Management's Discussion and Analysis

D-BOX Technologies Inc.
Three-month period ended June 30, 2023

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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 three-month period ended June 30, 2023, by comparing them to the results of the corresponding period of the previous fiscal year. It also presents a comparison of the balance sheets as at June 30, 2023 and March 31, 2023.

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, 2023 and accompanying notes and the unaudited interim condensed consolidated financial statements of the three-month period ended June 30, 2023. Unless otherwise indicated, the terms "Corporation" and "D-BOX" refer to D-BOX Technologies Inc.

The unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2023, and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors of the Corporation on August 10, 2023. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

2. FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may include, among others, statements regarding the future plans, activities, objectives, operations, strategy, business outlook, and financial performance and condition of the Corporation, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on several assumptions which give rise to the possibility that actual results could differ materially from the Corporation's expectations expressed in or implied by such forward-looking information and no assurance can be given that any events anticipated by the forward-looking information will transpire or occur, including but not limited to the future plans, activities, objectives, operations, strategy, business outlook and financial performance and condition of the Corporation.

Forward-looking information is provided in this MD&A for the purpose of giving information about Management's current expectations and plans and allowing investors and others to get a better understanding of the Corporation's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this MD&A is based on information available at the date hereof and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond the Corporation's control.

The risks, uncertainties and assumptions that could cause actual results to differ materially from the Corporation's expectations expressed in or implied by the forward-looking information include, but are not limited to: dependence on suppliers; concentration of clients; indebtedness; future funding requirements; access to content; global health crises; performance of content; distribution network; strategic alliances; competition; political, social and economic conditions; technology standardization; exchange rate between the Canadian dollar and the U.S. dollar; warranty, recalls and lawsuits; intellectual property; security and management of information; credit risk; reputational risk through social media; and dependence on key personnel and labour relations. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed under "Risk Factors" in the Corporation's annual information form for the fiscal year ended March 31, 2023, a copy of which is available on SEDAR at www.sedar.com. Except as may be required by Canadian securities laws, the Corporation does not intend nor does it undertake any obligation to update or revise any forward-looking information contained in the annual information form to reflect subsequent information, events, circumstances or otherwise.

The Corporation cautions readers that the risks described above are not the only ones that could have an impact on it. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems to be immaterial may also have a material adverse effect on the Corporation's business, financial condition or results of operations.

3. CORPORATE OVERVIEW

D-BOX is a leader in the design of haptic and immersive experiences. D-BOX creates and redefines haptic and immersive entertainment experiences by moving the body and sparking the imagination through motion, vibration and textures. D-BOX has collaborated with some of the best companies in the world to deliver new ways to enhance great content. Whether it's movies, TV series, video games, virtual reality, music, themed entertainment or professional simulation, D-BOX's motion technology creates a feeling of presence that makes life resonate like never before. Thanks to its unparalleled mastery of haptics, D-BOX offers the best possible synchronization of body movements with images and sound.

Three components produce unparalleled synchronized motion in perfect harmony with the images and sounds:

1. Software haptic effects are programmed as a track, frame by frame, in the case of linear content, or programmed as a library for interactive content based on the content's specific telemetry.

2. A haptic processor (or haptic controller) serving as an interface between the content (films, video games, music, wellness, simulation and training, VR experiences) and the D-BOX haptic system. This device can recognize the content being used or played, regardless of the source, and associate it with the appropriate D-BOX Haptic Code. It then enables the D-BOX haptic systems to be synchronized with the content.

3. The D-BOX haptic system, consists, amongst other things, of proprietary electromechanical actuators built into a seat, platform, or other type of equipment.

As at June 30, 2023, D-BOX had 100 employees compared with 92 employees as at June 30, 2022.

3.1 Business Strategy

The Corporation's operations are primarily conducted in two markets:

Entertainment Market

The entertainment market includes theatrical entertainment, including home theater location-based entertainment centres (i.e. theme parks, arcades, museums and planetariums), video game peripherals, including video gaming chairs, video game controllers and sim racing peripherals and accessories, and virtual reality ("VR") systems. D-BOX offers its products and services to the entertainment market through channel partners, including original equipment manufacturers ("OEMs"), integrators and value-added resellers and distributors. Key components of the Corporation's business strategy in the entertainment market are as follows:

- Continue to enhance and develop D-BOX's haptic motion technology in order to maintain our presence as a leader in seated haptic and immersive experiences;
- Enter into business partnerships with market leaders in these markets to integrate the D-BOX haptic experience in their products and to commercialize new products and applications;
- Expand and drive growth across all areas in the entertainment market;
- Continue to scale theatrical entertainment by extending existing capabilities and infrastructure;
- Develop new products and applications for use by consumers that will integrate the D-BOX haptic experience.

Simulation and Training Market

D-BOX offers its products and services to the simulation and training market either directly to the user or occasionally through channel partners, including original equipment manufacturers ("OEMs"), integrators and value-added resellers and distributors. Key components of the Corporation's business strategy in the simulation and training market are as follows:

- Continue to scale simulation and training by extending existing capabilities and infrastructure;
- Focus on operational excellence by controlling operating costs while continuing to provide leading haptic experiences.

4. FINANCIAL AND OPERATING HIGHLIGHTS

Highlights for the three-month period ended June 30, 2023

- Total revenues increased 47% from $7.1 million to $10.5 million compared to the previous year.
- Rights for use, rental and maintenance revenues increased 8% from $2.8 million to $3.0 million compared to the previous year.
- Revenues related to system sales increased 73% from $4.3 million to $7.5 million compared to the previous year.
- Profit increased from $0.03 million to $0.5 million compared to the previous year.
- Adjusted EBITDA* increased 109% from $0.6 million to $1.3 million compared to the previous year.
- Cash and cash equivalent was $3.9 million as at June 30, 2023 compared with $3.1 million as at March 31, 2023.

Three-month periods ended June 30 (in thousands of dollars)		
	2023	2022
Revenues	**10,491**	7,113
Profit	**496**	29
Adjusted EBITDA*	**1,257**	605
	As at June 30, 2023	As at March 31, 2023
Cash and cash equivalents	**3,881**	3,116

* See the "Non-IFRS Financial Performance Measures" in section 8.

5. OPERATING RESULTS

The following table shows selected significant financial information for the three-month period ended June 30, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30	
	2023	2022
Revenues	**10,491**	7,113
Gross profit excluding amortization*	**5,620**	4,291
Profit	**496**	29
Adjusted EBITDA*	**1,257**	605

* See the "Non-IFRS Financial Performance Measures" in section 8.

5.1 Revenues

The following table presents the revenue information for the three-month period ended June 30, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30			
	2023	2022	**Variation ($)**	**Variation (%)**
Revenues from				
System sales				
Entertainment	**4,543**	3,159	1,384	44%
Simulation and training	**2,937**	1,162	1,775	153%
Total System sales	**7,480**	4,321	3,159	73%
Rights for use, rental and maintenance	**3,011**	2,792	219	8%
TOTAL REVENUES	**10,491**	7,113	3,378	47%

For the three-month period ended June 30, 2023, revenue increased 47% to $10.5 million compared with $7.1 million for the same period in the previous year. The increase was due to the increase in system sales, driven by large increases in the entertainment and simulation and training markets. Simulation and training system sales increased by 153% to $2.9 million from $1.2 million for the same period in the previous year. The increase was driven by growth in the transportation industry. Entertainment system sales increased by 44% to $4.5 million from $3.2 million for the same period in the previous year. The increase is due to expansion and growth in sim racing which is partially attributable to strategic partnerships as well as increased spending in marketing, as well as organic growth of the sim racing global market.

Rights for use, rental and maintenance revenues increased 8% to $3.0 million, a new quarterly record, compared with $2.8 million for the same period last year. This growth is explained by the Corporation's increasing footprint in theaters, as well as a studio box office slate comparable to the same period last year.

5.2 Gross Profit

The following table reconciles gross profit to gross profit excluding amortization for the three-month periods ended June 30, 2023, and 2022:

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30	
	2023	**2022**
Revenues	**10,491**	7,113
Gross profit	**5,321**	3,963
Amortization related to cost of goods sold	**299**	328
Gross profit excluding amortization*	**5,620**	4,291
Gross margin excluding amortization*	**54%**	60%

* See the "Non-IFRS Financial Performance Measures" in section 8.

For the three-month period ended June 30, 2023, gross profit increased to $5.3 million from $4.0 million for the same period last year. The increase is explained by the growth of system sales revenues.

For the three-month period ended June 30, 2023, gross profit excluding amortization related to cost of goods sold increased to $5.6 million from $4.3 million for the same period last year. Gross margin excluding amortization decreased to 54% from 60% for the same period last year. The decrease in gross margin is due to the higher proportion (market mix) of system sales versus rights for use, rental and maintenance revenues during the period as compared to the same period last year. Rights for use, rental and maintenance revenues generate a higher margin than system sales.

5.3 Operating Expenses

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30		
	2023	**2022**	**Variation (%)**
Selling and marketing	**1,763**	1,546	14%
% of Revenues	17%	22%	
Administration	**1,603**	1,554	3%
% of Revenues	15%	22%	
Research and development	**1,160**	859	35%
% of Revenues	11%	12%	
Foreign exchange loss (gain)	**132**	(138)	(196)%
% of Revenues	1%	-2%	

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 three-month period ended June 30, 2023, selling and marketing expenses increased by 14% to $1.8 million (17% of revenues) compared with $1.5 million (22% of revenues) for the same period last year. The increase due primarily to a $125 thousand reduction in government assistance, as a result of changes in government programs, during the period as compared to the same period last year. The remaining increase is a result of marketing initiatives and participation in trade shows, business development events and travel focused on the entertainment and gaming markets.

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

For the three-month period ended June 30, 2023, administration expenses remained stable at $1.6 million (15% of revenues in 2023 and 32% of revenues in 2022).

Research and Development: Research and development expenses mainly include costs related to employees including share-based payments, amortization of property and equipment and intangible assets, other costs associated with enhancements to existing products, and the cost of adapting products to various international standards, less investment tax credits.

For the three-month period ended June 30, 2023, research and development expenses increased by 35% to $1.2 million (11% of revenues) from $0.9 million (12% of revenues) for the same period last year. The increase is a result of projects related to the next generation of actuators and software development.

Foreign Exchange Loss (Gain): Foreign exchange loss (gain) results primarily 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. Foreign exchange loss (gain) includes the change in fair value of derivative financial instrument related to foreign exchange.

For the three-month period ended June 30, 2023, foreign exchange loss amounted to $0.1 million compared with a foreign exchange gain of $0.1 million for the corresponding period last year. The foreign exchange difference was driven by the volatility of the Canadian dollar relative to the U.S. currency between the periods.

Government assistance: For the three-month period ended June 30, 2023, the Corporation recognized government assistance from various governmental entities in the amount of $0.04 million, compared to $0.16 million for the same period last year. Government assistance received on capital expenditures and deducted from the carrying amount of the internally generated intangible asset, D-BOX motion technology, amounted to $nil for the three-month period ended June 30, 2023 and 2022.

5.4 Financial Expenses

For the three-month period ended June 30, 2023, financial expenses net of interest income amounted to $0.2 million compared with $0.1 million for the same period last year.

5.5 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. Income tax expenses, when incurred, are related to D-BOX's international operations in different countries and different foreign rules of taxation.

5.6 Profit

Profit for the three-month period ended June 30, 2023, amounted to $496 thousand (basic and diluted profit of $0.002 per share) compared with $29 thousand (basic and diluted profit of $0.000 per share) for the same period last year.

6. QUARTERLY DATA

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

(Amounts are in thousands of Canadian dollars, except number of shares and per-share data)

	FY 2024	FY 2023				FY 2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rights for use, rental and maintenance	**3,011**	1,930	2,009	1,771	2,792	1,579	2,098	1,284
System sales	**7,480**	8,482	8,446	4,371	4,321	5,392	3,480	4,317
TOTAL REVENUES	**10,491**	10,412	10,455	6,142	7,113	6,971	5,578	5,601
Adjusted EBITDA*	**1,257**	648	491	38	605	972	402	150
Profit (loss)	**496**	(115)	(110)	(743)	29	238	(340)	(421)
Basic and diluted profit (loss) per share	**0.002**	(0.001)	(0.000)	(0.003)	0.000	0.001	(0.002)	(0.002)
(in thousands) **Weighted average number of common shares outstanding**	**220,227**	220,226	220,226	220,226	220,226	220,226	220,226	220,226

* See the "Non-IFRS Financial Performance Measures" in section 8.

7. LIQUIDITY, CAPITAL RESOURCES AND FINANCING SOURCES

The following table shows certain selected significant financial information from the consolidated balance sheets as at June 30, 2023 and March 31, 2023:

(Amounts are in thousands of Canadian dollars)

Information from the Consolidated Balance Sheets	As at June 30, 2023	As at March 31, 2023
Cash and cash equivalents	**3,881**	3,116
Inventories	**9,267**	9,966
Total assets	**26,658**	26,721
Total current liabilities	**12,862**	13,334
Total liabilities	**15,141**	15,827
Equity	**11,517**	10,894

Working capital increased $0.6 million to $9.0 million as at June 30, 2023, from $8.4 million as at March 31, 2023. This is due to a decrease in current liabilities during the period.

Current liabilities decreased $0.5 million to $12.9 million as at June 30, 2023. The variation is attributable to the decrease of accounts payable and accrued liabilities of $2.4 million, partially offset by the increase in the credit facility of $2.0 million. This variation, combined with the variation in long-term debt, explains the variation of total liabilities which decreased $0.7 million to $15.1 million as at June 30, 2023. As at June 30, 2023, long-term debt, including the current portion, stood at $3.7 million, versus $3.9 million as at March 31, 2023.

Equity increased $0.6 million to $11.5 million as at June 30, 2023, from $10.9 million as at March 31, 2023. The increase resulted mainly from the $0.5 million profit for the three-month period ended June 30, 2023.

The following table shows selected significant financial information for the three-month period ended June 30, 2023, compared with the corresponding period of the previous fiscal year:

(Amounts are in thousands of Canadian dollars).

Information from the Consolidated Statements of Cash Flows	Three-month periods ended June 30	
	2023	2022
Cash flows (used in) provided by operating activities	**(655)**	333
Cash flows used in investing activities	**(241)**	(330)
Cash flows provided by (used in) financing activities	**1,669**	(134)

For the three-month period ended June 30, 2023, net change in cash and cash equivalents totaled $0.8 million compared to $(0.1) million for the same period last year.

7.1 Operating Activities

For the three-month period ended June 30, 2023, cash flows used in operating activities totaled $0.7 million compared with cash flows provided by operating activities of $0.3 million for the same period last year. This $1.0 million variance in cash flow from operating activities is mainly attributable to changes in working capital. The payment of $2.3 million in accounts payable and accrued liabilities, offset by the sale of inventories and collection of accounts receivable balances during the period as compared to the same period the previous year.

7.2 Investing Activities

For the three-month period ended June 30, 2023, cash flows used in investing activities amounted to $0.2 million compared with $0.3 million last year.

7.3 Financing Activities

For the three-month period ended June 30, 2023, cash flows provided by financing activities amounted to $1.7 million compared with $0.1 million used in financing activities last year. The variance is due to proceeds used from the credit facility during the quarter to meet accounts payable obligations.

As at June 30, 2023, the effective interest rate of long-term debt was 6.95% (5.80% as at June 30, 2022). For the three-month period ended June 30, 2023, the interest expense on long-term debt charged to profit (loss) amounted to $0.1 million compared with $0.07 million for the same period last year.

8. NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Corporation uses three non-IFRS financial performance measures in its MD&A and other communications. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Corporation's performance. The three non-IFRS performance measures are described as follow:

1) EBITDA represents earnings before interest and financing, income taxes and depreciation and amortization. Adjustments to EBITDA are for items that are not necessarily reflective of the Corporation's underlying operating performance. As there is no generally accepted method of calculating EBITDA, this measure is not necessarily comparable to similarly titled measures reported by other issuers. Adjusted EBITDA provides useful and complementary information, which can be used, in particular, to assess profitability and cash flows from operations. The following table reconciles adjusted EBITDA to profit (loss):

(Amounts are in thousands of Canadian dollars)

	Three-month periods ended June 30	
	2023	**2022**
Profit	**496**	29
Amortization of property and equipment	**255**	248
Amortization of intangible assets	**191**	230
Financial expenses	**167**	106
Income taxes	**—**	7
Share-based payments	**16**	123
Foreign exchange loss (gain)	**132**	(138)
Adjusted EBITDA	**1,257**	605

2) Gross profit excluding amortization and gross margin excluding amortization are both used 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 reconciliation table in section 5.2).

9. FULLY DILUTED SHARE CAPITAL (AUGUST 10, 2023)

	Class A common shares
Class A common shares outstanding	220,226,573
Convertible instruments	
Stock-options outstanding	8,102,500
	228,329,073

10. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") STRATEGY

The Corporation is committed to conducting its business in an ethical, legal and socially responsible manner, with an ever more responsible approach by promoting, accelerating, and facilitating the integration of sustainable development principles into its business model.

ESG matters are interwoven with each other and must be addressed by all responsible corporate citizens. The Corporation recognizes that ESG has gained a greater importance among investors, policymakers, and other key stakeholders because it is seen as a way to safeguard businesses from future risks. The three pillars of ESG for D-BOX are as follows:

'E' or Environmental pertains to the Corporation's energy use, waste, pollution, and natural resource conservation;

'S' or Social looks at how the Corporation interacts with communities where it operates, and the Corporation's internal policies related to labour, diversity and inclusion policies, among others;

'G' or Governance relates to internal practices and policies that lead to effective decision making and legal compliance. ESG facilitates the Corporation's top-line growth in the long run, attracts talent, reduces costs, and forge a sense of trust amongst consumers.

D-BOX has taken a proactive approach by adopting policies and behaviours pertaining to environment and sustainability, wellbeing, diversity and ethics. These policies and behaviours are described in the Annual Information Form (AIF) dated May 31, 2023, which is available on www.sedar.com.

11. RISK AND UNCERTAINTIES

For a detailed description of risk factors associated with the Corporation, please refer to the "Risk Factors" section of the Corporation's Annual Information Form (the "**AIF**") dated May 31, 2023, which is available on www.sedar.com. The following update should be read together with such risk factors described in the 2023 AIF, which are hereby incorporated by reference.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting aims to provide reasonable insurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the three-month period ended June 30, 2023, 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.

13. OUTLOOK

According to a 2022 report by Research and Markets[1], the global haptics market is expected to reach US$28.1 billion by 2026. That represents a compound annual growth rate of 12.7%.

Although uncertainty remains around geopolitical, economic and supply chain risks, and although historically the Corporation's revenues have been cyclical, the Corporation expects its growth to continue throughout fiscal 2024. While D-BOX expects to build upon its leadership position in the theatrical market and established presence in simulation and training, the Corporation is also poised for growth in the sim racing and video gaming markets.

Entertainment Market

The size and growth potential for the entertainment market is promising and is expected to expand as consumers continue to go to entertainment venues and continue to buy video game and sim racing peripherals for their at home entertainment needs. Consumers are eager to get entertained with an enhanced and immersive experience as validated by the strong growth in entertainment revenues year over year.

In theatrical entertainment, D-BOX is renowned for the premium haptic theatrical experience that they offer moviegoers around the world. With the success of Mission Impossible – Dead Reckoning Part One subsequent to the period end, and upcoming blockbuster releases such as Gran Turismo, The Equalizer 3, and Hunger Games: The Ballad of Songbirds & Snakes, the outlook for the theatrical market is promising for fiscal 2024. The Corporation is focused on strengthening its leadership position in this market and expanding its theatrical footprint by more than 20% to 1,000 screens within the next two to three years.

For the themed entertainment market, a recent market study from Polaris Market Research[2] forecasts that global location-based entertainment market to grow 34% CAGR to reach US$21.4 billion by 2028.

Over the last few years, sim racing has transitioned from a niche game to a legitimate esport. Rising adoption of virtual training solutions for racing drivers to improve their driving skills is expected to be a key driver in the demand for racing simulators. With its haptic systems that are capable of reproducing textures, velocity, engine vibrations and dynamic vehicle motion, D-BOX has drawn the attention of several leading racing simulation partners who have chosen to integrate the D-BOX haptic systems into their simulators.

Following the launch of the first F1 Arcade location in London, U.K. last year, Kindred Concepts expects to open a second location in Birmingham, U.K. later this year, a location in Boston, Massachusetts, U.S.A. next year, and has plans for as many as 30 officially sanctioned F1 Arcade sim racing centres over the next four to five years. We expect these locations to be similar in size to the London location, which features 60 D-BOX-equipped racing simulators.

Also in sim racing, the multipurpose haptic platform developed in collaboration with RSEAT is now available for purchase as well as the Mercedes-Benz and Mercedes-AMG multipurpose motion platform; and the Trak Racer chassis to be equipped with five of D-BOX's new G5 actuators is expected to launch later this year. Each of these collaborations represent new revenue streams for D-BOX in fiscal 2024.

With approximately three billion gamers around the world[4], video gaming is an attractive market and could eventually become an important revenue contributor for D-BOX as its haptic products are integrated into video game and streaming hardware, of which the market is estimated to grow at over 20% CAGR to about $45 billion by 2024 according to Jon Peddie Research[5]. Gamers have long adopted basic haptics technology, with rumbles on video game controllers. Haptic cues make video gaming more immersive and realistic than ever before and can provide significant gameplay advantages through enhanced control and precision, opening a plethora of opportunities for D-BOX.

D-BOX's motion code is currently implemented in more than 100 curated PC games from major studio partners such as Ubisoft, Microsoft and more. While the list of D-BOX hand-coded games is expected to grow, for games that are not hand-coded, D-BOX's Adaptive Gaming mode provides haptic feedback based on users' inputs on their controllers, mouse or keyboard, vastly expanding the appeal of Motion 1 and D-BOX motion platforms to gamers.

Simulation and Training

The Simulation and Training market is estimated to grow 10% per annum to US$20 billion by 2027[3]. The business fundamentals for simulators remain strong driven by safety and prevention measures, increased skills and productivity, lower environmental footprint, and cost savings compared to training on planes and helicopters, heavy equipment trucks, and automobiles.

14. CONTINUOUS INFORMATION AND ADDITIONAL DISCLOSURE

This MD&A was prepared as at August 10, 2023. Additional information can be found on the SEDAR website at www.sedar.com.

The trademarks D-BOX, HAPTICODE, HAPTISYNC, FEEL IT ALL, MOVE THE WORLD, LIVE THE ACTION, HEMC and D-BOX MOTION CODE, whether in text or graphical form, are owned by the Corporation and in most cases are registered or in the process of being registered in Canada and in the countries or territories in which these trademarks are used.

All aspects of the D-BOX haptic effects are protected by copyright.