Management Discussion and Analysis

D-BOX Technologies Inc.

Fiscal year ended March 31, 2016

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MANAGEMENT DISCUSSION AND ANALYSIS
D-BOX Technologies Inc.
Fiscal year ended March 31, 2016

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 subsidiary, and key elements of its financial results. In particular, it explains changes in the Corporation's financial position and operating results for the fiscal year ended March 31, 2016 by comparing them to the results of the previous fiscal year. It also presents a comparison of the balance sheets as at March 31, 2016 and March 31, 2015.

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, 2016 and accompanying notes. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The audited consolidated financial statements 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 enter 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 hereof. 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. Message to Shareholders

Dear Shareholders,

Once again this year, D-BOX realized many achievements that translated into the highest revenue and adjusted EBITDA on record and a very sound year-end balance sheet. In all key strategical and operational aspects, our team pulled together delivering the goods while reinforcing the Corporation's global positioning as a leading provider of state-of-the-art, cutting edge immersive motion systems.

Over the last year, D-BOX was particularly successful securing new contracts, expanding its global reach and establishing key relationships that should position the company favourably for the convergence of the virtual reality, the entertainment and the simulation and training worlds. In addition, D-BOX also bolstered its financial profile and was successful in attracting new investors.

Amongst the highlights of the year starting with the entertainment market, 119 new screens were installed globally including significant repeat orders from Cinemark, the third largest chain in North America and from Cineplex, a Canadian market leader. In mainland China, where the entertainment market is expanding at a very fast pace, we stepped up our business development activities, hired local resources and we are in the process of opening an office. To support our global theatrical activities, D-BOX motion coded 37 movie titles obtained for the most part from Hollywood's main studios and, as it has been the case in the past, many of these tiles ranked number 1 in the box-office during the opening week-end.

In the simulation and training market, D-BOX continued to reap the benefits of ongoing business development activities and long-established relationships with key partners. Amongst others, D-BOX made significant progress with customers in the heavy equipment/cranes and automotive submarkets and also was recognized for the second year in a row as one of the Top 100 Simulation and Training Companies by the KMI Media Group.

On the financial side, *La Caisse de Dépôt et Placement du Québec* invested $5 M of new capital in the company in the form of a 54-month term loan. Later in the year, Gold-Finance (Canada) Asset Management Limited, a subsidiary of an important Chinese financial group, made a $5 M equity investment for a stake exceeding 6% of the company at a significant premium to the market price of the shares.

Overall, this year's results and the company's unique positioning for the future clearly demonstrate the accuracy of D-BOX's vision and its ability to service the needs of a global customer base while generating recurring revenue and continuously increasing the value of its brand. Looking ahead, in anticipation of the expected growth, D-BOX recently expanded amongst others, its sales and marketing team, adding new employees and more depth to the team. Considering these factors in combination with our healthy financial position, D-BOX is thus in a very enviable place to accelerate penetration of its key markets.

All these achievements would not have been possible without the ongoing support of our dedicated employees, our loyal customers, members of the Board of Directors and all stakeholders. We wish to thank all of them all for their ongoing commitment to our success.

Jean Lamarre
Chairman of the Board

Claude Mc Master
President and Chief Executive Officer

4. Annual and Fourth Quarter Highlights

4.1 Financial Highlights

- Growth in revenue, with the best results ever for the fiscal year and the quarter:
  - ✓ Annual revenue up by 41% to $29,042 k, including $18,201 k of system sales and $6,524 k of recurring revenue for the entertainment market.
  - ✓ Quarterly revenue up by 29% to $8,612 k, including $5,949 k of systems sales and $1,427 k of recurring revenue for the entertainment market.
- Annual net loss of $187 k compared to $478 k last year.
- Record annual adjusted EBITDA*:
  - ✓ Adjusted EBITDA of $3,598 k for the fiscal year compared to $1,304 k last year; and
  - ✓ Adjusted EBITDA of $944 k for the fourth quarter compared to $713 k last year.
- Cash and cash equivalents of $16,454 k as at March 31, 2016 in comparison to $6,710 k as at March 31, 2015. Cash flows generated by operating activities ($1,723 k) and cash flows generated by financing activities ($9,836 k) are higher than cash flows used by investing activities ($1,843 k).

Fourth quarter and fiscal year ended March 31
(in thousands of dollars, except per share amounts)

	Fourth Quarter		Fiscal Year	
	2016	**2015**	**2016**	**2015**
Revenues	**8,612**	6,680	**29,042**	20,588
Adjusted EBITDA*	**944**	713	**3,598**	1,304
Net income (loss)	**(406)**	850	**(187)**	(478)
Basic and diluted net income (loss) per share	**(0.002)**	0.005	**(0.001)**	(0.003)

Information from the consolidated balance sheet

	As at March 31,2016	As at March 31, 2015
Cash and cash equivalents	**16,454**	**6,710**

* See the "Non IFRS Measures" section and the reconciliation table of adjusted EBITDA to the net income (loss) on page 9.

4.2 Operational Highlights

- Continuous and strategic deployment of our motion technology with theatre chains during the fiscal year:
  - ✓ 42% increase in screens installed or in backlog from 401 as at March 31, 2015 to 569 as at March 31, 2016.
  - ✓ Significant growth with Cinemark who committed in December 2015 to deploy 80 new screens in the United States and Latin America over a 24-month period.
  - ✓ Cineplex, the leading Canadian exhibitor, announced 23 additional auditoriums equipped with D-BOX motion systems, a 50% increase to 67 auditoriums.
- In the simulation and training market, D-BOX obtained orders from existing customers while accelerating business development efforts with new key players. D-BOX was also recognized for the second year as one of the Top 100 Simulation and Training Companies by the KMI Media Group.

5. 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 general upward trend in revenue to continue. In combination with this expected growth of revenue, D-BOX intends to increase the level of its operating expenses aiming, amongst others, to support the sales and marketing of technological innovations that will help solidify D-BOX's position in existing sub-markets and will facilitate entering new ones. Generally speaking, the Corporation aims to maintain a positive adjusted EBITDA and intends to manage its operations accordingly.

With the advent of the virtual reality (VR) world and with D-BOX expertise in immersive motion and true-to-life simulation, D-BOX has actively been developing new applications for VR and other key markets. D-BOX is well-positioned to become a key player in the VR industry given that its technology can remove motion sickness sometimes associated with such experiences and may be the missing link that will solve one of the main challenges virtual reality needs to overcome. This new and upcoming market will bring significant changes to the entertainment sub-markets (i.e. home and commercial theatres), in addition to obvious immediate applications for simulation and training. D-BOX is particularly excited to be part of the new trend as the size of the virtual and augmented reality markets may soon reach billions of dollars according to many industry sources.

6. Corporate Profile

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

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

1. the creation of motion effects making up the motion code known as D-BOX Motion Code;
2. a motion controller serving as an interface between the optical disk reader or the video server that contains the film and the D BOX motion system; and
3. the D-BOX motion system, consisting amongst other things of electromechanical pistons (actuators) built into a platform, a seat, or another type of equipment.

As at March 31, 2016, D-BOX had 100 employees compared to 84 as at March 31, 2015.

7. 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: 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	

7.1 Revenue Models

The Corporation's revenue streams consist mainly of:

1. the sale or lease of D-BOX motion systems including motion controllers and computer servers in the case of larger installations such as commercial theatres;
2. utilization rights (license) for the D-BOX technology on the sale of admission tickets in commercial theatres which are equipped with this technology to view a motion picture encoded by D-BOX. The Corporation also receives system maintenance revenue relating to the use of systems;
3. direct sales of motion systems to a network of specialized resellers, integrators, equipment or seating manufacturers who market the D-BOX technology under their own brands (Original Equipment Manufacturers or OEMs). This marketing method offers the advantage of minimizing sales and marketing costs; and
4. coding rights for visual content.

7.2 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 leverages its 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. The Corporation believes that an increase in the offer of motion pictures has a direct impact on the number of equipped venues and that box office revenue for D-BOX motion systems equipped theatres acts as an incentive 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 home entertainment clientele, who want to experience D-BOX in the comfort of their homes;
4. 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;
5. promote the technology to potential customers in the simulation and training market.

As of March 31, 2016, 35 exhibitors had more than one location that integrated the D-BOX motion system and more than 100 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 system. The Corporation is constantly expanding its business relationships with new film and gaming content providers. For instance, over 190 titles, including more than 90 which ranked number 1 at the box office on opening weekend, have been 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 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.

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.

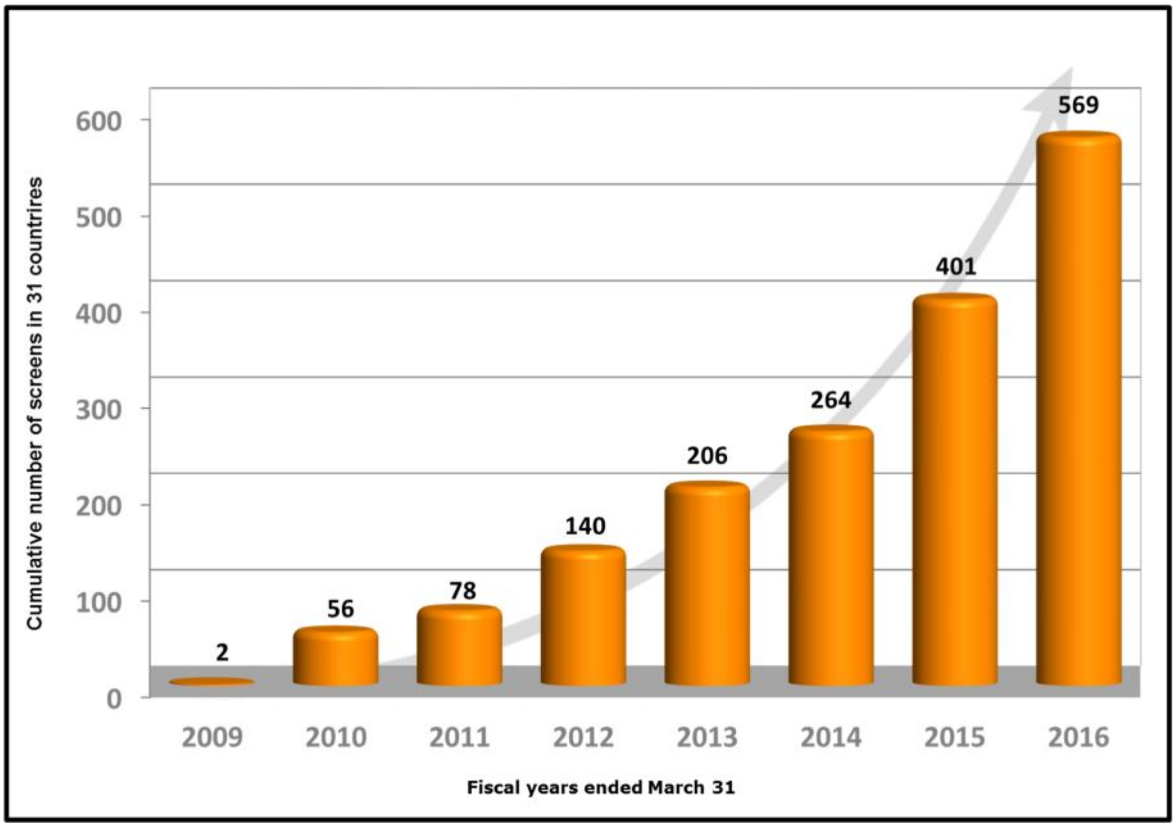
In this respect, the Corporation wishes to remind readers that it remains subject to a number of risks and uncertainties pertaining to its operations (see the "Risks and Uncertainties" section).

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 a really good way 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 42% and stood at 569 at the end of the quarter in comparison with 401 a year ago.

Worldwide growth of installed screens or in backlog
As at March 31, 2016



With respect to products targeting 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 content coded by D-BOX; and
3. create products and form partnerships with strategic players that should accelerate mass 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); and
- that it brings in additional visibility and a new source of revenue for the studios.

7.3 Growth Strategy / Simulation and Training Market

The simulation and training market contributes significantly 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 accelerate over the course of the next few quarters. This trend has been observed since the quarter ended December 31, 2015 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 9

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

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

	Fiscal year ended March 31		Fourth quarter ended March 31	
	2016	**2015**	**2016**	**2015**
Net income (loss)	**(187)**	(478)	**(406)**	850
Amortization of property and equipment	**2,333**	1,844	**528**	311
Amortization of intangible assets	**536**	392	**137**	74
Amortization of other assets	**114**	72	**10**	13
Write-off of property and equipment	**167**	178	**9**	96
Gain on disposal of property and equipment	—	(36)	—	—
Share-based payments	**224**	409	**46**	84
Foreign exchange loss (gain)	**4**	(1,151)	**456**	(763)
Financial expenses (income)	**379**	36	**135**	11
Income taxes	**28**	38	**29**	37
Adjusted EBITDA	**3,598**	1,304	**944**	713

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 12).

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 10

9. Main Financial Data

The following tables present selected significant financial data for the current fiscal year and the fourth quarter ended March 31, 2016 by comparing them with the corresponding periods of the previous fiscal year.

Information from the Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)	Fiscal year ended March 31		Fourth quarter ended March 31	
	2016	2015	**2016**	2015
Revenue	**29,042**	20,588	**8,612**	6,680
Gross profit excluding amortization*	**17,055**	10,961	**4,794**	3,402
Net income (loss)	**(187)**	(478)	**(406)**	850
Adjusted EBITDA*	**3,598**	1,304	**944**	713
Basic and diluted net income (loss) per share	**(0.001)**	(0.003)	**(0.002)**	0.005

* See the "Non-IFRS measures" section on page 9.

Information from the Consolidated Statements of Cash Flows	Fiscal year ended March 31		Fourth quarter ended March 31	
	2016	**2015**	**2016**	**2016**
Goods held for lease	(1,086)	(660)	(78)	(255)
Cash flows relating to operating activities	1,723	1,372	910	2,432
Additions to property and equipment	(968)	(525)	(160)	(146)
Additions to intangible assets	(875)	(1,035)	(169)	(208)
Cash flows relating to financing activities	9,836	1	—	—

The following table presents certain important financial data of the consolidated balance sheet as at March 31, 2016 and as at March 31, 2015.

Information from the Consolidated Balance Sheets	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents	16,454	6,710
Inventories	5,016	3,903
Working capital	21,455	11,238
Total assets	37,200	24,838
Total current liabilities	6,677	4,245
Long-term debt	4,420	—
Equity	26,103	20,593

10. Operating Results

10.1 Revenue

Revenue for the fiscal year ended March 31, 2016 increased by 41% to $29,042 k compared to $20,588 k for the fiscal year ended March 31, 2015.

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

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 fiscal year ended March 31, 2016, the entertainment market generated a 43 % increase in revenue to $24,725 k compared to the $17,242 k realized last year. Revenue from commercial theatres increased by 38% from $14,356 k in 2015 to $19,762 k this year. These revenues consist of: i) the sale of D-BOX motion systems which increased by 28% to $13,238 k ($10,326 k in 2015) and ii) revenue from rights for use, rental and maintenance on the sale of admission tickets in commercial theatres which increased by 62% to $6,524 k ($4,030 k in 2015). This increase is mainly due to the box office performance of the movies presented and the deployment of additional screens in the last twelve months.

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 March 31, 2016, 442 screens were installed around the world compared to 323 screens at the same date last year.

The entertainment market also includes system sales for home entertainment and themed entertainment. Home entertainment increased by 43% to $1,461 k ($1,024 k last year) and is explained for the most part by the new HEMC controller (Home Entertainment Motion Controller) launched last year. Systems sales from themed entertainment increased by 88% to $3,502 k ($1,862 k last year) and is explained by sales to a major client in the amusement parks and arcades sub-markets.

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.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 12

Sales of motion systems to customers of the simulation and training market increased by 29 % to $ 4,317 k for the fiscal year ended March 31, 2016 compared to $3,346 k realized 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.

For the fourth quarter of 2016, revenue amounted to $8,612 k in comparison to $6,680 k for the corresponding quarter of last year. This 29% increase is explained by a 28% increase for the entertainment market to $7,376 k ($5,770 k in 2015), and a 36% increase to $1,236 k for the simulation and training market ($910 k in 2015). The increase in the entertainment market is mainly due to a 117 % increase in rights for use, rental and maintenance revenues.

10.2 Gross Profit

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

	Fiscal Year ended March 31		**Fourth Quarter ending March 31**	
	2016	**2015**	**2016**	**2015**
Revenue	**29,042**	20,588	**8,612**	6,680
Gross profit	**14,842**	9,288	**4,321**	3,169
Amortization related to cost of goods sold	**2,213**	1,673	**473**	233
Gross profit excluding amortization*	**17,055**	10,961	**4,794**	3,402
Gross margin excluding amortization	**59%**	53%	**56%**	51%

* See the "Non-IFRS measure" section on page 9.

For the fiscal year ended March 31, 2016, gross profit increased by 60% amounting to $14,842 k in comparison with $9,288 k for the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit increased by 56% to 17,055 k in 2016 (59% of revenue) in comparison to the 10,961 k (53% of revenue) achieved last year. This increase in gross profit excluding amortization is mainly explained by the good performance in sales of both the entertainment and simulation and training markets.

For the fourth quarter ended March 31, 2016, gross profit amounted to $4,321 k in comparison with $3,169 k for the corresponding period last year. Excluding amortization, gross profit amounted to $4,794 k (56% of revenues) in comparison with $3,402 k (51% of revenues) last year. This 41% improvement of gross profit is also explained by the good performance in sales of both the entertainment and simulation and training markets.

10.3 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 fiscal year ended March 31, 2016, selling and marketing expenses increased by 27% to $7,230 k (25% of revenue) compared to $5,677 k (28% of revenue) last year. This increase is mostly explained by an increase in employee-related costs, professional fees and promotional costs.

For the fourth quarter ended March 31, 2016, selling and marketing expenses increased by 35% to $1,955 k (23% of revenue) compared with the $1,446 k (22% of revenue) spent in the quarter ended March 31, 2015. This increase is mostly explained by an increase in employee-related costs and professional fees.

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

For the fiscal year ended March 31, 2016, administration expenses amounted to $4,523 k (16% of revenue) representing a 31% increase compared to the $3,460 k (17% of revenue) for the fiscal year ended March 31, 2015. This increase is explained essentially by the increase of employee-related costs.

For the fourth quarter ended March 31, 2016, administration expenses amounted to $1,412 k (16% of revenue) which compares to $1,058 k (16% of revenue) for the quarter ending March 31, 2015. This 33% increase is also explained essentially by the increase of employee-related costs.

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

For the fiscal year ended March 31, 2016, research and development expenses amounted to $2,865 k (10% of revenue) which compares to $1,706 k (8% of revenue) for the previous fiscal year. The $1,159 k increase is mostly explained by: i) an increase of $ 758 k in employee costs for the hiring of additional resources associated to product development and enhancement, and other various research and development expenses and ii) a change in estimate of $401 k coming from a reduction of investment tax credits receivable, and an increase related to a liability for investment tax credits (this liability follows reception from relevant tax authorities of an assessment project relative to a previous fiscal year).

For the fourth quarter ended March 31, 2016, research and development expenses increased 40% to $740 k (9% of revenue) compared to $530 k (8% of revenue) for the same quarter of last year. This increase is also explained by employee costs for the hiring of additional resources associated to product development and enhancement, and other various research and development expenses.

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.

Thus, for the fiscal year ended March 31, 2016, the foreign exchange loss amounts to $4 k in comparison to a gain of $1,151 k 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.

For the fourth quarter ended March 31, 2016, the foreign exchange loss amounts to $456 k which compares to a gain of $763 k for the corresponding quarter of 2015. The foreign exchange variation is explained by the volatility of the Canadian currency in comparison to the US currency over the course of each of these two periods.

10.4 Financial Expenses (Income)

For the fiscal year ended March 31, 2016, financial expenses net of interest income amounted to $379 k in comparison with a net financial expense of $36 k realized last year. The increase in financial expenses comes mainly from the interest expense related to the long-term debt issued on August 5, 2015 and amounting to $307 k.

For the fourth quarter ended March 31, 2016, financial expenses net of interest income amounted to $135 k in comparison to $11 k in 2015. Interest expense on long-term debt amounted to $117 k during the quarter.

10.5 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.

As at March 31, 2016, the Corporation had accumulated net operating loss carryforwards of $26,094 k for federal income tax purposes, $25,998 k for Quebec income tax purposes and $3,983 k for the United States in addition to other unrecognized deferred income tax assets mentioned at note 12 of the consolidated financial statements.

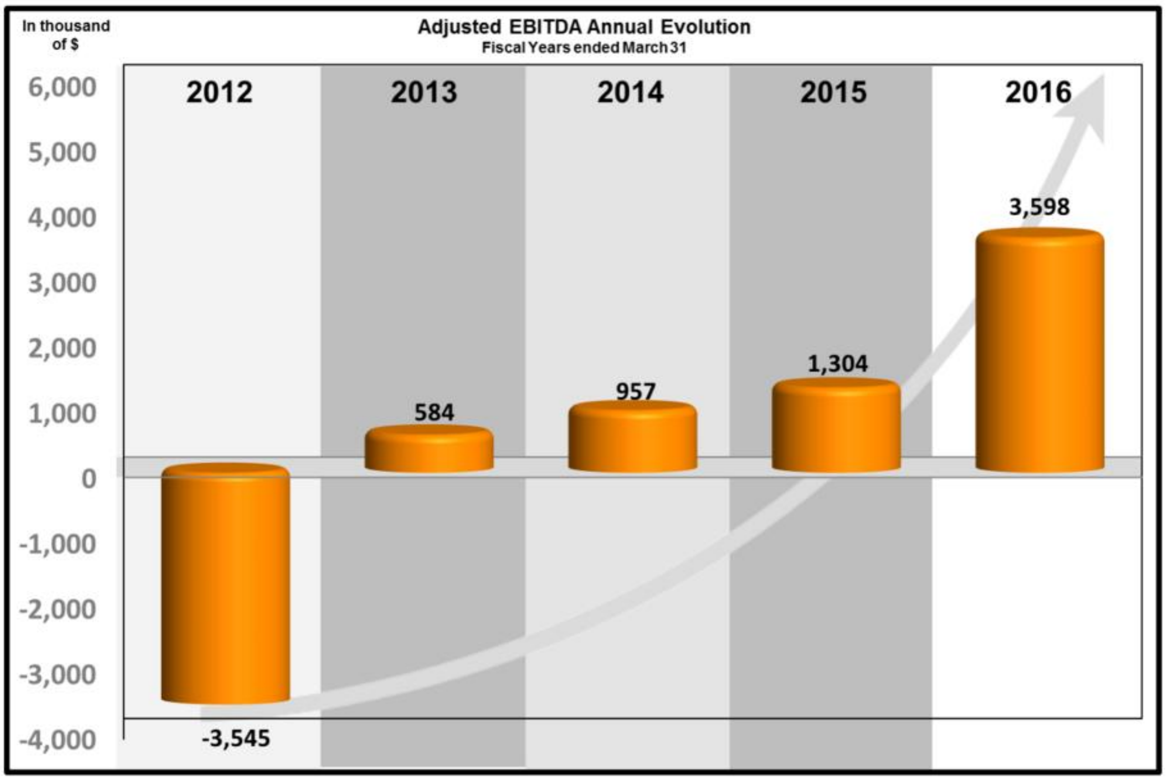
10.6 Net Income (Loss)

Given the aforementioned facts, the net loss for the 2016 fiscal year amounted to $187 k (basic and diluted net loss of $0.001 per share) in comparison to a net loss of $478 k (basic and diluted net loss of $0.003 per share) in 2015.

For the fourth quarter, the net loss amounted to $406 k (basic and diluted net loss of $0.002 per share), compared with a $850 k net income (basic and diluted net income of $0.005 per share) for the same quarter in 2015. The variation of $1,256 k in the net income (loss) for the quarter comes mainly from the foreign exchange gain (loss) variation of $1,219 k and is due to the strong fluctuation of the Canadian currency relative to the US currency during the period.

11. 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 achieved a positive adjusted EBITDA. It has remained positive and has been trending upwards ever since as a result of sustained growth in revenue and a tight control over operating expenses.

Adjusted EBITDA amounted to $3,598 k for the 2016 fiscal year representing a 176% increase in comparison of $1,304 k in the previous fiscal year.

For the fourth quarter, adjusted EBITDA amounted to $944 k representing a 32% increase in comparison to the adjusted EBITDA of $713 k for the same period last year.

12. Liquidity, Capital Resources and Financing Sources

As at March 31, 2016, total assets amounted to $37,200 k compared to $24,838 k as at March 31, 2015. The favorable variation is explained by the increase in cash and cash equivalents as explained by financing activities below.

Working capital stood at $21,455 k as at March 31, 2016 compared with $11,238 k as at March 31, 2015. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, increased to $6,159 k as at March 31, 2016 in comparison to $4,302 k as at March 31, 2015. Inventories increased to $5,016 k as at March 31, 2016 in comparison to $3,903 k as at March 31, 2015. These increase are the result of sales growth for both entertainment and simulation and training markets.

Current liabilities increased by $2,432 k to $6,677 k as of March 31, 2016 which compares to $4,245 k as at March 31, 2015. Current liabilities include accounts payable and accrued liabilities which increased by $2,328 k to $6,114 k. This increase is mostly explained by employee compensation accruals and payables to suppliers at the end of 2016 compared with March 31, 2015.

12.1 Operating Activities

For the fiscal year ended March 31, 2016, cash flows relating to operating activities totalled $1,723 k compared with $1,372 k for the previous fiscal year. This increase of $351 k in cash flows relating to operating activities comes from an increase of $2,227 k in cash generated by operations and before changes in working capital items, and less an increase of $1,876 k in cash needed for the working capital items (mainly accounts receivable and inventories).

12.2 Investing Activities

For the fiscal year ended March 31, 2016, cash flows used by investment activities amounted to $1,843 k in comparison to $1,521 k for the previous fiscal year. Cash flows relating to investing activities include additions to property and equipment which increased by $443 k to $968 k ($525 k in 2015) and costs associated to the additions of intangible assets which decreased by $160 k to $875 k ($1,035 k in 2015).

12.3 Financing Activities

During the year ended March 31, 2016, cash flows generated by financing activities amounted to $9,836 k as a result of the following:

Long-term debt issue: On August 5, 2015, the Corporation issued a loan and 4,500,000 warrants for proceeds of $4,869 k, net of financing fees of $131 k. Each warrant entitles its holder to purchase one Class A common share at $0.50 per share for a 48-month period ending August 5, 2019. The loan bears interest under specific conditions at a rate of either 7% or 10% and matures on February 5, 2020. Interests are payable quarterly and the principal can be reimbursed at any time by the Corporation and is payable in full on the maturity date. The loan is secured and contains certain restrictions, including limitations on the Corporation's ability to incur additional indebtedness, pay dividends and make other distributions. The loan is guaranteed by a general pledge and security agreement against the assets (except for the intellectual property) of the Corporation and its subsidiary.

An amount of gross proceeds of $527 k, net of financing fees, was allocated to the warrants. Financing fees related to long-term debt are capitalized in reduction of long-term debt and amortized using the effective interest rate method. Financing fees related to warrants are capitalized in reduction of equity.

On March 31, 2016, the effective interest rate of long-term debt was 10.7% and the Corporation was in compliance with all debt covenants.

Shares issue: On December 18, 2015, the Corporation issued 11,111,111 Class A common shares and 8,333,333 warrants for gross proceeds of $5,000 k. Each warrant entitles the holder to purchase one Class A common share at $0.60 for an 18-month period ending June 18, 2017. The gross proceeds were allocated to the shares and warrants proportionately to their respective estimated fair values. As a result, $435 k was allocated to warrants and $4,565 k was added to share capital. The issue costs of $40 k were allocated to shares and warrants proportionately to their respective estimated fair values. Accordingly, $37 k was deducted from share capital and $3 k was deducted from warrants.

During the year, the Corporation also issued 33,333 Class A common shares for a total cash consideration of $7 k on exercise of stock options. An amount of $4 k representing the initial fair value of the stock options, was credited to share capital and deducted from the share-based payments reserve.

12.4 Equity

Equity increased by $5,510 k to $26,103 k as at March 31, 2016, compared with $20,593 k as at March 31, 2015. This increase comes mainly from the $5,000 k share issue and warrants realized on December 18, 2015.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 18

13. Quarterly Data

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

	2016				2015			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue from the entertainment market								
Commercial theatres: - System sales	4,880	3,586	2,208	2,564	4,418	2,150	1,880	1,878
- Rights for use, rental and maintenance	1,427	1,628	1,193	2,276	658	991	1,238	1,143
	6,307	5,214	3,401	4,840	5,076	3,141	3,118	3,021
Home entertainment system sales	424	472	233	332	254	309	238	223
Themed entertainment system sales	645	1,466	663	728	440	441	405	576
Total revenue Entertainment market	**7,376**	**7,152**	**4,297**	**5,900**	**5,770**	**3,891**	**3,761**	**3,820**
Revenue from the Simulation and training market	**1,236**	**1,069**	**724**	**1,288**	**910**	**1,103**	**593**	**740**
TOTAL REVENUE	**8,612**	**8,221**	**5,021**	**7,188**	**6,680**	**4,994**	**4,354**	**4,560**
Adjusted EBITDA*	944	1,371	132	1,151	713	200	372	19
Net income (loss)	(406)	397	(208)	30	850	(315)	192	(1,205)
Basic and diluted net income (loss) per share	(0.002)	0.002	(0.001)	0.000	0.005	(0.002)	0.001	(0.007)
Weighted average number of common shares outstanding	174,928,906	165,508,616	163,791,129	163,784,462	163,784,462	163,784,462	163,783,665	163,781,129

* See the "Non-IFRS Financial Measures" section on page 9.

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 presented films.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 19

14. 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
2017	263	35
2018 to 2021	649	26
2022 and thereafter	157	—
	1,069	**61**

The Corporation's operating lease expenses amounted to $317 k in 2016 ($273 k in 2015) and has pledged the universality of movable property, both present and future, in favour of the lessors.

15. Fully Diluted Share Capital (June 21, 2016)

	Class A common shares
Class A common shares outstanding	175,003,906
Convertible instruments	
Stock options outstanding	15,251,845
Warrants	14,833,333
	205,089,084

16. Significant Judgments and Estimates and New Accounting Pronouncements

Significant Judgments and Estimates

The preparation of consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions that could affect the amounts of assets and liabilities at the balance sheet date and the amounts of revenues and expenses.

Judgments

In connection with the application of the Corporation's accounting policies, management made the following judgment which had a material impact on the carrying amount of assets and liabilities reported in the consolidated financial statements.

The Corporation is involved in the rental of motion systems as a lessor. The Corporation has determined, based on its assessment of the terms and conditions of agreements, such as lease term, that it retains substantially all the risks and rewards of ownership of the systems. Accordingly, the Corporation has accounted for these agreements as operating leases.

Estimates

The underlying estimates and assumptions are based on past experience and other factors deemed reasonable in view of the circumstances. Accordingly, they provide a basis for judgments made in determining the carrying amounts of assets and liabilities.

The final amounts appearing in the Corporation's future consolidated financial statements may differ from the amounts currently estimated. These estimates and assumptions are reviewed on an ongoing basis. The main estimates used concern the recognition of deferred tax assets and tax credits.

For further information, see note 2.3 "Significant judgments and estimates" of the audited consolidated financial statements for the fiscal year ended March 31, 2016.

New accounting pronouncements

Standards issued but not yet effective

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements:

- 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.

- 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.

- 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.

17. Financial Instruments

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk due to fluctuations in interest rates on cash and cash equivalents that earn interest at market rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. On an annual basis, a 1% change in interest rates would have had a net impact of $165 k on net loss and comprehensive loss [$67 k as at March 31, 2015].

The Corporation manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Cash equivalents consist of money market funds and other instruments with short-term maturities.

Credit Risk

The Corporation is exposed to credit losses arising from payment defaults by third parties. The Corporation evaluates the creditworthiness of its clients in order to limit the amount of credit extended, where appropriate, and establishes an allowance for doubtful accounts sufficient to cover probable and reasonably estimated losses. Furthermore, the Corporation generally insures its accounts receivable balances with Export Development Canada. As at March 31, 2016, one client accounted for 42% of total trade accounts receivable and 60% of trade accounts receivable were 90% insured [as at March 31, 2015, one client accounted for 47% of total trade accounts receivable and 56% of trade accounts receivable were 90% insured]. Historically, the Corporation has never written off a significant amount of trade accounts receivable. Outstanding trade accounts receivable over 90 days stood at 2% as at March 31, 2016 [11% in 2015]. The allowance for doubtful accounts totalled $7 k as at March 31, 2016 [$11 k as at March 31, 2015]. Accounts receivable include investment tax credits and commodity taxes receivable, which are receivable from the government and are not exposed to significant credit risk. Cash and cash equivalents are contracted with a limited number of Canadian chartered banks.

Maximum exposure to credit risk for financial instruments is equal to their carrying amount as at March 31, 2016 and 2015.

The Corporation also sold 13% of its entertainment market sales to one client [18% to one entertainment market client in 2015] and sold 16% of its simulation and training market sales to one client [33% to one simulation and training client in 2015].

Foreign Exchange Risk

The Corporation is exposed to foreign exchange risk due to cash and cash equivalents, trade accounts receivable, deposits and accounts payable denominated in U.S. dollars. As at March 31, 2016, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and deposits denominated in U.S. dollars, totalled $1,974 k, $4,223 k, and $201 k respectively [$1,987 k, $2,615 k, and $286 k respectively, as at March 31, 2015], and financial liabilities denominated in U.S. dollars totalled $1,937 k [$1,124 k as at March 31, 2015]. As at March 31, 2016, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a $585 k impact on net loss and comprehensive loss [$477 k as at March 31, 2015].

Moreover, the Corporation uses derivative financial instruments to mitigate foreign exchange risk. The Corporation elected not to apply hedge accounting. However, the Corporation considers that those derivative instruments partially hedge the foreign exchange risk related to those transactions.

As at March 31, 2016, the Corporation held foreign exchange contracts with a nominal value of US$3,200 k, allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.2938 to 1.3180, maturing from June 30 to December 31, 2016. As at March 31, 2015, the Corporation held foreign exchange contracts with a nominal value of US$1,000 k, allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.1475 and maturing on June 30, 2015.

Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages its liquidity to allow for the settlement of liabilities when they become due by continuously monitoring actual and expected cash flows. In the past years, the Corporation financed its liquidity needs primarily by issuing debt and equity securities. The Corporation has sufficient liquidity to meet its working capital obligations and carry on its business for the next twelve months. As the Corporation is currently incurring operating losses, additional capital may be required to continue developing and marketing its technology.

As at March 31, 2016, the Corporation's financial liabilities had contractual maturities of under one year and consisted of accounts payable and accrued liabilities and derivative financial instruments, amounting to $6,057 k [$3,887 k as at March 31, 2015]. The loan bears interest payable quarterly at a rate of either 7% or 10% and matures on February 5, 2020.

Our ability to raise capital is subject to certain risks and uncertainties (see section "Risks and Uncertainties").

18. 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 21, 2016 which is available on www.sedar.com.

19. Disclosure Controls and Internal Controls over Financial Reporting

In accordance with National Instrument 52-109 Respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the Corporation has filed certifications signed by the President and Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the President and Chief Executive Officer and the Chief Financial Officer, particularly during the period in which annual filings are being prepared. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Corporation's disclosure controls and procedures and concluded, based on their evaluation, that such disclosure controls and procedures were effective as of March 31, 2016.

Management has also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Corporation's internal control over financial reporting and concluded, based on their evaluation, that such internal control over financial reporting was effective as of March 31, 2016.

Finally, there has been no change in the Corporation's internal control during the financial period beginning January 1, 2016 and ending March 31, 2016 that materially affected, or is likely to materially affect, the Corporation's internal control over financial reporting.

20. Continuous Information and Additional Disclosure

This MD&A was prepared as at June 21, 2016. Additional information can be found on the SEDAR website at www.sedar.com.

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