Management's Discussion and Analysis

D-BOX Technologies Inc.
Fiscal Year ended March 31, 2018

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

This Management's Discussion and Analysis ("MD&A") is intended to provide the reader with a better understanding of the activities of D-BOX Technologies Inc. and its subsidiaries, as well as key elements of its financial results. In particular, it explains changes in the Corporation's financial position and operating results for the fiscal year ended March 31, 2018 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 March 31, 2018 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, 2018 and the audited consolidated financial statements of the fiscal year ended March 31, 2018. Unless otherwise indicate, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The audited consolidated financial statements for the fiscal year ended March 31, 2018 and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors on June 14, 2018. 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, readers 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. MESSAGE TO SHAREHOLDERS

Message from the Chairman of the Board

It is with great pleasure that I write my first message as Chairman of the Board. I am happy to have joined an exciting organization that has a unique offering in the marketplace, a presence in 40 countries, and a desire to grow the business at an accelerated pace.

I want to thank my fellow board members for their warm welcome, and also the management team that spent considerable time getting me up to speed on all the important aspects of the business.

D-BOX is a fascinating organization with huge potential. It has talented individuals leading it. It has a clear strategic vision and an evolving business model. It has been growing at a solid rate for a number of years and the objective is to accelerate that growth and deliver improved profitability in the years ahead.

With that as the goal, the board will continue to work with management on refining the strategy and looking for ways to enhance value for all shareholders and stakeholders.

I want to thank Kit Dalaroy, a board and audit committee member since 2013, for his contribution to the board; he has indicated that he has assumed a new role that prohibits him from sitting on a public company board.

I also want to thank all employees for their devoted work in Fiscal 2018 and their commitment to the organisation.

Fiscal 2019 is off to a good start, and I am confident in what the future will bring.

Thank you,

Jean-René Halde
Chairman of the Board

Message from the President and Chief Executive Officer

This year, we are proud to say that D-BOX is celebrating its 20th anniversary. This momentous occasion is all the more special as it follows another year of exciting growth for the Corporation in which we developed a significant number of new business opportunities and strengthened existing partnerships in both the theatrical and themed-entertainment industries.

As D-BOX expands its reach, builds the brand and helps more businesses around the world capitalize on the kind of top-tier entertainment and themed experiences that only we can provide, all signs point to this long-term, upward trend in revenue to continue.

On the theatrical side, D-BOX has enjoyed a commercial success with 684 screens installed or signed as of March 31, 2018. Recurring revenue grew 24% in fiscal 2018 to $8.4 million, supporting a very optimistic outlook for D-BOX, especially with the rapidly growing trend toward motion recliners in North America and Europe. We have also passed a new milestone with a presence in 40 countries, including new territories such as Scandinavia and South Africa.

The movie industry is not the only sector in which our technology has excelled over the years. The company recently launched the very first D-BOX VR experience at the Cineplex Scotiabank Theatres in Ottawa. What's more, D-BOX has been gaining widespread popularity amongst VR developers who are utilizing the motion technology to deliver a more realistic experience and help curb the motion dizziness often associated with virtual reality. In fact, recent research conducted in collaboration with HEC Montreal's Tech3Lab (one of the most important UX labs in North America), tested the effects of D-BOX motion on the VR user experience and the results have conclusively shown that our motion technology effectively reduces discomfort.

Location-based entertainment (LBE) is also a growing sector for D-BOX, especially in the VR industry. We have worked with major players like Ubisoft on *Raving Rabbids* and have also partnered with LAI Games to deliver *Virtual Rabbids: The Big Ride*, a wildly popular two-seat module powered by D-BOX. In a similar vein, *The Rec Room,* an entertainment venue created by long-time partner Cineplex featuring a D-BOX race car motion simulator, is earning rave reviews and increasing the awareness of LBE for Canadians.

Last year, our involvement with themed entertainment grew by 43%. For example, the *NFL Experience Times Square* created in conjunction with Cirque du Soleil features 188 motion seats meticulously synced with exclusive content from NFL Films. Launched in November, this permanent attraction has been rewarding for us in terms of brand awareness, consumer experience and, most importantly, for the way it highlights applications of our technology.

We are also proud to have played a role in the development of *The Flyer – San Francisco*, the world's first 3D flying theatre at Pier 39. This recent collaboration with Triotech recreates an unforgettable flying experience that literally has audiences on the edge of their motion seats, becoming one of the 12 most anticipated theme park rides of the year according to *USA Today*.

On the international stage, D-BOX worked with CL Corporation, an innovative company specializing in the production of interactive and immersive entertainment concepts for amusement parks and beyond. Demonstrating the incredible flexibility and range of possibilities that D-BOX motion technology offers, CL Corporation integrated D-BOX motion technology into 130 seats at the Shinhwa Theme Park in South Korea as part of the biggest 4D dome theatre in the world. More recently, D-BOX had the opportunity to utilize our motion system technology in 128 seats at the Marineland 4D Cinema in Antibes.

In June 2017, we launched our first pop-up motion theatre at a racing event. During the Formula 1 Canadian Grand Prix in Montréal, droves of visitors were ushered into a small theatre to experience astonishing F1 content perfectly synchronized with 32 seats powered by D-BOX technology. Some 10,000 visitors got to experience the adrenaline rush of real racing over the weekend, making it the most popular attraction in downtown Montreal's F1 Fan zone.

With a proven technology and a compound annual growth rate of 24% for the last 7 years, we have become the world's leading provider of state-of-the-art, immersive motion systems. Moving forward, we are completely focused on strengthening our position around the globe and capitalizing on the infinite opportunities that lie ahead to generate even more success.

In closing, I would like to acknowledge the tremendous support of our Board of Directors. Your ongoing collaboration and encouragement are important to us as we grow our business and create rewarding new opportunities in the coming years.

I would like to welcome Mr. Jean-René Halde, our new Chairman of the Board of Directors. Mr. Halde is a corporate director and has over 30 years of management and entrepreneurial experience with numerous public companies in a wide range of sectors. I am confident that his expertise and knowledge will contribute to the growth and success of D-BOX. His arrival sadly coincided with the passing of D-BOX former Chairman of the Board, Mr. Jean Lamarre, who held this position between 2013 and 2017. Mr. Lamarre was a devoted, passionate and visionary man with strong entrepreneurial skills, who have significantly contributed on D-BOX board.

Finally, I would like to express my heartfelt thanks to our employees. Your dedication to the brand, support and passion are key factors in our continued growth. Your efforts to go the extra mile have not gone unnoticed. You are, without a doubt, the reason for our success.

As the entertainment market continues to shift and evolve into a completely immersive experience, we know our unique motion technology will serve our partners, collaborators and exhibitors like no other can. Whether for the theatrical, themed entertainment, gaming or virtual reality markets, we are optimistic about D-BOX future.

Thank you,

Claude Mc Master
President and CEO

4. FINANCIAL AND BUSINESS HIGHLIGHTS

4.1 Financial Highlights

Highlights for the year ended March 31, 2018

Compared with the year ended March 31, 2017:

- Annual revenues grew 13% to $35.5 million from $31.4 million.
- Recurring revenues totalled $8.4 million up 24% from $6.8 million.
- Adjusted EBITDA surged 172% to $2.6 million from $0.9 million.
- Adjusted EBITDA margin rose to 7% from 3%.
- Net loss of $(1.8) million compared with $(2.9) million.
- Cash flows generated by operating activities totaled $2.7 million, up $8.2 million from $(5.5) million.

Highlights for the fourth quarter ended March 31, 2018

Compared with the fourth quarter ended March 31, 2017:

- Revenues totalled $9.3 million down 13% from $10.6 million.
- Recurring revenues climbed 15% to $2.0 million from $1.7 million.
- Quarterly adjusted EBITDA was $0.9 million compared with $1.0 million.
- Adjusted EBITDA margin rose to 10% from 9%.
- Net Income totalled $12K compared with $286K.

Fourth quarter and fiscal year ended March 31 (in thousands of dollars, except per share amounts)				
	Fourth Quarter		Fiscal Year	
	2018	2017	2018	2017
Revenues	**9,284**	10,613	**35,478**	31,409
Net income (loss)	**12**	286	**(1,761)**	(2,892)
Adjusted EBITDA*	**906**	998	**2,573**	945
Basic and diluted net income (loss) per share	**0.000**	0.001	**(0.010)**	(0.017)
Information from the consolidated balance sheet				
	As at March 31,2018		As at March 31, 2017	
Cash and cash equivalents	**10,141**		8,867	

* See the "Non IFRS Measures" section and the reconciliation table of adjusted EBITDA to the net loss on page 8.

4.2 Operational Highlights

- Recurring revenues rose to 24% of total revenues for fiscal 2018.
- D-BOX launched its first VR Cinematic Experience at the Scotiabank Theatre in Ottawa, Canada 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.
- D-BOX signed an agreement with Ster-Kinekor, a division of Primedia (Pty) Ltd. and entered into its first collaboration with the largest cinema exhibitor in South Africa.

5. Outlook

D-BOX operates in two major areas: the entertainment market and the simulation and training market which have their respective sub-markets. Business development in both markets focusses, in particular, on expanding recurring revenue opportunities. This strategy will help solidify D-BOX's position in existing sub-markets and facilitate entering new segments.

D-BOX's expertise in immersive motion and true-to-life simulation positions the Corporation to be an active participant in the growing virtual reality (VR) market. The Corporation 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 grow, potentially to billions of dollars in the near future, according to many industry sources.

6. 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 Corporation's expertise and proprietary technology allows it to collaborate with some of the largest companies in the world to deliver new ways to tell great stories. Whether for movies, video games, virtual reality applications, themed entertainment or professional simulation, D-BOX's mission is to move the world.

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

1. Software motion effects, programmed frame by frame based on visual content.
2. A motion controller serving as an interface between the visual content (films, video games, simulation and training, virtual reality experiences) and the D-BOX motion system.
3. The D-BOX motion system, consisting of proprietary electromechanical actuators built into a platform, seat, or other type of equipment.

As of March 31, 2018, D-BOX had, 132 employees compared with 122 as of March 31, 2017.

7. Corporate Strategy

The Corporation is a leader in the creation and design of hyper-realistic immersive entertainment experiences. It is also in a unique position to serve as a true differentiator for upcoming virtual reality (VR) technologies, electronic entertainment companies and content distributors.

D-BOX continues to develop brand awareness in addition to offering 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 Application	
Entertainment Market	**Simulation and Training Market**
Commercial theatres *Home Entertainment:* ▪ Home theatre ▪ Video games *Themed Entertainment:* ▪ Amusement parks ▪ Arcades ▪ Museums and planetariums	*Simulation and training for:* ▪ Automotive ▪ Flight ▪ Heavy equipment/cranes ▪ Racing ▪ Wellness
Virtual reality for both the Entertainment and the Simulation and Training markets	

7.1 Revenue Models

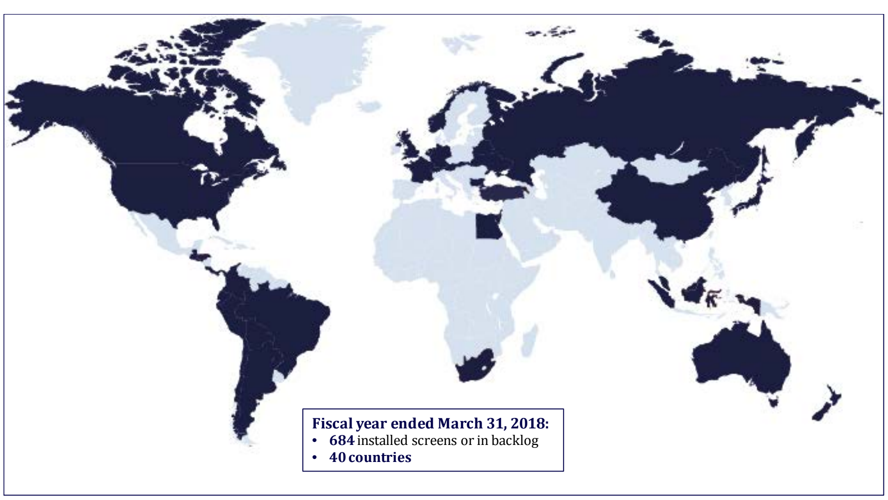
The Corporation's revenue streams consist mainly of:

1. the sale or lease of D-BOX motion systems including motion seats, motion controllers and electronic interfaces or servers;
2. the licensing of the D-BOX Motion Code in commercial theatres and entertainment centres, which are equipped with the D-BOX motion systems to view visual content encoded by D-BOX. The Corporation also receives maintenance revenue relating to the use of the motion systems;
3. the sale of actuators to resellers, integrators, and equipment or seating manufacturers who incorporate and market the D-BOX technology under their own brands (known as original equipment manufacturers or (OEMs).

7.2 Entertainment Market

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

D-BOX is present in 40 countries around the world



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 to:

1. accelerate the deployment of its technology with new commercial theatre exhibitors that want to add a distinctive draw 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.
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 March 31, 2018, 50 exhibitors had more than one location that integrated the D-BOX motion system and 189 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 the 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 content from major studios motion-coded, as well as local content in some countries where D-BOX is now present. Furthermore, the D-BOX motion system has proven its technical and commercial benefits, garnering a host of awards over the last few years.

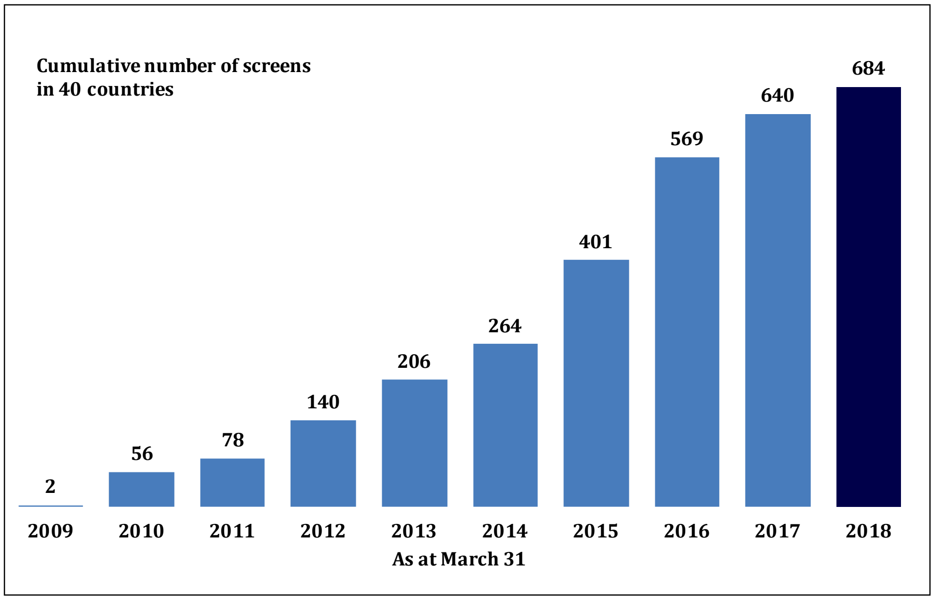
Reclining cinema seats are a new trend in the commercial theatre industry in North America and D-BOX was the first to offer motion recliner seats.

Business development targeting commercial theatre chains is 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 the entertainment market is an excellent venue to showcase its technology to the largest number of people possible. The Corporation generates significant revenue from licensing rights for the use of its technology based on the premiums charged for admission tickets; motion systems and motion systems sales and rentals 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 D-BOX motion system commitment or order received as part of a contractual agreement with installation scheduled within a twenty-four-month period.

Total screens installed or in backlog grew 7% to 684 at the end of fiscal 2018, compared with 640 a year earlier.

Growth of installed screens or in backlog



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

1. Sells products under our own brand-name and under OEM, integrator and reseller brands.
2. Expands the offering of motion-coded content.
3. Creates products and forms partnerships with strategic players to accelerate market penetration.

In a nutshell, D-BOX has demonstrated that:

- Moviegoers will pay a premium to enjoy a truly immersive and non-distractive motion.
- Commercial theatre operators enhance their profits by utilizing D-BOX products to increase business traffic, stand out from competitors and grow 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.
- The D-BOX motion system provides studios with enhanced visibility and an additional revenue stream for each movie encoded by D-BOX.
- D-BOX technology offers a solution to potentially reduce motion dizziness associated with the VR experience.

7.3 Simulation and Training Market

The Simulation and Training market also raises global awareness of the D-BOX brand, sparking greater consumer interest and demand for the D-BOX experience in other sub-markets such as automotive, defence, flight, heavy equipment/cranes, racing, and wellness.

The Corporation continues to fulfil its mission to sell products under its own banner and OEM brands while leveraging a network of integrators and resellers. It is also adapting its products to address specific requests of manufacturers and OEMs to tap into new markets.

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

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. 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 significant revenue streams.

8. NON-IFRS MEASURES

In this MD&A, the Corporation uses two measures that are non-compliant with International Financial Reporting Standards (IFRS): 1) adjusted EBITDA and 2) 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) Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows provided by operations. It consist of net income (loss) excluding amortization, financial expenses net of income, income taxes, write-off of property and equipment and intangible assets, shared-based payments, foreign exchange loss (gain) and non-recurring expenses related to restructuring costs.

The following table reconciles adjusted EBITDA to net income (loss).

	Fiscal year ended March 31		Fourth Quarter ended March 31	
	2018	2017	**2018**	2017
Net Income (loss)	**(1,761)**	(2,892)	**12**	286
Amortization of property and equipment	**2,332**	2,198	**569**	343
Amortization of intangible assets	**748**	602	**261**	156
Amortization of other assets	**5**	9	**2**	—
Financial expenses (income)	**525**	470	**124**	129
Income taxes	**5**	6	**—**	6
Write-off of property and Equipment	**1**	13	**1**	3
Write-off of intangible assets	**145**	—	**93**	—
Share-based payments	**226**	132	**20**	38
Foreign exchange loss (gain)	**90**	(26)	**(176)**	2
Restructuring costs	**257**	433	**—**	35
Adjusted EBITDA	**2,573**	**945**	**906**	**998**

2) 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 showing 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 11

9. MAIN FINANCIAL DATA

The following tables present selected significant financial data for the current fiscal year and fourth quarter ended March 31, 2018 by comparing them with the corresponding periods of the previous fiscal year.

Information from the Consolidated Statements of Net Loss and Other Comprehensive Loss	Fiscal year ended March 31		Fourth Quarter ended March 31	
	2018	2017	2018	2017
Revenue	**35,478**	31,409	**9,284**	10,613
Gross profit excluding amortization*	**20,047**	18,119	**5,107**	6,126
Net income (loss)	**(1,761)**	(2,892)	**12**	286
Adjusted EBITDA*	**2,573**	945	**906**	998
Basic and diluted net Income (loss) per share	**(0.010)**	(0.017)	**0.000**	0.001

* See the "Non-IFRS measures" section on page 8.

Information from the Consolidated Statements of Cash Flows	Fiscal year ended March 31	
	2018	2017
Cash flows relating to operating activities	**2,719**	(5,545)
Goods held for Lease	**(804)**	(2,930)
Additions to property and equipment	**(589)**	(660)
Additions to intangible assets	**(815)**	(1,709)
Cash flows relating to financing activities	**—**	293

The following table presents certain important financial data of the consolidated balance sheet as at March 31, 2018 and March 31, 2017.

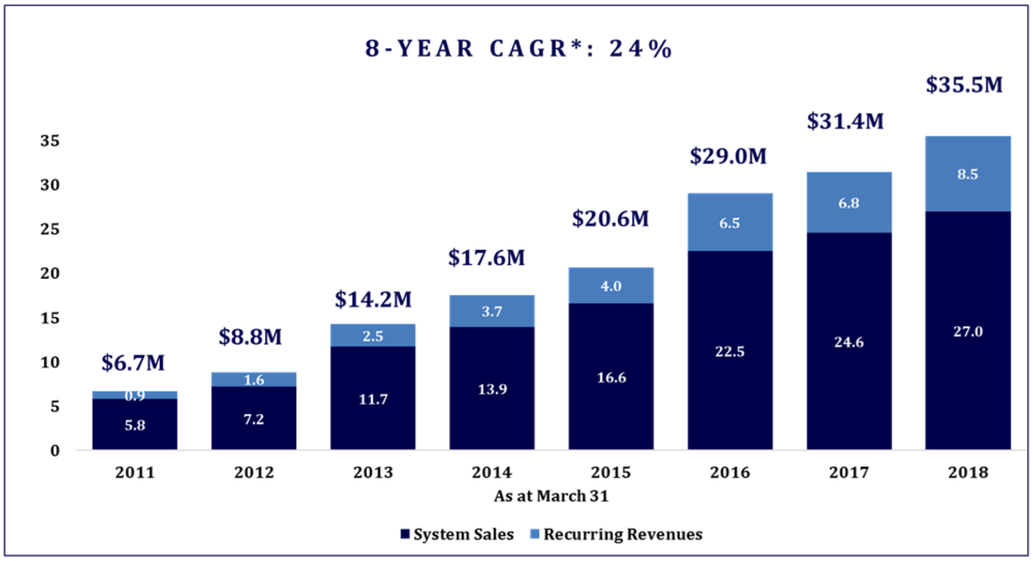
Information from the Consolidated Balance Sheets	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	**10,141**	8,867
Inventories	**7,761**	8,334
Working capital	**16,648**	16,707
Total assets	**34,354**	35,031
Total current liabilities	**7,003**	6,623
Total liabilities	**12,257**	11,426
Equity	**22,097**	23,605

10. Operating Results

10.1 Revenue

Revenue for the fiscal year ended March 31, 2018 rose 13% to $35.5 million compared with $31.4 million for the fiscal year ended March 31, 2017.

D-BOX growth revenues for fiscal 2011 to 2018 presented in System sales and Recurring Revenue



* CAGR: Compound Annual Growth Rate

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, 2018, the entertainment market generated a 13% increase in revenue to $29.2 million compared with $25.8 million for fiscal 2017. Revenue from commercial theatres rose 7% from $17.2 million in 2017 to $18.4 million for 2018. These revenues consist of: (i) D-BOX motion systems sales, down 3% to $10.0 million ($10.4 million in 2017) (ii) the revenue from rights for use, rental and maintenance on the sale of admission tickets in commercial theatres, up 24% to $8.4 million ($6.8 million in 2017). The decrease in motion system sales reflected from the trend in certain markets to install the new recliner concept, which delayed deliveries for some purchase orders.

Recurring revenue from rights for use, rental and maintenance can fluctuate from period to period based on the following factors:

- Box office performance can vary significantly from movie to movie.
- Revenue sharing with exhibitors and studios.
- Individual performance of exhibitors.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to warrant, options, shares and per-share amounts) Page 13

- The average number of D-BOX motion systems deployed which is constantly changing.
- The number of weekly screenings of a D-BOX movie, which can vary by country and exhibitor.
- The number of weeks a movie screens, which can vary by country due to different launch dates or exhibitor decisions to extend or shorten the exhibition window.

As of March 31, 2018, 684 screens were installed and signed worldwide, up 7% from 640 screens a year earlier.

The entertainment market also includes system sales for high-end home entertainment and themed entertainment. Home entertainment revenues fell 3% to $3.1 million for fiscal 2018 from $3.2 million last year.

Themed Entertainment systems sales surged 43% to $7.7 million for 2018 from $5.4 million for 2017 on both new – and existing-client sales.

Motion system sales in the Simulation and Training market were up 11% to $6.2 million for the fiscal year ended March 31, 2018 from $5.6 million last year. The sales growth was mainly driven by Simulation and Training systems sold to customers in automotive, race car and gaming sub-markets.

For the fourth quarter of 2018, revenue amounted to $9.3 million compared with $10.6 million for the corresponding period of the previous year. Entertainment market sales fell 12% to $7.7 million for Q4 2018 compared with $8.7 million for Q4 2017. This resulted in large part from a 37% decline in commercial theatres sales from $5.1 million in 2017 to $3.2 million this year, a 55% decrease in Home entertainment motion system sales from $2.0 million in 2017 to $0.9 million this year, offset however by 127% surge in Themed entertainment system sales to $3.6 million for Q4 2018 compared with $1.6 million for Q4 2017. Simulation and training market sales were down 17% to $1.6 million for the fourth quarter 2018 compared with $1.9 million year over year.

10.2 Gross Profit

The following table reconciles gross profit to gross profit excluding amortization:

	Fiscal year ended March 31		Fourth Quarter ended March 31	
	2018	**2017**	**2018**	**2017**
Revenue	**35,478**	31,409	**9,284**	10,613
Gross profit	**18,061**	16,233	**4,549**	5,875
Amortization related to cost of goods sold	**1,986**	1,886	**558**	251
Gross profit excluding amortization*	**20,047**	18,119	**5,107**	6,126
Gross margin excluding amortization	**57%**	58%	**55%**	58%

* See the "Non-IFRS measure" section on page 8.

For the fiscal year ended March 31, 2018, gross profit grew 11% to $18.1 million from $16.2 million for the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit was up 11% to $20.0 million for fiscal 2018 (57% of revenues) from $18.1 million (58% of revenues) last year. This 11% growth was mainly driven by a 13% improvement in sales and the mix of margins related to the different products.

For the fourth quarter ended March 31, 2018, gross profit amounted to $4.5 million compared with $5.9 million for the same period last year. Excluding amortization, gross profit amounted to $5.1 million (55% of revenues) compared with $6.1 million (58% of revenues) last year. This 17% decrease resulted from a 13% decrease in total sales and the aforementioned mix of margins related to the different products.

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-sale 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, 2018, selling and marketing expenses fell 4% to $9.8 million (28% of revenues) from $10.2 million (32% of revenue) last year on higher employee-related costs, offset by promotional and other marketing costs.

For the fourth quarter ended March 31, 2018, selling and marketing expenses were down 21% to $2.4 million (25% of revenues) from $3.0 million (28% of revenue) for the quarter ended March 31, 2017. This increase resulted primarily from the same reasons mentioned for the fiscal year.

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, 2018, administration expenses amounted to $6.7 million (19% of revenue) up 18% from $5.7 million (18% of revenue) for the fiscal year ended March 31, 2017. This change was primarily driven by increases in employee-related costs and professional fees.

For the fourth quarter ended March 31, 2018, administration expenses rose 8% to $1.9 million (20% of revenues) from $1.7 million (16% of revenues) year over year, owing mainly to higher professional fees.

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

For the fiscal year ended March 31, 2018, research and development expenses amounted to $2.7 million (8% of revenues) compared with $2.8 million (9% of revenue) for the previous year.

For the fourth quarter ended March 31, 2018, research and development expenses fell to $349K (4% of revenues) from $723K (7% of revenue) last year owing to R&D project delays.

Foreign Exchange Loss (gain): the foreign exchange loss or (gain) results mainly from the fluctuation of the Canadian dollar relative to the U.S. currency when translating U.S. dollar operations at the prevailing rate on the date of a transaction and the translation of U.S. dollar monetary assets and liabilities at the end-of-period rate.

Accordingly, for the fiscal year ended March 31, 2018, the foreign exchange loss amounted to $90K compared with a gain of $26K last year. The foreign exchange difference was driven by the volatility of the Canadian dollar relative to the U.S. currency over the year.

For the fourth quarter ended March 31, 2018, the foreign exchange gain amounted to $176K compared with a loss of $2K for the corresponding period of 2017. The foreign exchange difference resulted from the volatility of the Canadian dollar relative to the U.S. currency year over year.

10.4 Financial Expenses (Income)

For the fiscal year ended March 31, 2018, financial expenses net of interest income rose to $525K from $470K last year, owing mainly to the interest expense related to the long-term debt issued on August 5, 2015.

For the fourth quarter ended March 31, 2018, financial expenses net of interest income amounted to $124K compared with $129K in 2017.

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 of March 31, 2018, the Corporation had accumulated net operating loss carry-forwards of $33.3 million for federal income tax purposes, $33.2 million for Québec income tax purposes and $1.7 million for U.S. income tax purposes in addition to other unrecognized deferred income tax assets mentioned in note 13 to the consolidated financial statements.

10.6 Net Income (Loss)

The net loss for fiscal 2018 amounted to $(1.8) million (basic and diluted net loss of $0.010 per share) compared with a net loss of $(2.9) million (basic and diluted net loss of $0.017 per share) in 2017.

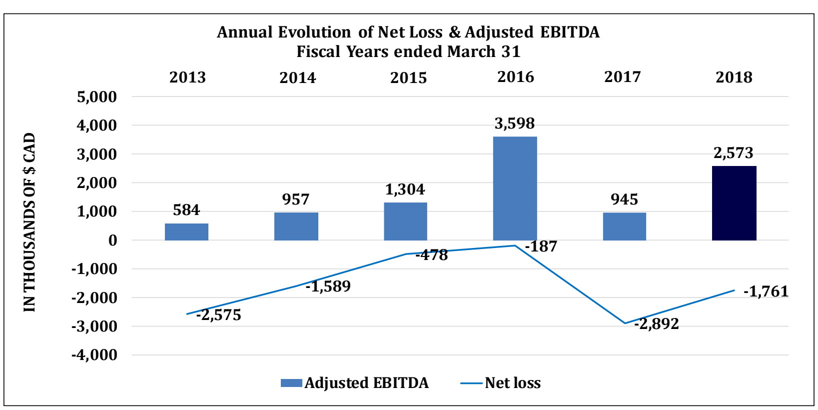
For the fourth quarter, net income amounted to $12K (net income of $0.000 per share), compared with $286K (net income of $0.001 per share) for the same period of 2017.

11. ADJUSTED EBITDA

Adjusted EBITDA provides useful and complementary information which can be used, in particular, to assess profitability and cash flows provided by operations. It consist of net income (loss) excluding amortization, financial expenses net of income, income taxes, write-off of property and equipment and intangible assets, shared-based payments, foreign exchange loss (gain) and non-recurring expenses related to restructuring costs.

For fiscal 2018, adjusted EBITDA amounted to $2.6 million compared with $0.9 million for the same period last year.

For the fourth quarter of fiscal 2018, adjusted EBITDA amounted to $0.9 million compared with $1.0 million for the same period last year.



Over the past few quarters, D-BOX has continued to pursue business development 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 sales and marketing of technological innovations. This will help solidify D-BOX's position in existing sub-markets and facilitate entering new markets.

12. LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

As at March 31, 2018, current assets amounted to $23.7 million compared with $23.3 million as at March 31, 2017.

Total working capital stood at $16.6 million as at March 31, 2018 compared with $16.7 million as at March 31, 2017. Accounts receivable, consisting primarily of trade accounts receivable, investment tax credits and commodity taxes receivable, fell to $5.3 million from $5.5 million as at March 31, 2017. Inventories declined to $7.8 million from $8.3 million as at March 31, 2017, as a result of efforts to reduce raw material inventory levels.

Current liabilities rose $0.4 million to $7.0 million as at March 31, 2018, from $6.6 million as at March 31, 2017. Current liabilities, which include accounts payable and accrued liabilities were up $1.3 million to $6.3 million from $5.0 million as at March 31, 2017. This increase was driven primarily by the timing of purchases during the quarter.

12.1 Operating Activities

For the fiscal year ended March 31, 2018, cash flows generated by operating activities totalled $2.7 million compared cash flows used by operating activities of $5.5 million for the previous year. This positive variance of $8.2 million resulted from a $1.3 million increase in cash generated by operations before changes in working capital items and a $7.0 million increase in cash generated by changes in working capital items. This improvement was driven mainly by inventories ($3.9 million), goods held for lease ($2.1 million), and accounts payable and accrued liabilities ($2.9 million), offset higher by deferred revenues ($2.0 million).

12.2 Investing Activities

For the fiscal year ended March 31, 2018, cash flows used by investing activities amounted to $1.4 million compared with $2.4 million for the previous fiscal year. Cash flows relating to investing activities include additions to property and equipment which rose $1.0 million ($0.7 million in 2017), and costs associated to the additions of intangible assets which fell $0.9 million to $0.8 million ($1.7 million in 2017).

12.3 Financing Activities

There were no financing activities during the fiscal year ended March 31, 2018.

As of March 31, 2017, cash flows generated by financing activities amounted to $293K, owing primarily to the issuance of 1,021,667 Class A common shares on exercise of stock options for a total cash consideration of $293K.

As of March 31, 2018, the effective interest rate of long-term debt was 10.7% and the Corporation was in compliance with all debt covenants.

As of March 31, 2018, interest expense on long-term debt charged to income amounted to $494K ($479K in 2017) including an amount of $144K related to the accretion of interest ($129K in 2017).

12.4 Equity

Equity fell $1.5 million to $22.1 million as of March 31, 2018, from $23.6 million as of March 31, 2017. This decrease resulted mainly from the net loss of $1.8 million for fiscal 2018.

13. Quarterly Data

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

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue from the entertainment market								
Commercial theatres: System sales	**1,236**	3,537	2,133	3,115	3,381	1,254	2,508	3,216
Rights for use, rental and maintenance	**1,967**	2,482	1,828	2,150	1,713	2,076	1,384	1,640
	3,203	6,019	3,961	5,265	5,094	3,330	3,892	4,856
Home entertainment system sales	**905**	265	1,211	751	2,006	536	285	410
Themed entertainment system sales	**3,561**	2,760	903	442	1,571	1,356	1,320	1,120
Total revenue from the Entertainment market	**7,669**	9,044	6,075	6,458	8,671	5,222	5,497	6,386
Revenue from the Simulation and training market	**1,615**	1,356	1,578	1,683	1,942	1,581	834	1,276
TOTAL REVENUE	**9,284**	10,400	7,653	8,141	10,613	6,803	6,331	7,662
Adjusted EBITDA*	**906**	1,114	176	377	998	(225)	(267)	439
Net income (loss)	**12**	51	(840)	(984)	286	(1,638)	(1,114)	(426)
Basic and diluted net income (loss) per share	**0.000**	0.000	(0.004)	(0.006)	0.001	(0.009)	(0.007)	(0.002)
(in thousands) **Weighted average number of common shares outstanding**	**175,951**	175,951	175,951	175,951	175,753	175,150	175,021	174,977

* See the "Non-IFRS Financial Measures" section and the reconciliation table of adjusted EBITDA to net income (loss) on page 10.

The fluctuation in revenue over the past eight quarters resulted, in particular, from uneven growth in the Entertainment and the Simulation and Training markets. More specifically, for the Entertainment market, fluctuations in revenue were driven primarily by the box office performance of the films exhibited.

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
2019	325	46
2020 to 2022	467	1
	792	**47**

The Corporation's operating lease expenses amounted to $551K in 2018 ($451K in 2017) and has pledged the universality of movable property, both present and future, in favour of the lessors.

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

15. Fully Diluted Share Capital (June 14, 2018)

	Class A common shares
Class A common shares outstanding	175,950,573
Convertible instruments	
Stock options outstanding	15,083,267
Warrants	6,500,000
	197,533,840

16. 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 judgments 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, 2018.

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.

  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.

- 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 $101K on net loss and comprehensive loss [$89K as of March 31, 2017].

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 of March 31, 2018, one client accounted for 14% of total trade accounts receivable and 46% of trade accounts receivable were 90% insured [as of March 31, 2017, one client accounted for 9% of total trade accounts receivable and 40% 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 past due stood at 18% as of March 31, 2018 [7% in 2017]. The allowance for doubtful accounts totalled $65K as of March 31, 2018 [$33K as of March 31, 2017]. 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 mainly contracted with a limited number of Canadian chartered banks.

Maximum exposure to credit risk for financial instruments is equal to their carrying amount as of March 31, 2018 and 2017.

The Corporation also made 16% and 11% of its sales to two entertainment market clients [13% to one entertainment market client in 2017].

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 of March 31, 2018, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and deposits denominated in U.S. dollars, totalled $4,618K, $3,057K, and $96K respectively [$1,553K, $2,346K and $200K respectively, as of March 31, 2017], and financial liabilities denominated in U.S. dollars totalled $1,018K [$1,030K as of March 31, 2017]. As of March 31, 2018, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a $767K impact on net loss and comprehensive loss [$414K as of March 31, 2017].

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 of March 31, 2018, the Corporation held foreign exchange contracts with a nominal value of U.S. $1,925K [$2,000K as of March 31, 2017], allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.2439 [1.3130 to 1.3116 as of March 31, 2017] maturing in April and May 2018 [June 30 to September 30, 2017].

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 of March 31, 2018, 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 $6,264K [$4,980K as of March 31, 2017]. 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 operate in an industry which presents many risks and uncertainties. These risks and uncertainties are described in the Annual Information Form (AIF) dated June 14, 2018 which is available on www.sedar.com.

19. 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 fourth quarter ended March 31, 2018, 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.

20. Continuous Information and Additional Disclosure

This MD&A was prepared as of June 14, 2018. Additional information can be found on the SEDAR website at www.sedar.com.

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