Management Discussion and Analysis

D-BOX Technologies Inc.

Fiscal year ended March 31, 2015

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MANAGEMENT DISCUSSION AND ANALYSIS

D-BOX Technologies Inc.

Fiscal year ended March 31, 2015

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 fiscal year ended March 31, 2015 by comparing them to the results of the previous fiscal year. It also presents a comparison of the balance sheets as at March 31, 2015 and March 31, 2014.

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, 2015 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 industrial 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,

This year again, D-BOX achieved many milestones that translated into the highest revenue on record and a solid year-end financial profile. In many key aspects, our devoted and talented team was able to deliver the goods, on time and on budget, further strengthening our Corporation and laying ground for long-term sustainable growth.

In addition to increasing our revenue and preserving a healthy balance sheet, we were also successful in controlling our operating expenses without compromising the very important business development and R&D activities. Overall, these achievements clearly demonstrate the correctness of D-BOX's strategic positioning and its ability to sell, market and service customers worldwide while generating recurring revenue and raising the awareness to the corporate brand.

Amongst the events that highlighted the recent year starting with the entertainment market, 85 new screens were installed globally including a significant breakthrough in the United States where Cinemark, the third largest chain in North America, installed twenty new screens on the heels of the tremendous success it has achieved so far in South America.

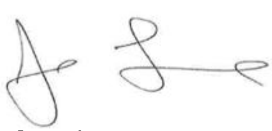
In Asia, specifically in mainland China, one of the regions showing the highest growth rate in the entertainment market, we were successful obtaining our first orders, positioning ourselves very favorably for the future. Closer to home, Cineplex the largest Canadian chain, doubled its installed base by adding another twenty screens.

In support of these activities, D-BOX motion coded 37 movie titles for the theatrical market throughout the year, several of which were number 1 in the box-office during the opening week-end.

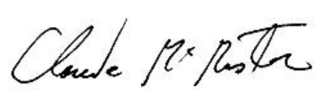
In the industrial market, D-BOX made significant inroads in the simulation and training sub-market by taking advantage of an established clientele. This market is of particular interest to D-BOX, as it is experiencing strong organic growth and is dominated by a few large players, many of whom already have an existing business relationship with D-BOX.

Over and above these realizations, we kept the pace of our R&D efforts in addition to introducing new products and expanding our sales and marketing team. Considering these factors in combination with our healthy financial position, D-BOX is in a very enviable place to sustain growth in its key markets.

All these achievements would not have been possible without the support of our committed employees, our customers as well as the members of the Board of Directors and all the stakeholders. We wish to thank them all for their contribution to our success.



Jean Lamarre
Chairman of the Board



Claude Mc Master
President and Chief Executive Officer

4. Quarterly Highlights

4.1 Financial Highlights

- Growth in revenue:
  - ✓ Quarterly revenue up by 34% to $6,680 k, including $4,418 k of systems sales in the entertainment market.
  - ✓ Annual revenue up by 17% to $20,588 k including $4,030 k in rights for use, rental and maintenance for the theatrical market.
- Record quarterly and annual net earnings:
  - ✓ Net earnings of $850 k for the quarter compared to a net loss of $43 k for the same period last year; and
  - ✓ Net loss of $478 k for the fiscal year compared to a net loss of $1,589 k last year.
- Record quarterly and annual adjusted EBITDA*:
  - ✓ Adjusted EBITDA of $713 k for the quarter compared to $382 k for the same period last year; and
  - ✓ Adjusted EBITDA of 1,304 k for the fiscal year compared to $957 k last year.
- Available funds of $6,710 k as at March 31, 2015, unchanged from March 31, 2014.

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

	Fourth Quarter		Fiscal Year	
	2015	2014	2015	2014
Revenue	6,680	4,980	20,588	17,593
Net income (loss)	850	(43)	(478)	(1,589)
Adjusted EBITDA*	713	382	1,304	957
Basic net income (loss) per share	0.0052	(0.0003)	(0.0029)	(0.0097)
Diluted net income (loss) per share	0.0051	(0.0003)	(0.0029)	(0.0097)

Information from the consolidated balance sheet

	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents	6,710	6,717

* 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:
  - ✓ 52% increase in screens installed or in backlog of which 49 were added in the fourth quarter for a total of 401 screens.
  - ✓ Significant growth with Cinemark USA with 20 additional screens and 50 more screens with Cinemark International in Central and South America.
  - ✓ Significant growth with Cineplex, the leading Canadian exhibitor, which doubled its D-BOX installed base from 21 screens to more than 40.
  - ✓ Breakthrough in mainland China, the fastest growing market in the world, where D-BOX opened two new screens.
- In the industrial market, D-BOX accelerated business development efforts and strategically positioned itself with key players, especially in the simulation and training sub-markets. In addition to receiving new orders from high-potential customers, D-BOX brought to market a new generation of cutting-edge motion technologies.

5. Outlook

D-BOX focuses on two major development areas: the entertainment market and the industrial market which have their respective sub-markets. In light of the business development activities in each of these two markets, D-BOX anticipates that the general upward trend in revenue should be maintained.

In combination with this expected growth of revenue, D-BOX also forecasts to gradually 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.

6. Corporate Profile

D-BOX designs, manufactures and commercializes cutting-edge motion systems intended for the entertainment and industrial 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 visual content (films, video games, simulation and training, amusement ride) 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, 2015, D-BOX had 84 employees compared to 71 as at March 31, 2014.

7. Corporate Strategy

The Corporation is a global reference with respect to the creation and design of immersive motion systems. It 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 industrial market.

Examples of Applications

Entertainment Market	Industrial Market
• Commercial theatres • Home entertainment: - Home theatre - Home video games	• Simulation and training / virtual reality • Amusement parks, arcades, museums and planetariums

7.1 Revenue Models

The Corporation's revenue streams mainly consist 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;
4. coding rights for visual content.

7.2 Growth Strategy / Entertainment Market

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

Concomitantly, the Corporation relies on 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 MFX (D-BOX Motion Effects) 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 industrial market.

As of March 31, 2015, over 30 exhibitors had more than one location that integrated the D-BOX technology and more than 70 installed 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 the D-BOX technology.

Access to content is a key factor in accelerating the deployment of the D-BOX technology. The Corporation is constantly expanding its business relationships with new film and gaming content providers. For instance, over 160 titles, including more than 80 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 technology. 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 merits and has received several awards over the last few years.

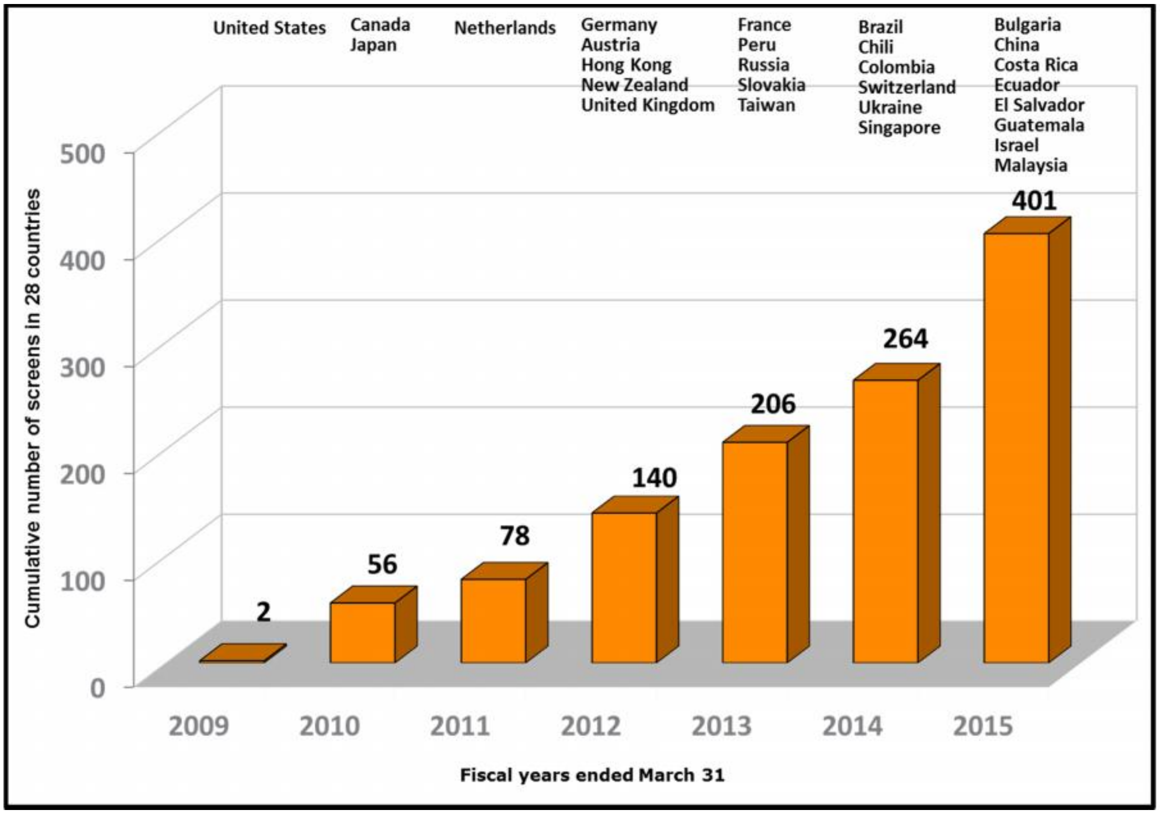
However, certain seasonal factors may impact the deployment of new D-BOX MFX systems in commercial theatres. The Corporation's growth rate for its commercial theatre business activities will not necessarily be linear but rather subject to a certain level of volatility when comparing consecutive quarters.

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, in addition to demonstrate its technology to the largest number of people possible, 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 MFX systems as well as its backlog. From a practical standpoint, the Corporation defines system backlog as follows: an order for D-BOX MFX systems received as part of a contractual agreement and for which the installation is scheduled within a twelve-month period. As at March 31, 2015, the total screens installed or in backlog stood at 401 in comparison to 352 as at December 31, 2014 and 264 a year ago.

Worldwide growth of installed screens or in backlog
As at March 31, 2015



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;
3. create products and form partnerships with strategic players who allow for progressive penetration of mass markets.

In short, D-BOX has demonstrated so far:

- the willingness of moviegoers to pay a premium on an admission ticket to experience immersive Audio Video Motion (AVM);
- 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 / Industrial Market

The industrial market contributes significantly to the global awareness of the D-BOX brand thereby sparking consumer interest for the Audio Video Motion (AVM) experience which can stimulate demand for the D-BOX experience in other sub-markets, such as: simulation and training, arcades, military, virtual reality, amusement parks, museums and planetariums. 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 industrial simulation users, the Corporation is following its mission to sell products under its own brand, under original equipment manufacturers' (OEM's) brands and through a network of integrators and resellers. It is also adapting its products to address specific requests of manufacturers to penetrate new markets.

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

The Corporation recently developed motion systems adapted to the needs of new business sub-markets within the industrial market and the sale of these systems should accelerate over the course of the next few quarters.

The Corporation dedicates a team to develop and service this market and to identify new potential customers and adequately meet their demands. The main selection criteria for new customers 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 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 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's purpose is to evaluate the Corporation's profitability and its capacity to generate funds from its operating activities. It designates the net income (loss) before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest 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	
	2015	2014	2015	2014
Net income (loss)	(478)	(1,589)	850	(43)
Amortization of property and equipment	1,844	2,018	311	489
Amortization of intangible assets	392	290	74	75
Amortization of other assets	72	180	13	112
Write-off of property and equipment	178	78	96	(45)
Gain on disposal of property and equipment	(36)	—	–	—
Share-based payment expense	409	617	84	183
Foreign exchange gain	(1,151)	(667)	(763)	(391)
Financial results (financial expenses less interest income)	36	21	11	3
Income taxes	38	9	37	(1)
Adjusted EBITDA	1,304	957	713	382

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 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 latest quarter ended March 31, 2015 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	
	2015	2014	2015	2014
Revenue	20,588	17,593	6,680	4,980
Gross profit excluding amortization*	10,961	9,712	3,402	2,731
Net income (loss)	(478)	(1,589)	850	(43)
Adjusted EBITDA*	1,304	957	713	382
Basic net income (loss) per share	(0.0029)	(0.0097)	0.0052	(0.0003)
Diluted net income (loss) per share	(0.0029)	(0.0097)	0.0051	(0.0003)

* 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	
	2015	2014	2015	2014
Goods held for lease	(660)	(522)	(255)	(25)
Cash flows relating to operating activities	1,372	2,165	2,432	(355)
Additions to property and equipment	(525)	(378)	(146)	(128)
Additions to intangible assets	(1,035)	(710)	(208)	(326)

The following table presents certain important financial data of the consolidated balance sheet as at March 31, 2015 and as at March 31, 2014.

Information from the Consolidated Balance Sheets	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents	6,710	6,717
Inventories	3,903	4,389
Working capital	11,238	11,502
Total assets	24,838	24,204
Total liabilities	4,245	3,264
Equity	20,593	20,940

10. Operating Results

10.1 Revenue

Revenue for the fiscal year ended March 31, 2015 amounted to $20,588 k, an increase of 17% compared to the $17,593 k achieved for the fiscal year ended March 31, 2014. Revenue includes motion system sales to customers in the industrial market who sell the D-BOX technology under their own brand names and system sales to customers in the entertainment market. The entertainment market consists of D-BOX MFX system sales to commercial theatre operators, revenue from utilization rights, rental and maintenance fees with respect to admission tickets sold in commercial theatres and system sales to home entertainment customers.

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

Sales of motion systems to customers of the industrial market amounted to $5,208 k for the fiscal year ended March 31, 2015 representing a 26% decrease compared to $7,003 k realized last year. The decrease in sales in the industrial market was driven by one of our main customers following delays in the launch of new projects which had a direct impact on our motion system sales. During the fiscal year, sales to our two most important customers of the industrial market represented 32% and 21% (40% and 15% last year).

During the fiscal year, total revenue generated by the entertainment market amounted to $15,380 k, representing a 45% increase compared to the $10,590 k realized last year. Revenue from commercial theatre exhibitors increased by 47% from $9,787 k in 2014 to $14,356 k this year. These revenues consist of: i) the sale of D-BOX MFX systems which increased by 68% to $10,326 k ($6,133 k in 2014) and ii) revenue from utilization rights, rental and maintenance fees on admission tickets in commercial theatres which increased by 10% to 4,030 k ($3,654 k in 2014).

It is important to remember that revenue from utilization rights, rental and maintenance fees 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 MFX 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.

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

As at March 31, 2015: 8,105 D-BOX MFX systems were installed in 323 auditoriums around the world compared to 6,172 D-BOX MFX systems installed in 238 auditoriums at the same date last year.

The entertainment market also includes system sales for home entertainment which increased by 28% to $1,024 k in comparison to $803 k last year. This progression is explained for the most part by the recent HEMC controller (Home Entertainment Motion Controller) launched during the year.

During the fiscal year, sales to our two most important customers of the entertainment market represented 20% and 10% (9% and 8% last year).

For the fourth quarter of 2015, revenue amounted to $6,680 k in comparison to $4,980 k for the corresponding quarter of last year. This 34% increase is explained by a 67% increase of sales in the entertainment market ($5,330 k in 2015 compared to $3,201 k in 2014), and a 24% decrease of sales in the industrial market ($1,350 in 2015 compared to $1,779 k for the corresponding period last year). This 24% decrease in the industrial market sales is explained by one of our main customers following delays in the launch of new projects which had a direct impact on our motion system sales.

The 67% increase of sales in the entertainment market from $2,120 k to $4,418 k is mostly explained by the 108% increase of D-BOX MFX systems sold and the 19% decrease of revenue from utilization rights, rental and maintenance fees to $658 k ($815 k in 2014). The decrease in revenue from utilization rights, rental and maintenance is explained by the performance of the movies at the box-office. Sales in the home entertainment market reached $254 k, close to the $266 k achieved for the corresponding quarter of last year.

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	
	2015	2014	2015	2014
Revenue	20,588	17,593	6,680	4,980
Gross profit	9,288	7,868	3,169	2,210
Amortization related to cost of goods sold	1,673	1,844	233	521
Gross profit excluding amortization*	10,961	9,712	3,402	2,731
Gross margin excluding amortization	53%	55%	51%	55%

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

For the fiscal year ended March 31, 2015, gross profit increased by 18% to $9,288 k in comparison to $7,868 k for the previous fiscal year. Excluding amortization related to cost of goods sold, gross profit increased by 13% and amounted to $10,961 k in 2015 (53% of revenue) in comparison to the $9,712 k (55% of revenue) last year. The decrease in gross margin excluding amortization from 55% to 53% is explained by the revenue mix, given the 108% increase in system sales to commercial theatre exhibitors which generate a lower margin than revenue from utilization rights, rental and maintenance which increased by 10%.

For the fourth quarter ended March 31, 2015, gross profit amounted to $3,169 k in comparison to $2,210 k for the corresponding period of last year. Excluding amortization, gross profit amounted to $3,402 k (51% of revenue) in 2015 in comparison to $2,731 k (55%

of revenue) last year. This 25% improvement of gross profit excluding amortization is explained by the 34% increase in revenue over the period.

10.3 Operating Expenses

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

For the fiscal year ended March 31, 2015, selling and marketing expenses totaled $5,677 k (28% of revenue) similar to $5,630 k (32% of revenue) last year.

For the fourth quarter ended March 31, 2015, selling and marketing expenses amounted to $1,446 k (22% of revenue) also in line with the $1,438 k (29% of revenue) spent in the quarter ended March 31, 2014.

Administrative Expenses: Administrative expenses consist primarily of employee costs including share-based payment expenses, professional fees as well as other general and administrative expenses.

For the fiscal year ended March 31, 2015, administrative expenses amounted to $3,460 k (17% of revenue) representing a 9% increase compared to the $3,167 k (18% of revenue) for the fiscal year ended March 31, 2014. The increase is mainly caused by the hiring of additional employees and higher compensation costs.

For the fourth quarter ended March 31, 2015, administrative expenses amounted to $1,058 k (16% of revenue) which compares to $879 k (18% of revenue) for the quarter ending March 31, 2014. This 20% increase is also essentially explained by the hiring of employees and higher compensation costs.

Research and Development Expenses: 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, 2015, research and development expenses amounted to $1,706 k (8% of revenue) which compares to $1,297 k (7% of revenue) for the previous fiscal year. The 32% increase is mostly explained by the hiring of qualified resources responsible for the improvement of existing products as well as the amortization of new patents and research costs related to new products.

For the fourth quarter ended March 31, 2015, research and development expenses increased 63% to $530 k (8% of revenue) compared to $325 k (7% of revenue) for the same quarter of last year. This increase is explained by the same above-mentioned elements.

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, 2015, the foreign exchange gain amounts to $1,151 k in comparison to $667 k last year. The foreign exchange gain is explained by the devaluation of the Canadian currency in comparison to the US currency over the course of the year in comparison to last year.

For the fourth quarter ended March 31, 2015, the foreign exchange gain amounts to $763 k which compares to a gain of $391 k for the corresponding quarter of 2014. The foreign-exchange gain is explained by the devaluation of the Canadian currency in comparison to the US currency over the course of each of these two periods.

10.4 Financial Results

The financial results include financial expenses and interest income. For the fiscal year ended March 31, 2015, financial results amounted to a net expense of $36 k in comparison to a net expense of $21 k in 2014.

For the fourth quarter ended March 31, 2015, net expense amounted to $11 k compared to $3 k in 2014.

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, 2015, the Corporation had accumulated net operating loss carryforwards of $26,062 k for federal income tax purposes, $25,969 k for Quebec income tax purposes and $5,383 k for the United States in addition to other unrecognized deferred income tax assets mentioned at note 11 of the consolidated financial statements.

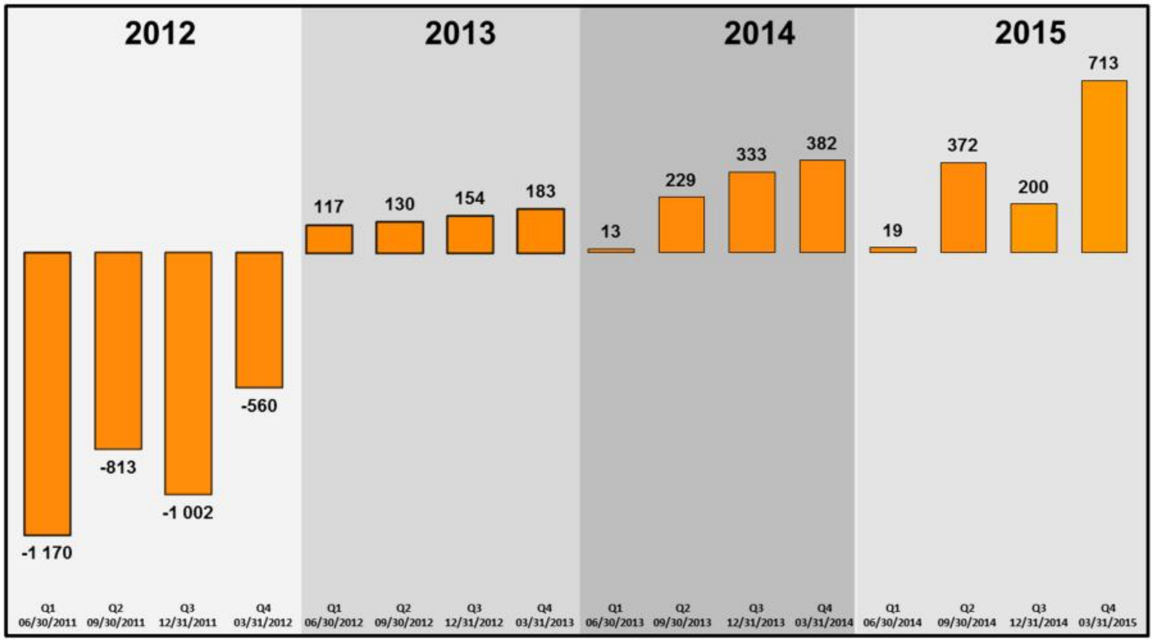
10.6 Net Income (Loss)

Given the aforementioned facts, but more specifically given the $1,151 k foreign exchange gain, the net loss for the 2015 fiscal year amounted to $478 k (basic and diluted net loss of $0.0029 per share) in comparison to a net loss of $1,589 k (basic and diluted net loss of $0.0097 per share) in 2014.

For the fourth quarter, the net income amounted to $850 k (basic net income of $0.0052 per share, diluted $0.0051 per share), compared with a $43 k net loss (basic and diluted net loss of $0.0003 per share) for the same quarter in 2014.

11. Adjusted EBITDA

The adjusted EBITDA designates net income (loss) before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest 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.



D-BOX achieved a positive adjusted EBITDA in the first quarter of the 2013 fiscal year, which has remained positive and has been trending upwards since then, resulting from a sustained growth in revenue and a tight control over operating expenses.

Adjusted EBITDA amounted to $1,304 k for the 2015 fiscal year representing a 36% increase in comparison of $957 k in the previous fiscal year.

For the fourth quarter, adjusted EBITDA amounted to $713 k representing a 87% increase in comparison to the adjusted EBITDA of $382 k for the same period last year.

12. Liquidity, Capital Resources and Financing Sources

As at March 31, 2015, total assets amounted to $24,838 k which compares to $24,204 k as at March 31, 2014.

Working capital stood at $11,238 k as at March 31, 2015 compared with $11,502 k as at March 31, 2014. Accounts receivable, which mostly consist of trade accounts receivable, investment tax credits and commodity taxes receivable, increased to $4,302 k as at March 31, 2015 in comparison to $3,347 k as at March 31, 2014. Inventories decreased to $3,903 k as at March 31, 2015 in comparison to $4,389 k as at March 31, 2014.

Current liabilities increased by $981 k to $4,245 k as of March 31, 2015 which compares to $3,264 k as at March 31, 2014. Current liabilities include accounts payable and accrued liabilities which increased by $715 k to $3,786 k. This increase is mostly explained by an increase in accrued employee vacation and compensation costs at the end of 2015 compared with March 31, 2014.

12.1 Operating Activities

For the fiscal year ended March 31, 2015, cash flows provided by operating activities totalled $1,372 k compared with $2,165 k for the previous fiscal year. The decrease of $793 k in cash flows provided by the operating activities comes essentially from the $834 k change in working capital items (mainly accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities).

12.2 Investing Activities

For the fiscal year ended March 31, 2015, cash flows used by investment activities amounted to $1,521 k in comparison to $1,088 k for the previous fiscal year. Cash flows from investing activities include costs associated to the acquisition of intangible assets which increased $325 k to $1,035 k in 2015 in comparison to $710 k in 2014. The increase is explained primarily by the internal development costs of products for an amount of $376 k (development costs of $790 k in 2015 compared to $414 k in 2014).

12.3 Financing Activities

During the year ended March 31, 2015, 3,333 Class A common shares were issued for a cash consideration of $1 k on exercise of options.

Subsequent to year end, on May 15, 2015, the Corporation granted 40,000 options with an exercise price of $0.28 expiring on May 15, 2025.

12.4 Equity

Equity amounted to $20,593 k as at March 31, 2015, compared with $20,940 k as at March 31, 2014 for a variation of $347 k.

(Amounts in tables are in thousands of Canadian dollars, except for amounts relating to shares and per-share amounts) Page 17

13. Quarterly Data

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

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue from the industrial market	1,350	1,544	998	1,316	1,779	1,857	1,964	1,403
Revenue from the entertainment market								
Commercial theatre exhibitors:								
- System sales	4,418	2,150	1,880	1,878	2,120	1,499	1,889	625
- Utilization rights, rental & maintenance	658	991	1,238	1,143	815	1,081	498	1,260
	5,076	3,141	3,118	3,021	2,935	2,580	2,387	1,885
System sales for home entertainment	254	309	238	223	266	182	144	211
Total revenue Entertainment market	5,330	3,450	3,356	3,244	3,201	2,762	2,531	2,096
TOTAL REVENUE	6,680	4,994	4,354	4,560	4,980	4,619	4,495	3,499
Adjusted EBITDA*	713	200	372	19	382	333	229	13
Net income (loss)	850	(315)	192	(1 205)	(43)	(352)	(675)	(519)
Basic and diluted net income (loss) per share	0.005	(0.002)	0.001	(0.007)	(0.001)	(0.002)	(0.004)	(0.003)
Weighted average number of common shares outstanding	163,784,462	163,784,462	163,783,665	163,781,129	163,781,129	163,781,129	163,781,129	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 industrial and entertainment markets. More specifically in the entertainment market, revenue fluctuated based on the number of systems sold, the average number of systems installed, the number of systems leased, seasonality, the performance of films and the performance of commercial theatre exhibitors.

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

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
2016	263	29
2017 to 2020	445	7
2021 and thereafter	243	—
	951	36

The Corporation's operating lease expenses amounted to $365 k in 2015 ($322 k in 2014) and has pledged the universality of movable property, both present and future, in favour of the lessors.

15. Outstanding Share Capital (June 18, 2015)

	Class A common shares
Class A common shares outstanding	163,784,462
Convertible instruments	
Stock options outstanding	14,919,345
	178,703,807

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 revenue 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 valuation of property, plant and equipment and intangible assets, and 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, 2015.

New accounting pronouncements

Adoption of new and revised standards

During the year, the Corporation adopted a number of new and revised IFRS whose adoption is mandatory for fiscal years beginning on or after April 1, 2014.

- Amendments to IAS 32, Financial Instruments: Presentation
  In December 2011, amendments to IAS 32, Financial Instruments: Presentation, were issued to clarify the application of offsetting criteria with regard to offsetting financial assets and financial liabilities. The amendments to IAS 32 are effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The adoption of IAS 32 has had no impact on the Corporation's consolidated financial statements.

- Amendments to IAS 36, Impairment of Assets
  IAS 36, Impairment of Assets, has been revised to integrate the amendments issued in May 2013. Those amendments make it possible to better reflect a prior decision to require the recoverable amount of impaired assets to be reported along with other disclosures regarding the measurement of the recoverable amount of impaired assets in cases where said recoverable amount is based on fair value less costs to sell, including the discount rate, when a discounting technique is used to determine the recoverable amount. The adoption of IAS 36 has had no impact on the Corporation's consolidated financial statements.

- Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle
  In December 2013, the Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle were issued, containing a number of amendments to various IFRS, such as IFRS 3, Business Combinations, IFRS 13, Fair Value Measurement, IAS 16, Property and equipment, IAS 24, Related Parties, and IAS 38, Intangible Assets. The adoption of IFRSs 2010-2012 and 2011-2013 has had no impact on the Corporation's consolidated financial statements.

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, 2017, with early adoption permitted. In April 2015, the International Accounting Standards Board (IASB) voted to publish an exposure draft proposing a one-year deferral of the effective date of IFRS 15 to January 1, 2018. The IASB will consult on the proposed one-year deferral before it is confirmed, as is required by its due process. 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.

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 approximately $67 k on net loss and comprehensive loss ($67 k as at March 31, 2014).

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, 2015, two clients accounted for 47% and 7% of total accounts receivable and 56% of trade accounts receivable were 90% insured [as at March 31, 2014, two clients accounted for 20% and 10% of total accounts receivable and 66% 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 11% as at March 31, 2015 [8% in 2014]. The allowance for doubtful accounts totalled $11 k as at March 31, 2015 [$36 k as at March 31, 2014]. Accounts receivable include investment tax credits, government assistance receivable 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, 2015 and 2014.

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, 2015, financial assets, consisting primarily of cash and cash equivalents, trade accounts receivable and deposits denominated in U.S. dollars, totalled $1,987 k, $2,615 k, and $286 k respectively [$1,510 k, $2,067 k, and $142 k respectively, as at March 31, 2014], and financial liabilities denominated in U.S. dollars totalled $1,124 k [$824 k as at March 31, 2014]. As at March 31, 2015, a 10% increase or decrease in the exchange rate between the U.S. dollar and the Canadian dollar would have had a $477 k impact on net loss and comprehensive loss [$320 k as at March 31, 2014].

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, 2015, the Corporation held foreign exchange contracts with a nominal value of US$1,000, allowing it to sell U.S. currency at Canadian dollar exchange rate of 1.1475 on June 30, 2015. As at March 31, 2014, the Corporation held foreign exchange contracts with a nominal value of US$4,200, allowing it to sell U.S. currency at Canadian dollar exchange rates ranging from 1.1290 to 1.0336, staggered from July 11, 2014 to March 31, 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 (see note 17 of the audited consolidated financial statements for the fiscal year ended March 31, 2015).

As at March 31, 2015, 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 $3,887 k [$3,113 k as at March 31, 2014].

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 18, 2015 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, 2015.

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, 2015.

Finally, there has been no change in the Corporation's internal control during the financial period beginning January 1, 2015 and ending March 31, 2015 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 18, 2015. Additional information can be found on the SEDAR website at www.sedar.com.

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