

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Nine-Month Periods Ended September 30, 2017 and 2016

This interim Management Discussion and Analysis (“MD&A”) is for the three and nine-month periods ended September 30, 2017 and 2016 and should be read in conjunction with Automodular Corporation’s unaudited interim consolidated financial statements for the three and nine-month periods ended September 30, 2017, prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts in the interim consolidated financial statements and MD&A are shown in Canadian dollars unless otherwise indicated. References to “Automodular” or to “the Company” refer to Automodular Corporation and its direct and indirect subsidiaries unless the content indicates otherwise.

Following the expiry of the Company’s commercial agreement with Ford on December 23, 2014, Automodular ceased operations at its two facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords. As of the date of this MD&A, Automodular has no active operations. The Company has retained two salaried employees.

Automodular Corporation’s common shares are traded on NEX, a separate board of the TSX Venture Exchange (“TSXV”). The shares are trading under the symbol “AM.H”.

THIRD QUARTER OVERVIEW

Automodular reports a net loss of \$(0.4) million or \$(0.03) per share in the third quarter of 2017 compared to a net loss of \$(0.1) million or \$(0.01) per share in the same quarter of 2016. Results for the current quarter of 2017 include administrative costs and costs associated with the ongoing legal claim against General Motors Company and General Motors of Canada Ltd. (“GM”). The loss is higher than in the third quarter of 2016 because of the increase in legal costs as the litigation is getting closer to trial. In addition, during 2016 the Company recorded a recovery of cost of sales as a result of the successful mitigation of previously recorded obligations related to the Oakville operations. There were no similar items in 2017.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Net cash of \$1.4 million was used by operating activities in the current year-to-date period. In the same period of 2016, \$0.1 million in net cash was provided by operating activities, largely due the receipt of an income tax refund totaling \$1.4 million . As previously noted, Automodular’s operations ceased in December 2014.

Investing activities

Cash provided by investing activities of \$0.2 million was consistent in the nine-month period ended September 30, 2017 when compared to the same period of 2016.

Financing activities

During the third quarter of 2017, Automodular repurchased 3,800 shares under a normal course issuer bid.

During the three-month period ended September 30, 2016, Automodular repurchased 69,000 shares under a normal course issuer bid for total consideration of \$0.2 million, inclusive of fees and before taxes. During the nine-month period ended September 30, 2016, Automodular repurchased 519,300 shares under its normal course issuer bid programs.

Financing resources

Automodular’s cash on hand at quarter-end totaled \$32.6 million compared to \$33.8 million at the end of 2016. Automodular’s cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives.

Shareholders’ equity

Shareholders’ equity decreased from \$33.6 million at December 31, 2016 to \$32.5 million at September 30, 2017 due to the loss generated during the current year-to-date period.

Recap and Outlook

The forward-looking statements below are not historical facts but reflect the Company's current expectations regarding future results or events and are based on information currently available to management. Certain material factors and assumptions were applied in providing these forward-looking statements. Please review our forward-looking statement disclaimer at the end of this MD&A which includes a list of material factors and assumptions applied in providing these forward-looking statements.

Automodular's Q3 2017 results were in line with our expectations. We continue to expect our annualized cash expenditures for 2017 to be approximately \$2.0 million after tax with costs increasing in the fourth quarter as we prepare for trial.

As previously disclosed, Automodular commenced the Claim against GM and Inteva Products, LLC and Inteva Products Canada ULC (collectively, "Inteva") on May 13, 2011. The Claim relates to a contract (the "Contract") between GM and Automodular for the sequencing and sub-assembly of components and modules for the Chevrolet Camaro. By letter dated April 13, 2010, GM terminated the Contract effective September 20, 2010. GM then entered into a contract with Inteva for the same work that Automodular was performing under the Contract. Automodular alleges that GM's termination of the Contract was wrongful and in breach of the Contract. Automodular claimed \$20.0 million against GM for breach of contract and against Inteva for inducing breach of contract. Automodular also sought punitive damages in the amount of \$5.0 million. As previously disclosed, having obtained evidence from Inteva by way of the discovery process, on August 5, 2015, Automodular agreed to a dismissal of its claim against Inteva. There can be no assurance that the claim will be successful or that Automodular will recover any amounts from GM. In the event that Automodular is not successful in its claim against GM, it could be exposed to a claim for recovery of legal costs by GM.

The dates for our pre-trial conference and trial dates remain unchanged.

Our focus is unchanged. We are moving the GM litigation forward while actively containing costs. Our NCIB remains open and we will repurchase shares when considered prudent. We remain open to considering transactional opportunities to leverage our public company listing and cash balances.

The Board of Directors has elected to not declare a dividend in this quarter. The Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

FORWARD-LOOKING STATEMENTS

This MD&A contains statements which, to the extent that they are not recitations of historical fact, may constitute "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, financial and other projections, as well as statements regarding our future plans, objectives or performance, anticipated business development or our underlying assumptions. Words such as "may", "would", "could", "will", "likely", "estimate", "anticipate", "believe", "expect", "intend" or other similar expressions are intended to identify forward-looking statements. Such forward-looking statements, or forward-looking information, reflect management's beliefs, estimates and opinions regarding Automodular's future growth, results of operations, performance and business prospects and opportunities and are not guarantees of future results.

Specific forward-looking information in this document includes:

- that Automodular's cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives;
- that we continue to expect our annualized cash expenditures for 2017 to be approximately \$2.0 million after tax with costs increasing in the fourth quarter as we prepare for trial;
- that the dates for our pre-trial conference and trial dates remain unchanged;
- that we remain open to considering transactional opportunities to leverage our public company listing and cash balances; and,

- that the Company will continue to revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

By its nature, forward-looking information involves certain risks, uncertainties and other factors which may cause actual future results to differ materially from those expressed or implied in any forward-looking statements and include but are not limited to the following:

- our ability to secure ongoing operations through acquisition;
- our ability to identify, close and integrate acquisitions;
- our ability to finance new business requirements; and,
- our dependence on key personnel.

Persons reading this MD&A should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements are only estimates and that our actual future results or performance may be materially different due to inherent risks and uncertainties surrounding future expectations, assumptions not being realized, changes in facts or other unforeseen circumstances. Except as required by continuous disclosure obligations, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results, circumstances or otherwise.

ADDITIONAL INFORMATION

Additional information regarding the Company, can be found on the SEDAR website at www.sedar.com.

November 2, 2017