1 at the box office on opening weekend, have been motion-coded so far for presentation in commercial theatres.

The D-BOX experience in commercial theatres will continue to expand significantly through the deployment of its motion systems. This vision is strengthened by the fact that the Corporation has continuously motion-coded content from major studios in addition to coding local content in some countries where D-BOX is now present. Furthermore, it has proven its technical and commercial benefits and has received several awards over the last few years.

Reclining cinema seats are a new trend in the commercial theatre industry in North America and D-BOX was the first to offer motion recliner seats. As of today, more than 26 screens are equipped with D-BOX Deluxe Reclining Cinema Seats.

However, certain seasonal factors may impact the deployment of new D-BOX motion systems in commercial theatres. The Corporation’s growth rate for its commercial theatre business activities is not linear but rather subject to a certain level of volatility when comparing consecutive quarters.

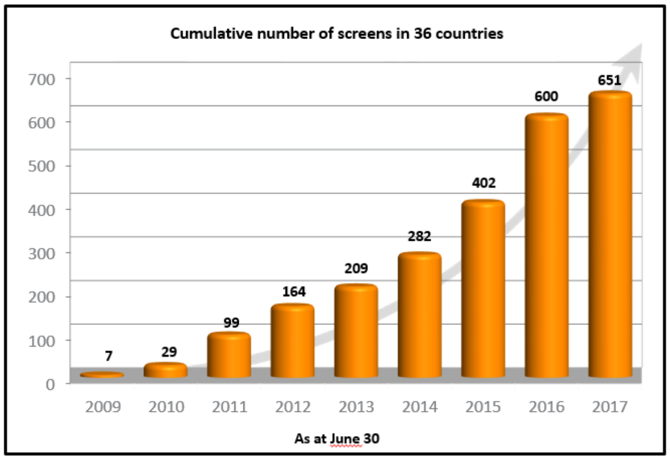
In this respect, the Corporation wishes to remind readers that it remains subject to a number of risks and uncertainties pertaining to its operations (see the "Risks and Uncertainties" section 16).

Business development efforts targeting commercial theatre chains are handled by an internal business development team and a few external partners in certain countries. Moreover, the Corporation’s representatives continue to attend major trade shows. The Corporation believes that the entertainment market is an excellent means to demonstrate its technology to the largest number of people possible, and generates significant revenue through utilization rights earned from the use of the technology based on premiums for admission tickets, the sale or rental of motion systems and motion system maintenance contracts. This strategy drives a significant increase in brand awareness.

In measuring achievement of its deployment objectives for theatre chains, the Corporation tracks the installed base of its D-BOX motion systems as well as its backlog. From a practical standpoint, the Corporation defines system backlog as follows: a commitment or an order for D-BOX motion systems received as part of a contractual agreement and for which the installation is scheduled within a twenty-four-month period.

The total screens installed or in backlog increased by 9% and stood at 651 as of June 30, 2017 in comparison with 600 a year ago.

Growth of installed screens or in backlog as at June 30, 2017



With respect to product targeting high-end home entertainment, the Corporation aims to:

1. sell products under its own brand name and under original equipment manufacturers' (OEM), integrators' and resellers' brands;
2. increase the offer of motion-coded content by D-BOX; and
3. create products and form partnerships with strategic players that should accelerate market penetration.

In short, D-BOX has demonstrated so far:

- the willingness of moviegoers to pay a premium on an admission ticket to live a non-distractive motion experience;
- that it generates a new source of business traffic and new revenue for commercial theatre operators allowing them to stand out from competitors and increase their revenue ((i) direct revenue from the sale of tickets in the D-BOX zone and (ii) indirect revenue from the sale of food and beverages);
- that it brings in additional visibility and a new source of revenue for the studios; and
- that it offers a solution to reduce motion dizziness associated with the VR experience.

6.3 Growth Strategy/Simulation and Training Market

The simulation and training market also contributes to the global awareness of the D-BOX brand thereby sparking consumer interest for the realism and efficiency which can stimulate demand for the D-BOX experience in other sub-markets such as: automotive, defense, flight, heavy equipment/cranes, racing, and wellness. The Corporation is mobilizing resources devoted to the business development of this market with the goal of identifying new partners and meeting their needs.

With respect to products earmarked for simulation and training simulation users, the Corporation is following its mission to sell products under its own brand, under original equipment manufacturers' brands (OEM's) and through a network of integrators and resellers. It is also adapting its products to address specific requests of manufacturers and OEM's to penetrate new markets.

In the last few years, the Corporation has stepped up its presence at commercial and industrial trade shows which raises awareness of D-BOX and its motion technology.

The Corporation recently developed motion systems adapted to the needs of the simulation and training market and their sales should continue to accelerate as newly developed actuators are gaining in acceptance with existing and new customers.

The Corporation will continue dedicating a team to develop and service this market to identify new potential customers and/or distributors and meet their demands adequately. The main selection criteria for new customers and/or distributors include an efficient international distribution network, a well-renowned name in the market and the willingness to invest the necessary effort and resources to generate new and important revenue streams.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 6

7. NON-IFRS MEASURES

In this MD&A, the Corporation uses two measures that are non-compliant with International Financial Reporting Standards (IFRS): 1) the adjusted EBITDA and 2) the gross profit excluding amortization. Although these measures supply useful and complementary information, they do not have a standardized meaning under IFRS and are not likely to be comparable to similar measures used by other issuers.

1) 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 items not affecting cash and the following: foreign exchange loss (gain), financial expenses (income) and income taxes.

   The following table explains the reconciliation of adjusted EBITDA to the net loss.

	First quarter ended June 30	
	2017	2016
Net loss	**(984)**	(426)
Amortization of property and equipment	**594**	579
Amortization of intangible assets	**161**	151
Amortization of other assets	**1**	2
Share-based payments	**56**	41
Foreign exchange loss (gain)	**155**	(14)
Financial expenses (net of interest income)	**136**	106
Income taxes	**1**	—
Adjusted EBITDA	**120**	439

2) The gross profit excluding amortization serves 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 table explaining the reconciliation of gross profit to gross profit excluding amortization on page 7).

8. MAIN FINANCIAL DATA

The following tables present selected significant financial data for the first quarter ended June 30, 2017 by comparing them with the corresponding period of the previous fiscal year.

Information from the Consolidated Statements of Net Loss and Other Comprehensive Loss	First quarter ended June 30	
	2017	2016
Revenue	**8,141**	7,662
Gross profit excluding amortization*	**4,930**	4,514
Net loss	**(984)**	(426)
Adjusted EBITDA*	**120**	439
Basic and diluted net loss per share	**(0.006)**	(0.002)

* See the "Non-IFRS measures" section on page 6.

Information from the Consolidated Statements of Cash Flows	First quarter ended June 30	
	2017	2016
Goods held for Lease	**(94)**	(1,654)
Cash flows relating to operating activities	**(479)**	(2,894)
Additions to property and equipment	**(274)**	(194)
Additions to intangible assets	**(253)**	(269)

The following table presents certain important financial data of the consolidated balance sheets as at June 30, 2017 and as at March 31, 2017.

Information from the Consolidated Balance Sheets	As at June 30, 2017	As at March 31, 2017
Cash and cash equivalents	**7,838**	8,867
Inventories	**8,015**	8,334
Working capital	**16,033**	16,707
Total assets	**33,481**	35,031
Total current liabilities	**5,821**	6,623
Long-term debt	**4,584**	4,549
Equity	**22,718**	23,605

9. OPERATING RESULTS

9.1 Revenue

Revenue for the first quarter ended June 30, 2017 increased by 6% to $8,141K compared to $7,662K for the first quarter ended June 30, 2016.

For the entertainment market, revenue consists of D-BOX motion system sales to commercial theatre operators, revenue from rights of use, rental and maintenance with respect to admission tickets sold in commercial theatres, system sales to home entertainment customers and systems sales to themed entertainment clients.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 7

Revenue also includes motion system sales to customers in the simulation and training market who sell D-BOX motion systems under their own brand names.

During the first quarter ended June 30, 2017, the entertainment market generated revenue of $6,458K compared to the $6,386K last year. Revenue from commercial theatres increased by 8% from $4,856K in 2016 to $5,265K this year. These revenues consist of: i) the sale of D-BOX motion systems which slightly decreased to $3,115K ($3,216K in 2016) and ii) revenue from rights for use, rental and maintenance on the sale of admission tickets in commercial theatres which increased by 31% to $2,150K ($1,640K in 2016). This increase is mainly due to the performance of movies at the box office for the first quarter this year compared with last year.

It is important to note that revenue from rights for use, rental and maintenance can fluctuate from one period to another based on the following factors:

- the box office performance of the movies that are presented, which can vary significantly from one movie to another;
- the revenue sharing with exhibitors and studios;
- the individual performance of exhibitors;
- the average number of D-BOX motion systems deployed, which is constantly evolving;
- the number of weekly screenings of a D-BOX movie, which can vary based on the country in which a film is presented, or from one exhibitor to another; and
- the number of weeks a movie is played, which can vary based on the country due to different launch dates or the decision made by an exhibitor to present a film for a longer or shorter period of time.

As at June 30, 2017, 615 screens were installed around the world, an increase of 22% compared with 506 screens at the same date last year.

The entertainment market also includes system sales for high-end home entertainment and themed entertainment. Home entertainment revenues increased by 83% to $751K ($410K last year) and is mainly due to the exclusive distribution agreement announced in November 2016 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.

Systems sales from themed entertainment decreased by 61 % to $442K ($1,120K last year) and is explained by strong sales from a new client in the amusement parks sub-market in the first quarter of last year and timing in sales delivery from an important client this year.

For the simulation and training market, our development strategy consists of selling our motion system technology to customers so they can integrate it into their products. Sales in this market are driven, among other things, by the attendance at commercial and industrial trade shows which contributes to raising awareness to the D-BOX technology and the presentation in commercial theatres of movies integrating the D-BOX Motion Code, which creates a growing demand for the D-BOX experience in numerous other sub-markets.

Sales of motion systems to customers of the simulation and training market increased by 32 % to $1,683K for the quarter ended June 30, 2017 compared to $1,276K realized during the same quarter last year. The increase in sales is mainly driven by simulation and training systems sold to customers in heavy equipment/cranes and automotive sub-markets.

9.2 Gross Profit

The following table explains the reconciliation of gross profit to gross profit excluding amortization:

	First quarter ended June 30	
	2017	**2016**
Revenue	**8,141**	7,662
Gross profit	**4,448**	4,001
Amortization related to cost of goods sold	**482**	513
Gross profit excluding amortization*	**4,930**	4,514
Gross margin excluding amortization	**61%**	59%

* See the "Non-IFRS measure" section on page 6.

For the first quarter ended June 30, 2017, gross profit amounted to $4,448K in comparison with $4,001K for the corresponding period last year. Excluding amortization related to cost of goods sold, gross profit increased by 9% to $4,930K (61% of revenues) from $4,514K (59% of revenues) realized last year. This increase in gross profit excluding amortization is mainly explained by the sales increase and the mix of margins related to the different products.

9.3 Operating Expenses

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

For the quarter ended June 30, 2017, selling and marketing expenses increased by 12% to $2,515K (31% of revenue) compared to $2,242K (29% of revenue) last year. This variation is mostly explained by an increase in employee-related costs in conjunction with our new presence in China.

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

For the quarter ended June 30, 2017, administration expenses amounted to $1,717K (21% of revenue) representing a 30% increase compared to the $1,325K (17% of revenue) for the same quarter of 2016. This variation is explained essentially by the increase of employee-related costs and professional fees.

Research and Development: research and development expenses mainly include costs related to employees, amortization of assets and patents, other costs associated with existing product enhancement, and the cost of adapting products to various international standards, less investment tax credits.

For the quarter ended June 30, 2017, research and development expenses increased by 18% to $908K (11% of revenue) compared to $768K (10% of revenue) recorded in the previous fiscal year. The increase of employee-related costs for the support of technical innovations is mainly explaining the variation.

Foreign Exchange Gain or Loss: the foreign exchange gain or loss results mainly from the fluctuation of Canadian currency relative to US currency when converting US dollar operations at the prevailing rate on the date of a transaction and the conversion of US dollar monetary assets and liabilities at the end-of-period rate.

Thus, for the quarter ended June 30, 2017, the foreign exchange loss amounted to $155K in comparison to a gain of $14K last year. The foreign exchange variation is explained by the volatility of the Canadian currency in comparison to the US currency over the course of the current year.

9.4 Financial Expenses (Income)

For the quarter ended June 30, 2017, financial expenses net of interest income amounted to $136K in comparison with a net financial expense of $106K recorded last year.

9.5 Income Taxes

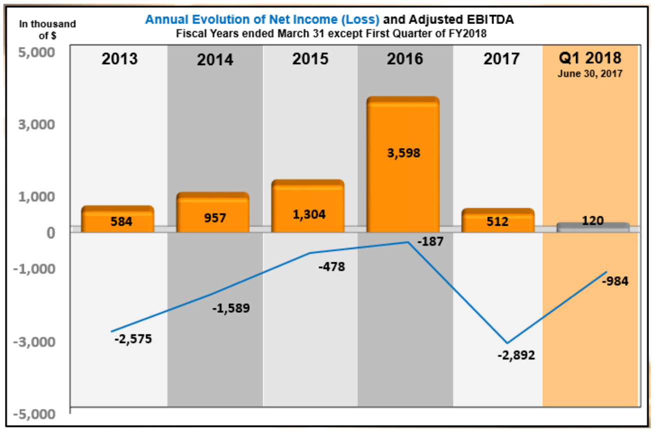
With respect to accounting for future income taxes, the Corporation has concluded that a valuation allowance equal to its future income tax assets should be recorded.

9.6 Net Loss

The net loss for the first quarter ended June 30, 2017 amounted to $984K ($0.006 per share) in comparison to $426K ($0.002 per share) in 2016. The increase in the net loss is mainly due to additional sales and marketing expenses related to the Chinese market penetration, the commercial theatre deployment, and the support of technical innovations.

10. Adjusted EBITDA

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



Since the 2013 fiscal year, D-BOX maintained a positive adjusted EBITDA. It has remained positive as a result of sustained growth in revenue and a tight control over operating expenses.

Adjusted EBITDA amounted to $120K for the first quarter ended June 30, 2017 in comparison with $439K last year. This variance of $319K is mainly explained by higher operating expenses as explained above.

11. Liquidity, Capital Resources and Financing Sources

As at June 30, 2017, total assets amounted to $33,481K compared to $35,031K as at March 31, 2017. The variation is mostly explained by the decrease of $1,029K in cash and cash equivalents as explained by operating activities below.

Working capital stood at $16,033K as at June 30, 2017 compared with $16,707K as at March 31, 2017. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, decreased to $5,113K in comparison to $5,517K as at March 31, 2017.This decrease is due to lower sales in the first quarter ended June 30, 2017 compared to the fourth quarter ended March 31, 2017. Inventories also decreased to $8,015K in comparison to $8,334K as at March 31, 2017.

Current liabilities decreased by $802K to $5,821K as of June 30, 2017, which compares to $6,623K as at March 31, 2017. Current liabilities include accounts payable and accrued liabilities which decreased by $491K to $4,515K due to a lower employee compensation liability as at June 30, 2017 compared to March 31, 2017. Deferred revenues also decreased by $281K to $1,182K.

11.1 Operating Activities

For the quarter ended June 30, 2017, cash flows used by operating activities totalled $479K in comparison with $2,894K for the previous fiscal year. This positive variance of $2,415K in cash used by operating activities comes mainly from a decrease of $3,037K in cash used by working capital items. The favourable variation in cash needed by working capital comes mainly from goods held for lease (reduction of cash use of $1,560K) and accounts payable and accrued liabilities (reduction of cash used of $889K) and inventories (cash generated of $852K).

11.2 Investing Activities

For the quarter ended June 30, 2017, cash flows used by investing activities amounted to $527K in comparison to $463K last year. Cash flows relating to investing activities include additions to property and equipment which amounted to $274K ($194K in 2016) and costs associated to the additions of intangible assets which amounted to $253K ($269K in 2016).

11.3 Financing Activities

There were no financing activities for the first quarter ended June 30, 2017.

During the first quarter ended June 30, 2016, the Corporation issued 75,000 Class A common shares for a total cash consideration of $24K on exercise of stock options. An amount of $16K representing the initial fair value of the stock options was credited to share capital and deducted from the share-based payments reserve.

11.4 Equity

Equity decreased by $887K to $22,718K as at June 30, 2017, compared with $23,605K as at March 31, 2017. This decrease comes mainly from the net loss of $984K realized during the quarter.

12. QUARTERLY DATA

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

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue from the entertainment market								
Commercial theatres :								
- System sales	**3,115**	3,381	1,254	2,508	3,216	4,880	3,586	2,208
- Rights for use, rental and maintenance	**2,150**	1,713	2,076	1,384	1,640	1,427	1,628	1,193
	5,265	5,094	3,330	3,892	4,856	6,307	5,214	3,401
Home entertainment system sales	**751**	2,006	536	285	410	424	472	233
Themed entertainment system sales	**442**	1,571	1,356	1,320	1,120	645	1,466	663
Total revenue Entertainment Market	**6,458**	**8,671**	**5,222**	**5,497**	**6,386**	**7,376**	**7,152**	**4,297**
Revenue from the Simulation and training market	**1,683**	**1,942**	**1,581**	**834**	**1,276**	**1,236**	**1,069**	**724**
TOTAL REVENUE	**8,141**	**10,613**	**6,803**	**6,331**	**7,662**	**8,612**	**8,221**	**5,021**
Adjusted EBITDA*	**120**	963	(595)	(295)	439	944	1,371	132
Net income (loss)	**(984)**	286	(1,638)	(1,114)	(426)	(406)	397	(208)
Basic and diluted net income (loss) per share	**(0,006)**	0,001	(0,009)	(0,007)	(0,002)	(0,002)	0,002	(0,001)
(in thousands) **Weighted average number of common shares outstanding**	**175,951**	175,753	175,150	175,021	174,977	174,929	165,509	163,791

*See the "Non-IFRS Financial Measures" section and the reconciliation table of the adjusted EBITDA to the net loss on pages 6.

The fluctuation of revenue during the last eight quarters is explained, among other reasons, by the uneven growth of the entertainment and simulation and training markets. More specifically, for the entertainment market, revenue fluctuated mostly as per the performance of films presented.

13. COMMITMENTS

The Corporation rents premises and equipment under operating leases and has entered into long-term commitments to purchase services. The minimum payments for the coming years are as follows:

	Leases	Other Commitments
Next twelve months	308	47
Following four years	692	27
	1,000	**74**

The Corporation's operating lease expenses amounted to \$134K in the first quarter ended June 30, 2017 (\$110K in 2016) and has pledged the universality of movable property, both present and future, in favour of the lessors.

14. FULLY DILUTED SHARE CAPITAL (AUGUST 9, 2017)

	Class A common shares
Class A common shares outstanding	175,950,573
Convertible instruments	
Stock-options outstanding	14,796,600
Warrants	6,500,000
	197,247,173

15. NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements

Standards issued but not yet effective

- IFRS 9, *Financial Instruments*, is required to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities. The Corporation is currently assessing the impact of the adoption of this pronouncement on its consolidated financial statements.

- IFRS 15, *Revenue from Contracts with Customers*, is required to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 specifies how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

  For the Corporation, the standard comes into effect on April 1, 2018, and as a result, IFRS 15 will be adopted in the first quarter of fiscal year 2019. The majority of the revenues of the Corporation are generated from the sales of motion systems to clients of entertainment market and simulation and training market. The Corporation anticipates that the allocation of the transaction price to future performance obligations in certain contracts will change. This change will result in the recognition of different amounts of revenue for each performance obligation and will affect the timing of such revenue recognition. The Corporation is also assessing whether there is a significant financing component on contracts where timing of cash receipts and revenue recognition differ substantially. The Corporation will provide further updates during the course of fiscal year 2018 as it advances in its assessment.

- IFRS 16, *Leases*, is required to be applied retrospectively for annual periods beginning on or after January 1, 2019, with early adoption permitted provided that the IFRS 15 has been applied or is applied at the same time as IFRS 16. IFRS 16 sets out the new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees will be required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. The Corporation is currently assessing the impact of the adoption of this pronouncement on its consolidated financial statements.

16. Risk and Uncertainties

We are active in an industry which presents many risks and uncertainties. These risks and uncertainties are described in the Annual Information Form (AIF) dated June 19, 2017 which is available on www.sedar.com.

17. Disclosure Controls and Internal Controls 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 quarter ended June 30, 2017, 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.

18. Continuous Information and Additional Disclosure

This MD&A was prepared as at August 9, 2017. Additional information can be found on the SEDAR website at www.sedar.com.

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