MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis ("**MD&A**") describes the operating and financial results of XPEL Technologies Corp., ("XPEL" or "Company") for the years ended December 31, 2015 and 2014.

The MD&A, prepared as of March 28, 2016, should be read in conjunction with the accompanying audited financial statements. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

Non-IFRS Measures

In addition to disclosing results in accordance with IFRS as issued by IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance.

Management uses EBITDA as a measure of company-wide performance. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Management believes EBITDA is a useful measure to allow period-to-period comparison of the Company's operating performance. EBITDA does not have a standardized meaning under IFRS and is not necessarily comparable to measures presented by other Companies. EBITDA excludes components that are significant in understanding and assessing our results of operations and cash flows. EBITDA does not represent funds available for Management's discretionary use and is not intended to represent cash flow from operations. EBITDA should not be considered a substitute for Net Income prepared in accordance with IFRS as issued by the IASB.

Constant Currency

The Company reports results in U.S. Dollars, but does business on a global basis. Exchange rate fluctuations affect the U.S. Dollar value for foreign currency revenue and expenses and may have a significant effect on reported results. Comparisons are made to the prior year in constant currency terms, which Management believes is helpful in understanding the Company's performance. Constant currency is calculated by converting current period results using the prior year currency exchange rates.

Forward-Looking Disclaimer

Certain statements in this MD&A contain forward-looking information within the meaning of applicable securities laws including, among others, statements made or implied under the headings "Results of Operations", "Liquidity and Capital Resources ", "Accounting Estimates", and "Risk Factors" relating to the Company's objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "believe", "expect", "may", "anticipate", "should", "intend", "estimates" and similar expressions.

This MD&A contains certain forward-looking statements in respect of various matters including upcoming events that involve known and unknown risks and uncertainties that are beyond the control of Management. Those risks and uncertainties include, among other things, risks related to: share prices, liquidity, creditworthiness, currency, lease rollover, insurance, dilution, ability to access capital markets, interest rates, dependence on key personnel and environmental matters. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available; however, Management can give no assurance that actual results will be consistent with these forward-looking statements. Factors and assumptions that were applied in drawing conclusions and could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, general economic conditions, changes in interest rates, changes in governmental regulations and the Company's ability to obtain adequate insurance and financing.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Except as required by law, the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements are made as of March 28, 2016.

Company Overview

XPEL Technologies Corp. ("XPEL"), a Nevada corporation, based in San Antonio, Texas, USA is a Canadian reporting issuer whose common shares trade on the TSX Venture Exchange ("TSXV") under the symbol DAP.U.

Description of the Business

The Company manufactures, sells and distributes, and installs after-market automotive products, including automotive paint protection film, headlight protection film, automotive window films and other related products.

In the United States, Canada and parts of Europe, the Company operates primarily by selling a complete turn-key solution directly to independent installers and new car dealerships which includes XPEL Protection Films, installation training, access to the Company's DAP Software, marketing support and lead generation.

Additionally, the Company operates five Company-owned installation centers that serve wholesale and/or retail customers in their respective markets.

In other parts of the world, the Company operates primarily through third party distributors, who operate under agreement with the Company to develop a market or a region under the Company's supervision and direction.

The Company has operations in the U.S., operates XPEL Ltd. in the United Kingdom, and operates XPEL Canada Corp. in Canada. The Company owns 85% of XPEL Ltd. and owns 100% of XPEL Canada Corp.

Overall Performance

The Company continues to see strong revenue growth as customer demand and consumer awareness for the Company's products continues to increase. The results from the Company's operations in the United Kingdom and particularly in Canada continue to be strongly impacted by the strength of the U.S. Dollar.

For the year ended December 31, 2015, net income was $1,470,669 but $2,268,079 at constant currency. (See Results of Operations below). The Company expects continued strength of the U.S. Dollar to impact IFRS net income going into 2016.

As discussed previously, the Company had a number of strategic objectives for 2015.

Current Strategic Objectives

1. **Get close to the Customer.** The Company believes it is able to create more value and generate higher margins the closer to the end customer it operates. The strategy manifests itself in a number of ways that continue to evolve, including:

    a) The Company desires to have a direct presence in international markets, which it has done through the acquisition of Parasol Canada to form XPEL Canada and the formation of XPEL Ltd. International operations allow the Company to serve its customers in key markets directly, with a consistent service and product offering. It also gives the Company more flexibility in dealing with challenges, such as those introduced by a complex foreign currency environment.

    b) The establishment of regional distribution centers allowing for just in time product availability at reasonable cost. The Company's customers are generally small and may not have, at all times, sufficient inventory on-hand to meet their needs. Having regional inventory available quickly and without costly express shipping charges is a tangible benefit for the Customers.

    c) The operation of regional installation centers which enable the Company to be directly engaged in local markets. With its direct presence, the Company is able to support additional sales, training and marketing resources for the benefit of all Customers in a given market.

2. **Engage in brand building and marketing expansion.** Through 2015, the Company has continued to increase its total marketing spend from little to a robust marketing budget that includes event sponsorship, print advertising and on-line advertising. Additionally, the Company has updated the majority of its marketing material to a consistent and fresh branding, with the final push to launch a new website in the fourth quarter. The Company has spent heavily in 2015 to provide new marketing material to its customers at little or no charge.

3. **Invest in technology to drive customer service and efficiency at scale.** The Company believes a heavy investment in technology will both create a better customer experience and also allow the Company to achieve more financial leverage at scale. Starting in 2014 and through 2015, the Company has undertaken an aggressive implementation of a global Enterprise Resource Planning (ERP) system, which continues to help the Company achieve more scale at lower cost while simultaneously giving Customers better information and better customer service.

Results of Operations

Three Months Ended December 31, 2015

Revenues. Revenues increased from $7,599,908 to $11,171,906, or 47% between the prior year period. The increase in revenues is primarily a result of increases in XPEL Protection Film sales. Revenues increased 51% over the prior year period to $11,495,375 on a constant currency basis.

Direct Costs. Direct Costs of sales increased $3,124,020 as compared to the prior year period and increased as a percentage of revenues from 69% to 75%. Direct costs include the costs of our physical goods, the costs related to our Design Access Program software, and the costs of labor directly associated with the production of product.

Expenses. General and administrative expenses increased 38% to $2,676,613 from $1,939,475 in the prior year period and decreased slightly as a percentage of sales to 24% of sales from 26% of sales in the prior year period.

Net income. The Company had net income before taxes of $108,377 compared to net income before taxes of $415,060 for the prior year period. The Company had a net loss of $200,004 for the period as compared to net income of $1,542,460 for the prior year period. Net Income was $14,243at constant currency.

EBITDA. The Company has EBITDA of $414,470 compared to EBITDA of $570,792 for the prior year period. On a constant currency basis, EBITDA increased 16% to $659,610 compared to the prior year period.

Year Ended December 31, 2015

Revenues. Revenues increased from $29,630,179 to $41,470,126, or 40% over the prior year. The increase in revenues is primarily a result of increases in XPEL Protection Film sales. Revenues increased 44% over the prior year to $42,745,953 on a constant currency basis.

Direct Costs. Direct Costs of sales increased $8,780,423 between periods and increased as a percentage of revenues from 69% to 70%. Direct costs include the costs of our physical goods, the costs related to our Design Access Program software, and the costs of labor directly associated with the production of product.

Expenses. General and administrative expenses increased 50% to $9,708,182 from $6,464,660 in 2014 and increased as a percentage of sales to 23% of sales from 22% of sales in the prior year period.

Net income. The Company had net income before taxes of $2,434,050 for 2015 as compared to net income before taxes of $2,752,642 in 2014. The Company had net income of $1,470,669 in 2015 as compared to net income of $3,070,117 in 2014. Net income decreased 26% as compared to 2014 to $2,268,079 on a constant currency basis. In 2014, the Company recognized a large one-time after-tax gain due to a change in tax estimate.

EBITDA. The Company has EBITDA of $3,550,048 compared to EBITDA of $3,272,524 for the prior year. On a constant currency basis, EBITDA increased 42% to $4,663,337 compared to the prior year.

EBITDA

The Company has provided a reconciliation of EBITDA to IFRS net income in the following table. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Management believes that EBITDA is a useful measure that facilitates period to period operating comparisons.

	Three Months Ended December 31 2015	Three Months Ended December 31 2014	Twelve Months Ended December 31 2015	Twelve Months Ended December 31 2014
Net Income	(200,004)	1,542,307	1,470,669	3,070,117
Interest	51,592	16,085	224,641	36,748
Taxes	308,381	(1,127,400)	963,381	(317,475)
Depreciation	74,228	38,997	244,216	137,487
Amortization	180,273	100,803	647,141	345,647
EBITDA	414,470	570,792	3,550,048	3,272,524

Summary of Quarterly Results

The financial information set out below presents the required financial information for the eight most recently completed fiscal quarters of the Company. Quarterly information below has been prepared under IFRS. Amounts are shown in $000's except for net income per share.

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenues	11,171.9	10,874.3	11,290.0	8,133.9	7,599.9	8,410.1	8,348.3	5,271.9
Net Income Before Taxes	108.4	602.1	950.7	778.2	414.9	726.2	967.2	644.3
Net Income	(200.0)	398.1	605.7	672.2	1,542.3	473.3	595.2	459.3
Net Income per Share	(.008)	0.015	.023	.026	.060	0.018	0.023	.018

Selected Annual Information

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues	$41,470,126	$29,630,179	$17,898,812	$10,670,838
Net income before income taxes	$2,434,050	$2,752,642	$2,034,268	$1,077,207
Net Income after taxes	$1,470,669	$3,070,117	$1,320,268	$1,162,207
Net income or loss (per share)	$.06	$.12	$.05	$.05
Net income or loss (fully diluted per share)	$.06	$.12	$.05	$.05
Total assets	$19,526,220	$12,608,177	$6,446,198	$5,395,678

Liquidity and Capital Resources

Cash flows provided by operating activities during the year ended December 31, 2015 were approximately $1,407,433. The cash flows provided by operations result from operating earnings of $1,470,669 with the addition of non-cash items of $1,052,823 and reduced by working capital changes of $1,116,059.

Cash flows used in investing activities during the year ended December 31, 2015 were $3,215,428 due to the purchase of property, plant and equipment of $450,448, the acquisition of intangible assets of $763,710, cash used in the acquisition of subsidiaries of $1,851,270, and cash used for acquiring additional minority interest of $150,000.

Cash flows provided by financing activities during the period were $3,301,185 due to $2,100,000 received as proceeds from the line of credit and $1,900,000 as proceeds from the bank loan. The funds were decreased $64,041 for the repayment of notes payable, $353,658 used for the repayment of the bank loan payable, and $281,116 for the repayment of the vendor loan.

The Company's net operating, investing and financing activities during the year ended December 31, 2015 increased cash by $1,493,190. This was negatively impacted by foreign exchange in the amount of $126,771, resulting in a net cash increase of $1,366,419.

Commitments & Related Party Transactions

At December 31, 2015, the Company had lease agreements for its current premises totalling approximately $358,699 for 2016 and approximately $589,694 in the four subsequent years.

A total of $572,684 (2014 - $661,984) in salaries and other short-term benefits were earned by key members of management as compensation, of which $526,567 (2014 - $620,758) is included as part of selling, general and administrative expense and $46,117 (2014 - $41,226) was capitalized into deferred development costs for design templates.

There were no related party transactions during 2015.

Disclosure Controls

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining its disclosure controls and procedures.

The CEO and CFO have concluded that the Company's disclosure controls and procedures were adequate and effective as at December 31, 2015 to ensure that the material information relating to the Company would have been known to them.

Share Capital

The Company is authorized to issue up to 100,000,000 common shares and 10,000,000 preferred shares. At December 31, 2015, the Company has issued 25,784,950 common shares of common stock and no preferred shares. As of the date of this filing, the Company has issued 25,784,950 common shares of common stock and no preferred shares.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial and Other Instruments

The Company's operations did not require the use of derivative financial instruments such as swaps, futures or hedging contracts, and the Company currently has no plans to use any of them in the foreseeable future.

Accounting Estimates

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant estimates made by the Company include determination of the useful life of property, plant and equipment and intangible assets, measurement of warranty provision, recognition of deferred tax assets and liabilities, valuation of intangible assets for impairment, fair value of financial instruments and the determination of the fair value of assets and liabilities relating to acquisition of a business.

Significant judgments in connection with these consolidated financial statements include the determination of the acquisition date of business combinations and determination of functional currency.

Recent Accounting Pronouncements Issued and Not Yet Applied

Certain pronouncements were issued by the IASB or the International Financial Reporting Standards Interpretations Committee ("IFRSIC") that are mandatory for accounting periods after December 31, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following has not yet been adopted and is being evaluated to determine its impact on the Company.

(a) IFRS 9 *Financial Instruments* was issued in final form in July 2014 by the IASB and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the adoption of this standard on its consolidated financial statements.

(b) In May 2014, IASB issued IFRS 15 Revenue from Contracts with Customers. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

(c) Effective for annual periods beginning on or after January 1, 2019, IFRS 16 Leases was issued by the IASB in January 2016 and will replace IAS 17 Leases. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. Earlier application is permitted only if the Company early adopts IFRS 15.

Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair Value

The carrying value of the Company's cash and cash equivalents, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. The notes payable and bank loan payable approximate their fair values as the contract rates approximate current market rates. The fair value of the note payable - vendor loan as of December 31, 2015 is $1,565,369 (2014 - $NIL), which is equivalent to the principal balance outstanding at year end.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and vendor and bank references. While the Company does not require collateral in respect of trade and other receivables, on certain product lines, the Company requires a valid credit card as back-up for any amount purchased on terms. The Company has no significant concentration of credit risk arising from customers. Out of total receivables of $3,450,407 (2014 - $2,287,342), net of allowance for doubtful accounts of approximately $65,000 (2014 - 90,000), past due receivables in excess of 90 days but not impaired as of the balance sheet date were approximately $41,000 (2014 - $50,000). The Company is actively pursuing its efforts to collect these receivables.

The Company has cash and cash equivalents. The Company's current policy is to invest excess cash in money market accounts in credit worthy banking institutions. The Company periodically monitors the accounts and is satisfied with the credit ratings of its banks.

Interest Rate Risk

The Company is exposed to interest rate risk since the Company's credit facilities are bearing interest at a variable rate (Note 8). If the interest rate had been one percent (1%) higher throughout the year ended December 31, 2015, the net loss would have increased by approximately $11,600 (2014 - $7,300). Interest rates for notes payable, bank loan payable and note payable-vendor loan are fixed.

Currency Risk

The Company's functional currency is the US dollar. Through its subsidiaries with foreign functional currencies, the Company is exposed to foreign currency risk. In respect of the monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level.

Additional Financing

Our ability to continue to maintain operating profitability and growth is dependent upon our ability to generate sufficient cash flows to meet our obligations on a timely basis and our ability to secure long-term financing as required. Additional financing may be required to develop the Company's products and services.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at December 31, 2015, the Company had a cash and cash equivalent balance of $2,840,549 (2014 - $1,474,130). The Company had the following contractual maturities and repayment obligations as at December 31, 2015:

Year	Bank indebtedness	Notes payable	Bank loan payable	Vendor loan	Total
2016	$ 3,000,000	$ 70,899	$ 597,420	$ 481,652	$ 4,149,971
2017	-	65,654	597,420	481,652	1,144,726
2018	-	45,730	446,262	481,652	973,644
2019	-	25,243	-	481,652	506,895
2020	-	-	-	120,413	120,413
	$ 3,000,000	$ 207,526	$ 1,641,102	$ 2,047,021	$, 895,649

All of the Company's accounts payable and accrued liabilities and current income taxes payable have contractual maturities of less than one year.

Additional Risk Factors

There are various risks associated with investing in the business of the Company including those described below that should be considered in conjunction with the other information included in this MD&A. There may be additional risks and uncertainties in addition to those listed below, including those that are unknown to the Company at this time or believed by the Company to be unimportant at this time that could, in the future, have a material adverse effect on the business, financial condition or results of operations of the Company.

Market Penetration

There can be no assurance that the Company can generate sufficient interest in its products to permit the Company to achieve its required level of market penetration. There are many products competing for the consumer's aftermarket products dollars and the Company may not be able to make its products a priority for consumers.

Demand for Company's Products

There can be no assurance that the Company will be able to maintain or increase demand for its products. Any significant shortfall of demand in relation to expectation for the Company's products would have an adverse impact on the Company.

Economic

The Company's sales are partially tied to the success of the automotive industry, specifically new car sales. While new car sales have recovered off their low during the recession, there is no guarantee current sales levels will continue. A decline in new car sales globally could negatively impact the Company's performance.

Competition

The Company is experiencing competition for its products. The Company continues to see new entrants in to the paint protection market and increased emphasis on the paint protection film marketplace from existing competitors. The Company believes it has significant competitive advantages through its database of products, proprietary product distribution software, training curriculum and facilities, and established sales channels; however the Company must continually upgrade and improve its products, or develop new products. The Company will be negatively affected if other products similar to those of the Company with similar or superior features at lower prices become available.

Vulnerability to Substitutes

The Company's products, once installed, are generally virtually invisible and without branding, allowing for substitution and bait-and-switch tactics by the installer base unbeknownst to the consumer. This could create a false negative perception of the Company's products if the substitutes are inferior in quality or reduce the return on the Company's sales and marketing activities if the quality is acceptable.

The Company's revenue is derived primarily from the sale of automotive paint protection film. Should alternative technologies provide suitable paint protection in another manner, or should automotive paint technology improve in a material fashion so as to not need protection, the market for the Company's products may diminish.

Reliance on Suppliers

The Company is dependent on its suppliers and partners, their knowledge, ability and equipment to continue to manufacture its paint protection film at sufficient quantities and of acceptable quality. The manufacture of paint protection film requires the use of equipment and facilities and other supply chain elements that are highly specialized and not widely available. As the Company's products advance technologically, the Company is increasingly more reliant on these suppliers and partners and their specialized technology. Any disruption to these facilities, relationships or to the supply chain could adversely affect the Company's ability to produce product. Suitable alternatives for the Company's suppliers, partners, production facilities or other supply chain elements may not exist or may not be available to the Company. Any disruption in the source of supplies, internally or externally, could adversely affect the Company's business.

Reliance on Raw Materials or Indirect Suppliers

The Company's suppliers are reliant on raw and finished materials from other suppliers that may be discontinued, on allocation, of questionable quality or suffer wild price fluctuations. These components may have few alternate suppliers. Due to the indirect nature of these suppliers, the Company may have limited visibility to these problems and may have limited ability to mitigate them. Additionally, due the indirect nature of the supplier, the Company may have little advance notice regarding supply disruptions or any other problems that ultimately affect the Company's business.

Susceptibility to Fluctuations and Structural Changes to the Automotive Industry

The majority of the Company's sales are ultimately targeted towards new cars. Should the sale of new cars decline for any temporary reason, such as: supply disruption, lack of credit availability or for any longer term reason such as: structure changes to the transportation industry due to self-driving cars, ride-sharing services or changing consumer preferences, the Company's sales may be impacted. If such changes are dramatic enough, it could materially impact the Company's sales or profitability.

Risk Associated with Intellectual Property

The Company sells a variety of products (both physical and electronic) that are applied and used in a variety of ways. The products sold, the manner in which they are used and the mechanisms by which they are applied may all potentially infringe on other's intellectual property. While the Company attempts to monitor such intellectual property filings and, where appropriate, protect its own, given the broad scope and nature of the products and their uses, it is not possible to guarantee prefect knowledge or interpretation of all intellectual property risks.

Reliance on Ability to Forecast and Manage Supply Chain

The company must accurately forecast and schedule production of its products. Due to lack of personnel, historical data or for other unforeseen circumstances it may not be possible to forecast demand accurately. This could result in the Company having incorrect inventory levels to meet demand, including inventory levels higher than needed which could create cash-flow challenges for the Company or inventory levels lower than needed which could inhibit the Company's ability to make sales and deliver product on-time and at the quantity requested. If the Company fails to meet customer demand for products, it may lose customers to competitors.

Key Personnel

The Company is currently heavily reliant on the experience and expertise of its senior management. If any of these should cease to be available to manage the affairs of the Company, its activities and operations could be adversely affected. In addition, the Company may require additional management employees to develop its business.

Challenge to Profitability

The Company has produced an operating profit since 2009. Prior to 2009, the Company produced consistent losses. The Company anticipates continued profitability; however, market opportunities may produce circumstances in the future where profitability is challenged or intentionally reduced to increase sales.

Fluctuations in its Quarterly Results

The Company may experience fluctuations in its quarterly operating results due to a number of factors, including the level of the Company's expenses, the degree to which the Company encounters competition in its markets, seasonality factors of the

automotive aftermarket industry and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Dividends

The Company does not anticipate paying dividends in the foreseeable future.

Additional Information

Additional information relating to the Company may be accessed on the Internet at www.sedar.com.

Cautionary Note

Some of the statements contained in this report are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.