Management Discussion and Analysis

D-BOX Technologies Inc.

Third quarter ended December 31, 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 quarter and nine-month period ended December 31, 2017 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, 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 of the quarter and nine-month period ended December 31, 2017. Unless otherwise indicate, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended December 31, 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. Quarterly Highlights

3.1 Financial Highlights

- Quarterly revenue increased by 53% to $10,400K.
- Recurring revenues from the entertainment market increased 20% for the quarter.
- Net income of $51K was generated for the quarter compared to a net loss of $1,638K for the same quarter last year.
- Quarterly adjusted EBITDA* of $1,114K was achieved for the quarter compared to $(225K) for the quarter last year.
- Cash flows generated by operating activities for the first nine months improved by $5,292K from cash used for operations of $(4,819K) for the first nine months of last year.

Third quarter and nine-month period ended December 31 (in thousands of dollars, except per share amounts)				
	Third quarter		Nine-month	
	2017	2016	2017	2016
Revenues	**10,400**	6,803	**26,194**	20,796
Net income (loss)	**51**	(1,638)	**(1,773)**	(3,178)
Adjusted EBITDA*	**1,114**	(225)	**1,667**	(53)
Basic and diluted net income (loss) per share	**0.000**	(0.009)	**(0.010)**	(0.018)
Information from the consolidated balance sheet				
	As at December 31, 2017		As at March 31, 2017	
Cash and cash equivalents	7,798		8,867	

* See the "Non IFRS Measures" section and the reconciliation table of adjusted EBITDA to the net income (loss) on page 5.

3.2 Operational Highlights

- D-BOX pursued its expansion in Latin America with the addition of 16 screens in Argentina, Brazil and for the first time in Honduras.
- D-BOX launched its first VR Cinematic Experience which opened at Scotiabank Theatre Ottawa in December.
- D-BOX collaborated with Cirque du Soleil and the NFL to offer a first-of-its-kind NFL Experience in Times Square, NYC.

4. Outlook

D-BOX operates in two major areas: the entertainment market and the simulation and training market which have their respective sub-markets. A focus in the business development activities in each of these two markets, includes the expansion recurring revenue opportunities. This strategy will help solidify D-BOX's position in existing sub-markets and will facilitate entering new ones.

D-BOX's expertise in immersive motion and true-to-life simulation positions the company to be an active participant in the growing virtual reality market. The company is actively developing new applications for VR and other related markets. D-BOX proprietary technology may also enhance the expansion of VR by potentially reducing the motion dizziness sometimes associated with VR experiences. D-BOX is particularly focused on this new trend as the size of the virtual and augmented reality markets which may soon reach billions of dollars according to many industry sources.

5. Corporate Profile

D-BOX is redefining the entertainment experience. We create hyper-realistic, immersive entertainment experiences by moving the body and sparking the imagination through motion. The companies expertise and proprietary technology allows it to collaborate with some of the most largest companies in the world to deliver new ways to tell great stories. Whether it is movies, video games, virtual reality applications, themed entertainment or professional simulation, D-BOX's mission is to move the world.

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

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

2. a motion controller serves 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, consists of proprietary electromechanical actuators built into a platform, a seat, or another type of equipment.

As at December 31, 2017, D-BOX had, 134 employees compared to 123 as at December 31, 2016.

6. CORPORATE STRATEGY

The Corporation is a leader with respect to the creation and design of hyper-realistic immersive entertainment experiences. It is also in a unique position to be part of and to act as a truly differentiating factor for upcoming virtual reality technologies, electronic companies and content distributor.

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: o Home theatre o Video games • Themed Entertainment: o Amusement parks o Arcades o Museums and planetariums	• Simulation and training for: o Automotive o Flight o Heavy equipment/cranes o Racing o 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 electronic interface or server;

2. the licensing of the D-BOX Motion Code in commercial theatres and entertainment centers, 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; and

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").

6.2 Growth Strategy / Entertainment Market

The Corporation is constantly pursuing opportunities with commercial theatre owners to increase the footprint.

Concurrently, the Corporation has established privileged relationships and developed strong credibility with major studios in order to provide a wide array of content to its commercial theatres. D-BOX believes that successful motion pictures have a direct impact on the number of D-BOX tickets sold and to the box office revenue for D-BOX equipped theatres. This 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 offerings;

2. facilitate the sale or licensing of its technology to current exhibitors that 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 high-end 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 users to purchase seats equipped with D-BOX motion systems thereby allowing them to add a new level of immersion to their gaming experience.

As of December 31, 2017, 41 exhibitors (38% of all exhibitors) had more than one location that integrated the D-BOX motion system and 190 locations (41% of all locations) had more than one screen incorporating our technology within the same complex.

Access to content is a key factor in accelerating the deployment of D-BOX motion system. The Corporation is constantly expanding its business relationships with new film and gaming content providers.

The D-BOX experience is strengthened by the fact that the Corporation continuously has 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.

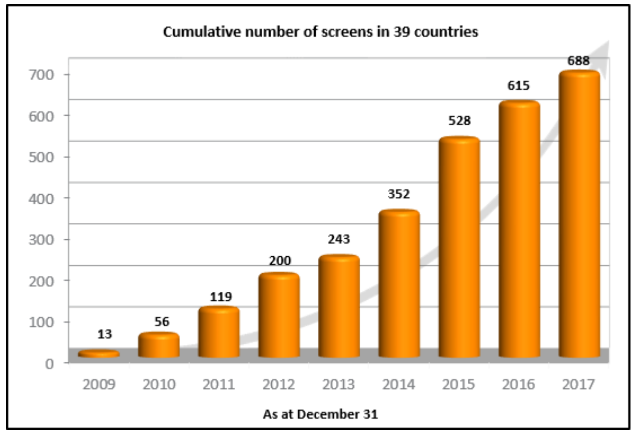
Reclining cinema seats are a new trend in the commercial theatre industry in North America and D-BOX was the first to offer motion recliner seats.

Business development efforts targeting commercial theatre chains are handled by an internal business development team and external partners in certain countries. The Corporation's representatives also 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. The company generates significant revenue through licensing rights earned from the use of the technology based on premiums for admission tickets; and from the sale or rental of motion systems and motion system maintenance rights. 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. 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 12% and stood at 688 at the end of the quarter in comparison with 615 one year ago.

Growth of Installed screens or in backlog as at December 31, 2017



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

1. sells products under its own brand name and under original equipment manufacturers' (OEM), integrators' and resellers' brands;

2. increases the offering of motion-coded content; and

3. creates products and form partnerships with strategic players that should accelerate market penetration.

In brief, D-BOX has demonstrated that:

- moviegoers will pay a premium to enjoy a truly immersive and non-distractive motion;

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrants, options, shares and per-share amounts) Page 5

- commercial theatre operators enhance their profits by utilizing D-BOX products by increasing business traffic and allows them to stand out from competitors and increase their (i) direct revenue from the sale of tickets in the D-BOX zone and (ii) indirect revenue from the sale of food and beverages;
- provides additional visibility and an additional source of revenue for the studios for each movie encoded by D-BOX; and
- offers a solution to potentially reduce motion dizziness associated with the VR experience.

6.3 Strategy/Simulation and Training Market

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

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 to penetrate new markets.

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 includes 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.

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.

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: non-recurring expenses related to restructuring costs, foreign exchange loss (gain), financial expenses (income) and income taxes.

The following table explains the reconciliation of adjusted EBITDA to the net income or (net loss).

	Third quarter ended December 31		Nine-month periods ended December 31	
	2017	**2016**	**2017**	**2016**
Net income (loss)	**51**	(1,638)	**(1,773)**	(3,178)
Amortization of property and equipment	**593**	743	**1,763**	1,855
Amortization of intangible assets	**161**	146	**487**	446
Amortization of other assets	**1**	7	**3**	9
Write-off of property and equipment	—	10	—	10
Write-off of intangible assets	**52**	—	**52**	—
Share-based payments	**70**	32	**206**	94
Foreign exchange loss (gain)	**52**	(18)	**266**	(28)
Restructuring cost	—	370	**257**	398
Financial expenses (net of interest income)	**134**	123	**401**	341
Income taxes	—	—	**5**	—
Adjusted EBITDA	**1,114**	(225)	**1,667**	(53)

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).

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

8. MAIN FINANCIAL DATA

The following tables present selected significant financial data for the third quarter and the nine-month period ended December 31, 2017 by comparing them with the corresponding period of the previous fiscal year.

Information from the Consolidated Statements of Net Income (Loss) and Other Comprehensive Income (Loss)	Third quarter ended December 31		Nine-month periods ended December 31	
	2017	**2016**	**2017**	**2016**
Revenue	**10,400**	6,803	**26,194**	20,796
Gross profit excluding amortization*	**5,539**	4,215	**14,939**	11,993
Net income (loss)	**51**	(1,638)	**(1,773)**	(3,178)
Adjusted EBITDA*	**1,114**	(225)	**1,667**	(53)
Basic and diluted net income (loss) per share	**0.000**	(0.009)	(0.010)	(0.018)

* See the "Non-IFRS measures" section on page 5.

Information from the Consolidated Statements of Cash Flows	Nine-month periods ended December 31,	
	2017	**2016**
Cash flows relating to operating activities	**473**	(4,819)
Goods held for lease	**(241)**	(2,733)
Additions to property and equipment	**(938)**	(540)
Additions to intangible assets	**(523)**	(1,257)
Cash flows relating to financing activities	—	201

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

Information from the Consolidated Balance Sheets	As at December 31, 2017	As at March 31, 2017
Cash and cash equivalents	**7,798**	8,867
Inventories	**7,338**	8,334
Working capital	**15,997**	16,707
Total assets	**33,550**	35,031
Total current liabilities	**6,228**	6,623
Non-current liabilities	**5,223**	4,803
Equity	**22,099**	23,605

9. OPERATING RESULTS

9.1 Revenue

Revenue for the third quarter ended December 31, 2017 increased by 53% to $10,400K compared to $6,803K for the same quarter last year. This increase is primarily due to delayed delivery from Q1 and Q2 to Q3.

For the entertainment market, revenue consists of D-BOX motion system sales to commercial theatre operators, revenue from rights for 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.

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 third quarter ended December 31, 2017, revenue for the entertainment market increase 73% to $9,044K compared to $5,222K for the third quarter last year. This variation is mainly due to an increase of 109% in motion systems sales (from $3,146K in 2016 to $6,562K this year) and an increase of 20% in revenue from rights for use, rental and maintenance (from $2,076K last year to $2,482K this year).

The recurring 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;

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

- 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 December 31, 2017, 674 screens were installed around the world, an increase of 18% compared with 573 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 decreased 51% for the quarter to $265K ($536K the quarter last year) and is mainly due to a slow down in home high-end market. Systems sales from themed entertainment increased 104% for the quarter to $2,760K ($1,356K for the quarter last year) and is mainly explained by the realization of the NFL Experience project.

Sales of motion systems to customers of the simulation and training market decreased 14% to $1,356K for the third quarter ended December 31, 2017 compared to $1,581K for the third quarter ended December 31, 2016.

For the nine-month period ended December 31, 2017, revenues increased by 26% and amounted to $26,194K in comparison with $20,796K for the corresponding period of last year. This growth is mainly explained by a 26% increase in the entertainment market from $17,105K for the nine-month period last year to $21,577K for the current year none-month period.

9.2 Gross Profit

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

	Third quarter ended December 31,		**Nine-month period ended December 31,**	
	2017	**2016**	**2017**	**2016**
Revenue	**10,400**	6,803	**26,194**	20,796
Gross profit	**5,062**	3,546	**13,511**	10,358
Amortization related to cost of goods sold	**477**	669	**1,428**	1,635
Gross profit excluding amortization*	**5,539**	4,215	**14,939**	11,993
Gross margin excluding amortization	**53%**	62%	**57%**	58%

* See the "Non-IFRS measure" section on page 5.

For the third quarter ended December 31, 2017, gross profit amounted to $5,062K in comparison with $3,546K for the corresponding period last year. Excluding amortization related to cost of goods sold, gross profit amounted to $5,539K for the quarter (53% of revenues) in comparison with $4,215K (62% of revenues) for the same period last year. This decrease in gross margin excluding amortization is mainly explained by the mix of margins related to the different products and markets.

For the nine-month period ended December 31, 2017, gross profit amounted to $13,511K in comparison with $10,358K for the corresponding period of the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit amounted to $14,939K for the nine-month period (57% of revenues) in comparison with $11,993K (58% of revenues) for the same period last year.

9.3 Operating Expenses

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

For the third quarter ended December 31, 2017, selling and marketing expenses decreased by 17% to $2,502K (24% of revenue) compared with the $3,003K (44% of revenue) expensed in the quarter ended December 31, 2016.

For the nine-month period ended December 31, 2017, selling and marketing expenses increased by 4% to $7,437K (28% of revenues) which compares to $7,174K (35% of revenues) for the nine-month period ended December 31, 2016.

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

For the third quarter ended December 31, 2017, administration expenses amounted to $1,537K (15% of revenue) which compares to $1,251K (18% of revenue) for the quarter ended December 31, 2016. This 23% increase is primarily due to an increase in employee costs and development costs for China.

For the nine-month period ended December 31, 2017, administrative expenses amounted to $4,802K (18% of revenues) which compares to $3,936K (19% of revenues) for the nine-month period ended December 31, 2016. This 22% increase is primarily due to an increase in employee costs, restructuring costs and development costs for China.

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 third quarter ended December 31, 2017, research and development expenses decreased by 5% to $786K (8% of revenue) compared to $825K (12% of revenue) for the same quarter of last year.

For the nine-month period ended December 31, 2017, research and development expenses increased by 12% $2,373K (9% of revenues) compared to $2,113K (10% of revenues) for the same period last year.

Foreign Exchange Gain or Loss: the foreign exchange gain or loss mainly results 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.

For the third quarter ended December 31, 2017, the foreign exchange loss amounted to $52K which compares to a gain of $18K for the corresponding quarter of 2016. 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 period.

For the nine-month period ended December 31, 2017, the foreign exchange loss amounted to $266K which compares to a gain of $28K for the corresponding quarter of the previous fiscal year. The foreign exchange gain is explained by the fluctuation of the Canadian currency in comparison with the US currency over the course of each of these two periods.

9.4 Financial Expenses (Income)

For the third quarter ended December 31, 2017, financial expenses net of interest income amounted to $134K in comparison to $123K in 2016.

For the nine-month period ended December 31, 2017, financial expenses (net of interest income) amounted to $401K compared to $341K in 2016. The increase in financial expenses comes mainly from the interest expense related to the long-term debt issued in August 2015.

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 Income (Loss)

Given the aforementioned facts, the net income for the third quarter ended December 31, 2017 amounted to $51K ($0.000 basic and diluted net income per share) in comparison to a net loss of $1,638K (basic and diluted net loss per share of $0.009) in 2016.

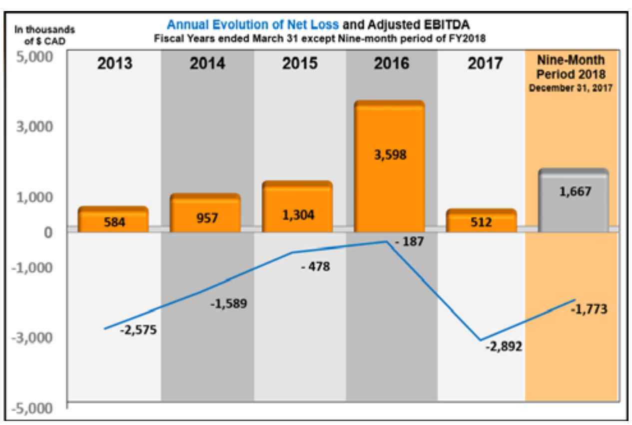
For the nine-month period ended December 31, 2017, the net loss amounted to $1,773K ($0.010 basic and net loss per share), compared with a net loss of $3,178K (basic and fully diluted net loss per share $0.018) in 2016.

10. Adjusted EBITDA

The adjusted EBITDA is comprised of net income (loss) but excludes items not affecting cash, non-recurring expenses related to restructuring costs, 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.

For the third quarter ended December 31, 2017, the adjusted EBITDA amounted to $1,114K in comparison to an adjusted EBITDA of ($225K) for the same period last year.

For the nine-month period ended December 31, 2017, adjusted EBITDA amounted to $1,667K compared to ($53K) for the same period of last year.



Over the last quarters, D-BOX continues the business development activities in each of the entertainment and the simulation and training markets resulting in upward trends in revenue. To maintain this positive trend in revenue, D-BOX increased the level of its operating expenses to support the sales and marketing of technological innovations. This will help solidify D-BOX's position in existing sub-markets and will facilitate entering new markets.

11. Liquidity, Capital Resources and Financing Sources

At December 31, 2017, total assets were $33,550K compared to $35,031K at March 31, 2017. The variation in total assets is mainly explained by the decrease in cash and cash equivalents and inventories partially offset by an increase of accounts receivable as explained by operating and investing activities described below.

Working capital decreased by $710K to $15,997K at December 31, 2017 compared with $16,707K at March 31, 2017. This change is explained by a decrease of $1,069K in cash and cash equivalents, a decrease of $996K in inventories, an increase in accounts receivable of $845K and a decrease of deferred revenues of $586K.

11.1 Operating Activities

For the nine-month period ended December 31, 2017, cash flows generated by operating activities totalled $473K compared to cash flows use of $4,819K for the corresponding period of the previous fiscal year. This positive variance of $5,292K is mainly related to improvement of cash flow for these items: i) a decrease of inventories (cash generated of $5,090K), ii) a decrease in cash needed for goods held for lease ($2,492K) and iii) a decrease in cash needed for accounts payable and accrued liabilities ($1,645K); all of the above is reduced by an increase of accounts receivable ($3,033K).

11.2 Investing Activities

For the nine-month period ended December 31, 2017, cash flows used by investing activities amounted to $1,461K in comparison with $1,797K for the corresponding period of the previous fiscal year.

Cash flows from investing activities include costs associated to the acquisition of property and equipment which required investments of $938K for this nine-month period compared to $540K last year. It also includes investments in intangible assets, mainly patents and internally developed products, which required $523K for this none month period compared to $1,257K for the comparable nine-month period last year.

11.3 Financing Activities

There were no financing activities for the nine-month period, ended December 31, 2017.

During the nine-month period ended December 31, 2016, the Corporation issued 660,000 Class A common shares for a total cash consideration of $201K on exercise of stock options.

On December 31, 2017, the effective interest rate of long-term debt was 10.7% and the Corporation was in compliance with all debt covenants.

During the quarter and the nine-month period ended December 31, 2017, the interest expense on long-term debt charged to income amounted to respectively $125K and $369K, ($120K and $357K for the quarter and the nine-month period ended December 31, 2016) including an amount of $37K and $107K related to the accretion of interest ($33K and $96K for the quarter and the nine-month period ended December 31, 2016).

11.4 Equity

Equity amounted to $22,099K as at December 31, 2017, compared with $23,605K as at March 31, 2017. The decrease in equity comes mainly from the net loss for the nine-month period.

12. QUARTERLY DATA

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

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from the entertainment market								
Commercial theatres:								
System sales	**3,537**	2,133	3,115	3,381	1,254	2,508	3,216	4,880
Rights for use, rental and maintenance	**2,482**	1,828	2,150	1,713	2,076	1,384	1,640	1,427
	6,019	3,961	5,265	5,094	3,330	3,892	4,856	6,307
Home entertainment system sales	**265**	1,211	751	2,006	536	285	410	424
Themed entertainment system sales	**2,760**	903	442	1,571	1,356	1,320	1,120	645
Total revenue Entertainment market	**9,044**	6,075	6,458	8,671	5,222	5,497	6,386	7,376
Revenue from the Simulation and training market	**1,356**	1,578	1,683	1,942	1,581	834	1,276	1,236
TOTAL REVENUE	**10,400**	7,653	8,141	10,613	6,803	6,331	7,662	8,612
Adjusted EBITDA*	**1,114**	176	377	998	(225)	(267)	439	944
Net income (loss)	**51**	(840)	(984)	286	(1,638)	(1,114)	(426)	(406)
Basic and diluted net income (loss) per share	**0.000**	(0.004)	(0.006)	0.001	(0.009)	(0.007)	(0.002)	(0.002)
(in thousands) **Weighted average number of common shares outstanding**	175,951	175,951	175,951	175,753	175,150	175,021	174,977	174,929

* See the "Non-IFRS Financial Measures" section and the reconciliation table of the adjusted EBITDA to the net loss on page 5.

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

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrants, options, shares and per-share amounts) Page 11

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	289	44
Following four years	518	7
Five years and thereafter	—	—
	807	**51**

The Corporation's operating lease expenses amounted to $160K in the third quarter ended December 31, 2017 ($90K in 2016). The company has pledged the universality of movable property, both present and future, in favour of the lessors.

14. FULLY DILUTED SHARE CAPITAL (FEBRUARY 12, 2018)

	Class A common shares
Class A common shares outstanding	175,950,573
Convertible instruments	
Stock options outstanding	15,163,267
Warrants	6,500,000
	197,713,840

15. 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 assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the third quarter ended December 31, 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 February 12, 2018. Additional information can be found on the SEDAR website at www.sedar.com.

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