

**XPEL TECHNOLOGIES CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS TO BE HELD ON  
JUNE 30, 2015**

**AND**

**MANAGEMENT INFORMATION CIRCULAR  
DATED MAY 15, 2015**

**XPEL TECHNOLOGIES CORP.**

618 W. Sunset Road, San Antonio, Texas 78216, U.S.A.  
Telephone: (210) 678-3700  
Facsimile: (210) 678-3701

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting of shareholders of **XPEL TECHNOLOGIES CORP.** (the “**Corporation**”) will be held on Tuesday, June 30, 2015 at the XPEL Corporate Headquarters, 618 W. Sunset, San Antonio, TX 78216 at 10 a.m. (San Antonio time) (the “**Meeting**”), for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2014, together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year. See “*Matters to be Considered at the Meeting – Election of Directors*” in the Management Information Circular of the Corporation dated May 15, 2015 (the “**Circular**”) for details;
3. to re-appoint Collins Barrow Toronto LLP as auditors of the Corporation and to authorize the Directors to fix their remuneration. See “*Matters to be Considered at the Meeting – Appointment of Auditors*” in the Circular for details;
4. to consider and, if thought appropriate, to pass, an ordinary resolution approving the Stock Option Plan of the Corporation. See “*Matters to be Considered at the Meeting – Approval of Stock Option Plan*” in the Circular for details; and
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

**Notice-and-Access**

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the Circular. The Corporation has decided to use the notice-and-access model for delivery of meeting materials to its registered and beneficial shareholders. Under notice-and-access, shareholders still receive a proxy or voting instruction form enabling them to vote at the Corporation’s meeting. However, instead of a paper copy of the Circular, the Corporation’s annual financial statements for the year ended December 31, 2014 (“**Annual Financial Statements**”) and associated management’s discussion and analysis (“**Annual MD&A**”) and additional materials, shareholders receive this notice with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and also will reduce the cost of printing and mailing materials to shareholders. **SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR PRIOR TO VOTING.**

Shareholders with questions about notice-and-access can call toll free at 1-866-393-4891.

**Websites Where Materials are Posted**

The Circular, Annual Financial Statements, Annual MD&A and additional materials can be viewed online on the Corporation’s pages on SEDAR at [www.sedar.com](http://www.sedar.com) as well as at the following internet address:

<https://noticeinsite.tmxequity.com/XPELAGSM2015>

### **Obtaining Paper Copies of Materials**

Shareholders may obtain paper copies of the meeting materials by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on SEDAR by: (a) faxing a request to the Corporation at +1 (210) 678-3701; (b) calling the Corporation toll free at 1-877-664-8948; (c) mailing a request to the Corporation, 618 W. Sunset Road, San Antonio, Texas 78216 Attention: Chief Executive Officer; or (d) sending a request through [investor@xpel.com](mailto:investor@xpel.com). In order to receive the Circular, Annual Financial Statements and Annual MD&A in sufficient time to allow for review and return of the proxy by the due date, a request for paper copies should be sent so that it is received by the Corporation no later than the end of business on June 10, 2015.

### **Voting**

Only shareholders of record at the close of business on **May 15, 2015** are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat.

**Shareholders are entitled to vote at the Meeting either in person or by proxy. If you are not attending the meeting, please sign, date and return the enclosed proxy (registered holders) or voting instruction form (beneficial holders).** If you or a person you designate plan to attend the meeting, you must appoint yourself or that person as proxy to have voting rights at the meeting.

*Registered holders:* All proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, TMX Equity Transfer Services<sup>1</sup>, Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, no later than 10:00 a.m. (Toronto time) on June 26, 2015 or the second last business day (excluding Saturdays and holidays) preceding any adjournment of the Meeting. Further information regarding voting for registered shareholders should be reviewed under the heading “*Appointment and Revocation of Proxies*” in the Circular.

*Beneficial holders:* Use the voting instruction form provided by the Corporation or your intermediary (bank, trust company or broker) and return it as early as practicable to ensure that it is transmitted on time. It must be received by your intermediary with sufficient time for them to file a proxy by the deadline noted above. Further information regarding voting for non-registered shareholders should be reviewed under the heading “*Advice to Beneficial Shareholders*” in the Circular.

**DATED** at San Antonio, Texas, the 15th day of May, 2015.

**BY ORDER OF THE BOARD**

(Signed) “*Ryan Pape*”  
Ryan Pape, Chief Executive Officer

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<sup>1</sup> TMX Equity Transfer Services is operating the transfer agency and corporate trust business in the name of Equity Financial Trust Company for a transition period.

**XPEL TECHNOLOGIES CORP.**

**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of **XPEL TECHNOLOGIES CORP.** (the “**Corporation**”) for use at the annual and special meeting of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation (the “**Meeting**”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The information contained herein is given as of May 15, 2015 except where otherwise indicated.

**PERSONS OR COMPANIES MAKING THE SOLICITATION**

This solicitation is made on behalf of the management of the Corporation. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made by regular officers and employees of the Corporation who will not be directly compensated therefore. The cost of solicitation by management will be borne directly by the Corporation.

In accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward proxy-related materials to certain beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. See “*Advice to Beneficial Shareholders*”.

**NOTICE-AND-ACCESS**

The Corporation is utilizing the notice-and-access mechanism that came into effect in February 2013 for distribution of this Management Information Circular to registered Shareholders and beneficial Shareholders. Notice-and-access allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the SEDAR website at [www.sedar.com](http://www.sedar.com) and one other website, rather than mailing paper copies of such materials to Shareholders

The Corporation anticipates that notice-and-access will directly benefit the Corporation through a substantial reduction in both postage and printing costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Registered Shareholders and beneficial Shareholders with questions about notice-and-access can call the Corporation toll free at 1-877-664-8948.

Registered Shareholders and beneficial Shareholders may obtain paper copies of this Management Information Circular and the Corporation’s annual audited financial statements for the financial year ended December 31, 2014 (“**Annual Financial Statements**”) and associated management’s discussion and analysis (“**Annual MD&A**”) by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on SEDAR by: (a) faxing a request to the Corporation at +1 (210) 678-3701; (b) calling the Corporation toll free at 1-877-664-8948; (c) mailing a request to the Corporation, 618 W. Sunset Road, San Antonio, Texas 78216 Attention: Chief Executive Officer; or (d) sending a request through [investor@xpel.com](mailto:investor@xpel.com). In order to receive the Management

Information Circular, Annual Financial Statements and Annual MD&A in sufficient time to allow for review and return of the proxy by the due date, a request for paper copies should be sent so that it is received by the Corporation no later than the end of business on June 10, 2015.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy furnished by the Corporation are officers and/or directors of the Corporation (the “**Management Designees**”). **A Shareholder has the right to appoint a person, other than the Management Designees to attend and act for him or her on his or her behalf at the Meeting.** To exercise this right, a Shareholder must strike out the names of the Management Designees and insert the name of his or her nominee in the blank space provided, or complete another proxy. Those Shareholders desiring to be represented at the Meeting by proxy must deposit their completed proxy with the Corporation’s Registrar and Transfer Agent, TMX Equity Transfer Services (“**Equity**”), Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, Fax: (416) 595-9593 by no later than 10:00 a.m. (Toronto time) on **June 26, 2015** or at least 48 hours before the time of any adjournment of the Meeting, excluding Saturdays, Sundays and holidays. A proxy must be signed by the Shareholder or by his or her attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer. A proxy is valid only at the Meeting in respect of which it is given or any adjournment of the Meeting.

**A Shareholder has the right to revoke an instrument of proxy given by it under NRS 78.355 (Nevada Revised Statutes). A Shareholder may revoke an instrument of proxy by depositing an instrument in writing executed by it or its attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.**

The close of business on May 15, 2015 is the record date for the determination of Shareholders who are entitled to notice of, and to attend and vote at, the Meeting (the “**Record Date**”).

### ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Only registered Shareholders of the Corporation or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders of the Corporation are “non-registered” or “beneficial” Shareholders because the Common Shares of the Corporation they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder (a “**Beneficial Shareholder**”) in respect of shares which are held either: (a) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Shareholder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)), of which the Intermediary is a participant.

Common Shares held by an Intermediary (or their agents or nominees) can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, Intermediary or their agents and nominees are prohibited from voting Common Shares for their clients. Each Beneficial Shareholder should therefore ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same**

**to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary well in advance of the Meeting.**

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of securities they own knowing who they are (called “**NOBOs**” for Non-Objecting Beneficial Owners). In accordance with the requirements of NI 54-101, the Corporation has elected to send proxy-related materials directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the meeting materials to each OBO, unless the OBO has waived the right to receive them.

### ***NOBOs***

The Corporation has decided to take advantage of those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to NOBOs of the Corporation who have not waived the right to receive such materials. As a result, NOBOs of the Corporation can expect to receive a voting instruction form (“**VIF**”) from the Corporation’s registrar and transfer agent, Equity. These VIFs are to be completed and returned to Equity following the instructions provided in the form. Equity will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs received by it. Should a NOBO of the Corporation wish to vote at the Meeting in person, the NOBO must, as set forth in the VIF, print their name in the Appointee box and return it to Equity. This will grant the NOBO the right to attend the Meeting and vote in person. NOBOs of the Corporation that wish to change their vote must, in sufficient time in advance of the Meeting, contact Equity to change their vote.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### ***OBOs***

In accordance with the requirements of NI 54-101, proxy-related materials will be distributed to the clearing agencies and Intermediaries for onward distribution to OBOs of the Corporation. Intermediaries are required to forward such materials to OBOs of the Corporation unless the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Information Circular to OBOs.

Generally, an OBO who has not waived the right to receive meeting materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Equity; or
- (b) more typically, be given a VIF which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own. Should an OBO of the Corporation wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary and print their name in the Appointee box which will grant the OBO the right to attend the Meeting and vote in person. OBOs of the Corporation should

carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. OBOs of the Corporation who wish to change their vote must, in sufficient time in advance of the Meeting, arrange with their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.

All references to Shareholders in this Circular and the accompanying form of Proxy and Notice are to Shareholders of record on the Record Date unless specifically stated otherwise.

### **VOTING AND EXERCISES OF DISCRETION BY PROXIES**

The proxy affords the shareholder an opportunity to instruct his or her proxy how to vote the shares registered in his or her name by completing the blanks on the proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted for or against or withheld from voting (including the voting on any ballot) in respect of each proposed resolution, as the case may be, and where a choice with respect to any matter to be acted upon has been specified in the proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxy, will vote in favour of all of the matters set out therein.**

The enclosed proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and any matters which may properly be brought before the Meeting. At the time of printing of this Management Information Circular, management of the Corporation is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Corporation consists of 100,000,000 of Common Shares and 10,000,000 preferred shares. As of the Record Date 25,784,950 Common Shares were issued and outstanding, with each share carrying the right to one vote.

At the Meeting, on a show of hands, every Shareholder holding Common Shares, present in person, shall have one vote and, on a ballot, every Shareholder holding Common Shares shall have one vote for each Common Share of which he or she is the holder.

Only Shareholders of record on the close of business on the Record Date, who either personally attend the Meeting or who complete and deliver a proxy in the manner and subject to the provisions set out under the heading "*Appointment and Revocation of Proxies*" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof. If the shareholder has transferred any of his or her shares after the Record Date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that the transferee owns the shares and demands, not later than ten days before the Meeting, the transferee shall be entitled to vote his or her shares at the Meeting.

The following table shows, as at the date hereof, each person who, to the knowledge of the Corporation's Directors or Executive Officers, beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation.

Name	Number of Voting Securities	Percentage of Outstanding Voting Securities <sup>(1)</sup>
Richard K. Crumly San Antonio, Texas	5,002,519 <sup>(2)</sup>	19.4%

Notes:

- (1) Based on 25,784,950 Common Shares issued and outstanding as at the date hereof.  
(2) 2,123,613 Common Shares are held by Adamas, LLC; 2,440,906 Common Shares are held by Carpe, LLC; and 325,000 Common Shares are held by Crumly Family Partners, Ltd.

### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as discussed elsewhere in this Management Information Circular, none of the Directors or Executive Officers of the Corporation, no proposed nominee for election as a Director of the Corporation, none of the persons who have been Directors or Executive Officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors except as described below.

All of the Directors and Officers of the Corporation may, in the future, hold options to acquire Common Shares pursuant to the stock option plan of the Corporation (the "**Stock Option Plan**"). At the Meeting, the shareholders will be asked to consider, and if thought appropriate, approve an ordinary resolution approving the Stock Option Plan for 2014. See "*Approval of Stock Option Plan*".

### EXECUTIVE COMPENSATION

#### COMPENSATION DISCUSSION AND ANALYSIS

##### Overview

The Board of Directors (the "**Board**") is responsible for determining the overall compensation strategy of the Corporation and administering the Corporation's Executive Compensation Program. As part of its mandate, the Board approves the appointment and remuneration of the Corporation's Executive Officers, including the Corporation's Named Executive Officers identified in the Summary Compensation Table. The Board is also responsible for reviewing the Corporation's compensation policies and guidelines generally.

##### Objectives of Compensation Program

It is the objective of the Executive Compensation Program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value, while at the same time keeping in mind that the Corporation currently has limited financial resources. It is the goal of the Board to endeavour to ensure that the compensation of Executive Officers is sufficiently competitive to achieve the objectives of the Executive Compensation Program. The Board gives consideration to the Corporation's long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual's performance and achievements. The Corporation's primary compensation policy is to pay for performance and accordingly, the performance of the Corporation and of the Executive Officers as individuals are both examined by the Board.



## **Role of Executive Officers in Compensation Decisions**

The Board receives and reviews recommendations of the Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the Executive Officers.

## **Compensation Review Process**

When determining compensation, including the assessment of the Corporation's Compensation Program, management and the Board reviews the compensation practices of companies in its selected peer group. Together with this comparative information, the Chief Executive Officer annually assesses the individual performance and development of each executive Officer and recommends to the Board the appropriate salary, annual incentive and long-term incentive for each individual. The Board then reviews those recommendations in conjunction with its own review of the Corporation's performance, executive performance and comparative data and discusses and approves the compensation package.

The Board does not set specific performance objectives in assessing the performance of the Chief Executive Officer and other Executive Officers; rather the Board uses its experience and judgment in determining an overall compensation package for the Chief Executive Officer and other Executive Officers. The Board assesses the performance of the Corporation and its Executive Officers relative to the Corporation's goals and objective and in relation to the performance of the Corporation's industry peer group.

## **Principal Components of Compensation Program**

The Executive Compensation Program is comprised of three principal components: base salaries, stock option plan, and incentive bonus compensation which are designed to provide compensation to effectively retain and motivate the Executive Officers to achieve the corporate goals and objectives. Other components of the Executive Compensation Program include perquisites and other personal benefits. Each component of the Executive Compensation Program is addressed separately below. The fixed element of compensation provides a competitive base of secure compensation required to attract and retain executive talent. The variable performance based compensation is designed to encourage both short-term and long-term performance of the Corporation.

### **Base Salaries**

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive Officer's primary duties and responsibilities and the level of skills and experience required to successfully perform his role. The Corporation intends to pay base salaries to its Executive Officers, including the Chief Executive Officer, that are competitive with those for similar positions within the Corporation's selected peer group. Salaries for Executive Officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries of the Executive Officers are not determined based on benchmarks or a specific formula. The Board determines the salary of the Chief Executive Officer. The Board considers, and, if thought appropriate, approves salaries recommended by the Chief Executive Officer for the other Executive Officers of the Corporation.

### **Incentive Bonus Compensation**

In addition to base salaries, the Corporation can award discretionary bonuses to Executive Officers. The bonus element of the Corporation's Executive Compensation Program is designed to retain top quality talent and reward both corporate and individual performance during the Corporation's last completed financial year. To determine bonus awards for Executive Officers, including the Named Executive Officers, the Board considers both the executive's personal performance and the performance of the Corporation relative to its peers. Named Executive Officers are eligible for discretionary bonus compensation payable should the Corporation reach certain revenue and/or net-income targets. The proposed bonus amounts and targets for Executive Officers are recommended by the Chief Executive Officer for review, discussion and approval by the Board of Directors.

## **Stock Option Plan**

A rolling incentive share option plan for Directors, Officers, key employees and consultants of the Corporation was most recently approved by the Shareholders of the Corporation at the annual and special meeting of the Shareholders held on July 30, 2014 (“**Stock Option Plan**”). The Stock Option Plan provides that options will be issued pursuant to option agreements (“**Option Agreements**”) which shall provide for the expiration of such options on a date not later than five (5) years after the issuance of such option. A maximum number of Common Shares equal to ten percent (10%) of the issued and outstanding Common Shares, from time to time, may be reserved for issuance under the Stock Option Plan provided that options may not be granted in any twelve (12) month period to an individual to purchase in excess of five percent (5%) of the then outstanding Common Shares unless disinterested shareholder approval is obtained. Options issued pursuant to the Plan shall have an exercise price determined by the Directors of the Corporation, provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc. (“**Exchange**”). The Directors of the Corporation have approved certain amendments to the Stock Option Plan, including, among other things, increasing the maximum term of such options granted under the Stock Option Plan from five (5) years after issuance to ten (10) years after issuance. Shareholders will be asked to consider, and if thought appropriate, approve the Stock Option Plan at the Meeting. See “*Approval of Stock Option Plan*” for additional information relating to the Stock Option Plan, including amendments thereto.

The executive compensation policy of the Corporation is determined with a view to securing the best possible talent to run the Corporation. Executive Officers expect to reap additional income from the appreciation in the value of the Common Shares they hold in the Corporation, including stock options. Options are awarded to Executive Officers in lieu of higher salaries.

The grant of stock options under the Corporation’s existing stock option plan is designed to give each option holder an interest in preserving and maximizing Shareholder value in the longer term and to reward employees for both past and future performance. Individual grants are determined by an assessment of an individual’s current and expected future performance, level of responsibilities and the importance of his position with and contribution to the Corporation.

Executive Officers, along with all of the Corporation’s Officers, Directors, employees, contractors and other service providers, are eligible to participate in the Stock Option Plan. The Stock Option Plan provides a long-term incentive designed to focus and reward eligible participants for enhancing total Shareholder return over the long-term both on an absolute and relative basis. The Stock Option Plan promotes an ownership perspective among the executives, encourages the retention of key executives and provides an incentive to enhance Shareholder value by furthering the Corporation’s growth and profitability. Participation in the Stock Option Plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the Stock Option Plan enables executives to develop and maintain a significant ownership position in the Corporation. This results in a significant portion of executive compensation being “at risk” and directly linked to the achievement of business results and long-term value creation.

Options are normally recommended by management and approved by the Board upon the commencement of an individual’s employment with the Corporation based on the level of their respective responsibility within the Corporation. Additional grants may be made periodically, generally on an annual basis, to ensure that the number of options granted to any particular individual is commensurate with the individual’s level of ongoing responsibility within the Corporation. In considering additional grants, a number of factors are considered including the number of options held by such individual, the exercise price and implied value of the options, the term remaining on those options and the total number of options the Corporation has available for grant under its Stock Option Plan.

## **Perquisites and Other Components**

Other components of compensation include perquisites and personal benefits as determined by the Board that are consistent with the overall compensation strategy. There is no formula for how perquisites or personal benefits are utilized in the total compensation package.

The Corporation does not provide any pension or retirement benefits to its Executive Officers.

### **Benchmarks**

Salaries of the Executive Officers are not determined based on benchmarks or a specific formula.

### **Compensation of Directors**

In designing a Compensation Program for non-executive Directors, the Board's objective is to ensure that the Corporation attracts and retains highly qualified, committed and talented Members of the Board with an extensive and relevant breadth of experience, as well as to align the interests of Directors with those of its Shareholders.

The Board sets the compensation of non-executive Directors and annually reviews such compensation and make such adjustments as it considers appropriate and necessary to recognize the workload, time commitment and responsibility of the Board and Committee Members and to remain competitive with Director compensation trends in Canada.

### **Risks Associated with Compensation Policies and Practices**

The oversight and administration of the Corporation's Executive Compensation Program requires the Board to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual meetings of the Board at which compensation related recommendations to the Board are formulated.

The Corporation's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its Shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) the Corporation's operating strategy and related compensation philosophy, (ii) the effective balance, in each case, between cash and equity mix, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance; and (iii) a multi-faceted approach to performance evaluation and compensation that does not reward an executive for engaging in risky behaviour to achieve one objective to the detriment of other objectives.

Based on this review, the Board believes that the Corporation's total Executive Compensation Program does not encourage Executive Officers to take unnecessary or excessive risk.

The Corporation does not prohibit the Named Executive Officers (as defined below) or the Directors of the Corporation from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such person. The Named Executive Officers and Directors have advised the Corporation that they have not entered into any such arrangements. To the extent that they subsequently enter into an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, their economic exposure to the Corporation, insider reporting laws in Canada provide that they must file a report disclosing the existence and material terms of the agreement, arrangement or understanding within five days of the event.

### **Compensation Governance**

The policies and practices adopted by the Board to determine the compensation of the Corporation's Executive Officers and Directors is described under "*Executive Compensation – Compensation Discussion and Analysis*". The Board has not established a compensation committee nor has it retained a compensation consultant or advisor at any time since the beginning of the Corporation's most recently completed financial year to assist the Board in determining compensation for any of the Corporation's Directors or Executive Officers.

### Named Executive Officers of the Corporation

Set out below are particulars of compensation paid to the following persons (the “**Named Executive Officers**”):

- (a) the Corporation’s Chief Executive Officer (“**CEO**”);
- (b) the Corporation’s Chief Financial Officer (“**CFO**”);
- (c) each of the Corporation’s three most highly compensated Executive Officers, other than the CEO and CFO, who were serving as Executive Officers at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 per year; and
- (d) any additional individuals for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an Officer of the Corporation at the end of the most recently completed fiscal year.

During the fiscal year ended December 31, 2014, the Corporation had three Named Executive Officers, namely Christen L. Coffee, the CFO, Timothy A. Hartt, the Corporation’s Chief Operating Officer (“**COO**”), and Ryan L. Pape, the CEO.

### Summary Compensation Table

The following table is a summary of compensation paid and/or earned to the Named Executive Officers for each of the Corporation’s three most recently completed fiscal years.

Name and Principal Position	Year	Salary (US\$)	Share-based Awards (US\$)	Option-based Awards (US\$)	Non-equity Incentive Plan Compensation (US\$)		Pension Value (US\$)	All other Compensation <sup>(2)</sup> (US\$)	Total Compensation (US\$)
					Annual Incentive Plans <sup>(1)</sup>	Long-Term Incentive Plans			
Christen L. Coffee, CFO	2014	134,250	Nil	Nil	28,624	Nil	Nil	Nil	162,874
	2013	126,750	Nil	Nil	23,659	Nil	Nil	Nil	150,409
	2012	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
Timothy A. Hartt, COO	2014	148,250	Nil	Nil	27,771	Nil	Nil	Nil	176,021
	2013	127,079	Nil	Nil	23,161	Nil	Nil	Nil	150,240
	2012	121,313	Nil	Nil	Nil	Nil	Nil	Nil	121,313
Ryan Pape, CEO	2014	176,250	Nil	Nil	75,158	Nil	Nil	Nil	251,408
	2013	159,000	Nil	Nil	59,359	Nil	Nil	Nil	218,359
	2012	150,000	Nil	Nil	Nil	Nil	Nil	Nil	150,000

Note:

- (1) Annual Incentive amounts for 2013 were earned for work performed in 2013 and were paid in 2014; incentives for 2014 were earned for work performed in 2014 and were paid in 2015.
- (2) None of the Named Executive Officers received perquisites, including property or personal benefits not generally available to all employees that in aggregate were worth \$50,000 or more, or were worth 10% or more of the Named Executive Officers’ total salary for the financial year ended December 31, 2014.

## Incentive Plan Awards

Named Executive Officers are eligible for discretionary bonus compensation payable should the Corporation reach certain revenue and/or net-income targets.

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year to each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (US\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (US\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (US\$)
Christen L. Coffee	Nil	Nil	Nil	Nil	Nil	Nil
Timothy A. Hartt	Nil	Nil	Nil	Nil	Nil	Nil
Ryan L. Pape	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Based on the closing price of the Common Shares on December 31, 2014 of \$3.14, being the last day the Common Shares traded on the Exchange during the financial year ended December 31, 2014.

### *Value Vested or Earned During the Year*

The value of incentive plan awards vested or earned during the most recently completed financial year for each Named Executive Officers are as follows:

NEO Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (US\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (US\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (US\$)
Chris Coffee	Nil	Nil	28,624
Tim Hartt	Nil	Nil	27,771
Ryan Pape	Nil	Nil	75,158

Notes:

1. This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
2. This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

### PENSION PLAN BENEFITS

The Corporation does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### DEFINED BENEFIT OR ACTUARIAL PLAN DISCLOSURE

The Corporation does not have any defined benefit or actuarial plans under which benefits are determined primarily by final compensation (or average final compensation) and years of service for the Executive Officers.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2014 with respect to the Common Shares that may be issued under the existing stock option plan.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (#)
Plan Category			
Equity Compensation Plans approved by Securityholders	Nil	Nil	2,578,495 <sup>(1)</sup>
Equity Compensation Plans not approved by Securityholders	Nil	Nil	Nil
Total	Nil	Nil	2,578,495

Note:

- (1) The Stock Option Plan is a rolling 10% stock option plan and accordingly the number of shares available for issuance at a certain date under such plan will be determined based on the number of Common Shares outstanding at that date. On December 31, 2014 the Corporation had 25,784,950 Common Shares outstanding.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into an employment agreement with Ryan Pape, the Corporation's Chief Executive Officer which provides that, in the event of a change in control, defined as: (i) the acquisition by one party of 40% or more of the Corporation; (ii) a change in at least two thirds of the Corporation's directors where such change was not solicited by the Corporation; (iii) a plan of liquidation of the Corporation; or (iv) an agreement for the sale of all or substantially all of the assets of the Corporation, Mr. Pape shall receive a one-time payment of \$115,000 within 60 days of such a triggering event.

Except as set out above, the Corporation has no other agreement, plan, contract or arrangement which provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

### DIRECTOR COMPENSATION

Directors who are not officers of the Corporation may be paid fees for their services as directors. In addition, directors are entitled to be reimbursed for their expenses for attending meetings of the Board of Directors and any committees thereof and are entitled to receive options under the Stock Option Plan.

The following table is a summary of compensation paid to the directors for the Corporation's most recently completed fiscal year.

Name <sup>(1)</sup>	Fee Earned (US\$)	Share-based Awards (US\$)	Option-based Awards (US\$)	Non-equity incentive plan compensation (US\$)	All other Compensation (US\$)	Total (US\$)
Mark Adams	36,250	Nil	Nil	Nil	Nil	36,250
John A. Constantine	36,250	Nil	Nil	Nil	Nil	36,250
Richard K. Crumly	36,250	Nil	Nil	Nil	Nil	36,250

Note:

- (1) Information for Ryan Pape, the Chief Executive Officer of the Corporation is provided under "Summary Compensation Table". Mr. Pape does not receive any compensation for acting as a director of the Corporation.

#### ***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year to each director of the Corporation.

Name <sup>(1)</sup>	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (US\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(2)</sup> (US\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (US\$)
Mark Adams	Nil	Nil	Nil	Nil	Nil	Nil
John A. Constantine	Nil	Nil	Nil	Nil	Nil	Nil
Richard K. Crumly	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Information for Ryan Pape, the Chief Executive Officer of the Corporation is provided under "Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards".
- (2) Based on the closing price of the Common Shares on December 31, 2014 of \$3.14, being the last day the Common Shares traded on the Exchange during the financial year ended December 31, 2014.

***Value Vested or Earned During the Year***

The value of incentive plan awards vested or earned during the most recently completed financial year for each Director of the Corporation are as follows:

<b>Name<sup>(1)</sup></b>	<b>Option-Based Awards – Value Vested During the Year<sup>(2)</sup> (US\$)</b>	<b>Share-Based Awards – Value Vested During the Year<sup>(3)</sup> (US\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (US\$)</b>
Mark Adams	Nil	Nil	Nil
John A. Constantine	Nil	Nil	Nil
Richard K. Crumly	Nil	Nil	Nil

Notes:

- (1) Information for Ryan Pape, the Chief Executive Officer of the Corporation is provided under “*Incentive Plan Awards – Value Vested or Earned During the Year*”.
- (2) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (3) This amount is the dollar value realized computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

### **ELECTION OF DIRECTORS**

For this forthcoming year, it is proposed that the Board of Directors of the Corporation (the “**Board**”) shall consist of four (4) members. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board at four (4) members for the next ensuing year.

Each director nominee will be elected on an individual basis and not as a member of a slate. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Common Shares are to be withheld from voting in the election of Directors.** Management does not contemplate that any of the nominees will be unable to serve as a director.

The term of office of each director will be from the date of the Meeting until the next annual meeting of the Corporation or until his successor is elected or appointed.

**Except where instructions are given to withhold from voting on the election of directors, the Management Designees will vote IN FAVOUR of the election of the nominees whose names are hereinafter set forth.**

The following table sets out the names of the management’s nominees for election as directors, the positions and offices which they presently hold with the Corporation, the length of time they have served as directors of the Corporation, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of voting shares of the Corporation which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Management Information Circular.



<b>Name and Country of Residence of Proposed Directors</b>	<b>Office or Position</b>	<b>Date Since Served as a Director</b>	<b>Principal Occupation for Previous Five Years <sup>(1)</sup></b>	<b>Number of Common Shares Beneficially Owned, or Controlled or Directed<sup>(2)</sup></b>
Mark E. Adams Austin, Texas	Director	June 2011	President and CEO, Sozo Global	2,110,406
John A. Constantine <sup>(3)</sup> Austin, Texas	Director	June 2010	Executive Officer, Director & Co-Founder, KindHealth	1,478,732
Richard K. Crumly <sup>(3)</sup> San Antonio, Texas	Director	June 2010	Independent Investor	5,002,519 <sup>(4)</sup>
Ryan L. Pape <sup>(3)</sup> San Antonio, Texas	Chief Executive Officer and Director	June 2010	Director and Officer of XPEL Technologies Corp.	1,363,602

**Notes:**

- (1) All Directors have held their respective occupations for at least the past five years.
- (2) The information as to shares beneficially owned or over which control or direction is exercised not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (3) Member of the audit committee.
- (4) See “*Voting Securities and Principal Holders Thereof*”. 2,123,613 Common Shares are held by Adamas, LLC; 2,440,906 Common Shares are held by Carpe, LLC; and 325,000 Common Shares are held by Crumly Family Partners, Ltd.

No proposed director is, or has been, within the 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Corporation) that:

- (a) was the subject of a cease trade order or similar order or an order that denied relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- (b) was subject to a cease trade or similar order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- (c) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITORS**

The management of the Corporation intends to nominate Collins Barrow Toronto LLP, Chartered Accountants for appointment as the auditors of the Corporation. Collins Barrow Toronto LLP were initially appointed as auditors for the Corporation on October, 2003.

**Unless such authority is withheld, the persons named in the enclosed form of Proxy intend to vote for the appointment of Collins Barrow Toronto LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year,** to hold office until the close of the next annual meeting of the Shareholders or until the firm of Collins Barrow Toronto LLP is removed from office or resigns, at a remuneration to be fixed by the Board.

#### **APPROVAL OF STOCK OPTION PLAN**

A rolling incentive share option plan for directors, officers, key employees and consultants of the Corporation was most recently approved by the Shareholders of the Corporation at the Annual and Special Meeting of Shareholders held on June 30, 2014. The policies of the TSX Venture Exchange (the “**Exchange**”) require that Rolling Plans be approved annually by the shareholders of listed issuers.

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options. The options shall have an expiry date not later than ten (10) years after the issuance of such option, subject to extension in certain circumstances where such date occurs in a blackout period. A maximum number of Common Shares equal to ten percent (10%) of the issued and outstanding Common Shares, from time to time, may be reserved for issuance under the Stock Option Plan provided that options may not be granted to any one individual to purchase in excess of five percent (5%) of the then outstanding Common Shares within a 12-month period (with additional restrictions in respect of options granted to consultants and persons retained to preform investor relations activities) . Options issued pursuant to the Stock Option Plan shall have an exercise price determined by the Board, provided that the exercise price shall not be less than the price permitted by the Exchange.

Subject to the particular provisions of the Stock Option Plan, options granted under the Stock Option Plan are non-transferable and expire not later than ten (10) years from the date of grant or three (3) months from the date the optionee ceases (other than be reason of death) to be an officer, director, employee or consultant of the Corporation, whichever comes first, unless the optionee was retained to provide investor relations activities in which case those options will expire after thirty (30) days from the date they cease to provide such activities. In the event of death of an optionee, options held by the estate of such optionee shall expire not later than ten (10) years from the date of grant or one (1) year from the date of ceasing to be an officer, director, employee or consultant of the Corporation due to death, whichever comes first.

The Shareholders of the Corporation will be asked to consider and if thought fit, approve an ordinary resolution to approve the Stock Option Plan. In order for the resolution to be passed, it must be approved by a simple majority of the votes cast by shareholders who vote in person or by proxy at the Meeting. **In the absence of contrary directions, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the

Stock Option Plan is as follows:

**“BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the Stock Option Plan of the Corporation in the form attached as Exhibit “C” to the management information circular of the Corporation prepared for the purpose of this meeting and dated May 15, 2015 (the “**Plan**”) be approved and adopted as the stock option plan of the Corporation;
2. the form of the Plan may be amended in order to satisfy the requirement or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation; and
3. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

#### **INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, management of the Corporation is not aware of any material interests, direct or indirect, of any director or executive officer of the Corporation, any proposed director of the Corporation, any shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliates of such persons, in any transaction since the beginning of the Corporation’s most recently completed fiscal year or in any proposed transaction which has materially affected or would materially affect the Corporation other than as set forth herein or previously disclosed by the Corporation.

#### **POTENTIAL CONFLICTS OF INTEREST**

Some of the directors and officers of the Corporation may also serve as directors and officers of other companies. Consequently, there exists a possibility for any such director or officer to be placed in a position of conflict. Each such director or officer is subject to fiduciary duties and obligations to act honestly and in good faith with a view to the best interests of the Corporation.

#### **MANAGEMENT CONTRACTS**

Management functions of the Corporation are generally performed by directors and senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## AUDIT COMMITTEE

### Audit Committee Charter

The Audit Committee of the Corporation is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures. The Audit Committee Charter is annexed hereto as Schedule "A".

### Composition of the Audit Committee

The Corporation's Audit Committee is comprised of three (3) directors. The audit committee of the Corporation during the past fiscal year was composed of John A. Constantine, Richard K. Crumly and Ryan L. Pape. All of the audit committee Members are "financially literate", as defined in National Instrument 52-110 – *Audit Committees* ("NI 51-110") and have the industry experience necessary to understand and analyze financial statements of the level of complexity of the Corporation, as well as the understanding of internal controls and procedures necessary for financial reporting. John A. Constantine and Richard K. Crumly are "independent", as defined in NI 52-110. Ryan Pape is not independent by virtue of being the Chief Executive Officer of the Corporation.

### Relevant Education and Experience

#### *John A. Constantine*

John is a co-founder and managing partner of two ambulatory surgical centers, a national employee benefits company and an international direct sales company with over 3,500 distributors, all based in Central Texas. John has co-founded eight companies in his career. He has substantial experience as a founder and executive of entrepreneurial ventures, primarily in the areas of healthcare, direct sales, and insurance.

John serves on the boards of two non-profit organizations, one of which is Small Business United, an organization that promotes the interests of small businesses on a national scale.

John graduated from the University of Texas at Austin with a Bachelor of Business Administration and a minor in Real Estate Development.

#### *Richard K. Crumly*

Rick Crumly has been investing in start-up companies and other entrepreneurial ventures for more than 30 years. Rick has been involved in ventures ranging from consumer products to telecommunications – from start-up to the transition to the public marketplace.

Rick also has years of experience investing in various real estate ventures, from raw land to developed properties. Rick also has interests in the timepiece and estate jewelry market.

Rick graduated from Trinity University in San Antonio with a Bachelor of Science.

#### *Ryan L. Pape*

Ryan serves as Corporation's Chief Executive Officer and has served in various other capacities in operations and technology within the company for over six years. Prior to joining the Corporation, Ryan was in technology consulting.

Ryan has a Bachelor of Science degree from the University of Texas at Austin.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed fiscal year, the Corporation has not relied on the De Minimis Non-Audit Services exemption contained in section 2.4 of NI 52-110 or any exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total amount of fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part. As the Corporation is a "venture issuer", the Corporation is relying on the exemptions provided by section 6.1 of NI 52-110 with respect to Part 3 – *Composition of the Audit Committee* and Part 5 – *Reporting Obligations*.

### **Pre-Approval Policies and Procedures**

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by the Corporation's external auditor, other than non-audit services where:

- (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of fees paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
- (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
- (iii) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals had been delegated by the Audit Committee, provided, the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

### **Exemption**

The Corporation is relying on the exemption provided by Part 6.1 of NI 52-110 for Venture Issuers which allows for an exemption from Part 3 (*Compensation of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 and disclosed in this Management Information Circular.

**External Auditor Service Fees including GST (by category)**

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

	<b>Year ended December 31, 2013</b>	<b>Year ended December 31, 2014</b>
	\$	\$
(a) Audit Fees <sup>(1)</sup>	67,845 CAD	87,000 CAD
(b) Audit Related Fees <sup>(2)</sup>	16,636 CAD	12,500 CAD
(c) Tax Fees <sup>(3)</sup>	Nil	Nil
(d) All Other Fees <sup>(4)</sup>	Nil	40,310 CAD

Notes:

- (1) Fees paid for services provided in auditing the Corporation's annual financial statements. The audit fee for 2015 has not yet been proposed by the auditors of the Corporation and is subject to review and approval by the Audit Committee.
- (2) Fees not included in "audit fees" that are billed by the auditors for the assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements, including the review of quarterly financial filings.
- (3) Fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning.
- (4) Fees billed by the auditors for products and services not included in the foregoing categories.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Canadian Securities Administrators have issued guidelines on corporate guidance disclosure for "venture issuers" as set out in Form 58-101F2 (the "**Disclosure**"). The Disclosure addresses matters relating to constitution and independence of Directors, the functions to be performed by the Directors of a company and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the eight (8) specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "B".

**INDEBTEDNESS OF OFFICERS AND DIRECTORS TO THE CORPORATION**

No current or former director, executive officer or employee of the Corporation or its subsidiaries and no nominee for election as director of the Corporation or any associates or affiliates thereof is, or has been at any time during the fiscal year ended December 31, 2014, indebted to the Corporation or any of its subsidiaries, nor has any person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on the Corporation's website at [www.xpel.com](http://www.xpel.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) or at <http://www.xpel.com/relations>. Financial information is provided in the Annual Financial Statements and Annual MD&A.

Copies of the Annual Financial Statements and Annual MD&A may also be obtained upon request by contacting Ryan Pape, Chief Executive Officer of the Corporation, at:

618 W. Sunset Road  
San Antonio, Texas 78216, U.S.A  
Telephone: (210) 678-3700  
Facsimile: (210) 678-3701

The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of the Corporation.

## **Schedule “A”**

### **AUDIT COMMITTEE CHARTER (the “Charter”)**

#### **Mandate**

The primary function of the audit committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and Shareholders, the Corporation’s systems of internal controls regarding finance and accounting, and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the audit committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The audit committee’s primary duties and responsibilities are to:

1. Serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control systems and review the Corporation’s Financial Statements;
2. Review and appraise the performance of the Corporation’s external auditors; and
3. Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

#### **Composition**

The audit committee shall be comprised of at least three Directors as determined by the Board of Directors, the majority of whom shall meet the legal requirements applicable to the composition of the audit committee. At least one Member of the audit committee shall have accounting or related financial management expertise. All Members of the audit committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Charter, the definition of “financially literate” is the ability to read and understand a set of Financial Statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s Financial Statements. The Members of the audit committee shall be elected annually by the Board of Directors at its first meeting following the annual Shareholders’ meeting.

#### **Meetings**

The audit committee shall meet with the frequency that the audit committee determines appropriate.

#### **Responsibilities and Duties**

To fulfil its responsibilities and duties, the audit committee shall:

##### *Documents/Reports Review*

1. Review and, if necessary, update the Charter annually.
2. Review the Corporation’s Financial Statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly Financial Statements), which are submitted to any governmental body, or to the public, including any certification, report, or review rendered by the external auditors.
3. Confirm that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s Financial Statements.



External Auditors

1. Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the audit committee as representatives of the Shareholders of the Corporation.
2. Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Corporation, consistent with the Independence Standards Board Standard 1 or succeeding policy.
3. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
4. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
5. Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for Shareholder approval.
6. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's Financial Statements.
7. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
8. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of fees paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (c) such services are promptly brought to the attention of the audit committee by the Corporation and approved prior to the completion of the audit by the audit committee or by one or more Members of the audit committee who are Members of the Board of Directors to whom authority to grant such approvals has been delegated by the audit committee. Provided the pre-approval of the non-audit services is presented to the audit committee's first scheduled meeting following such approval, such authority may be delegated by the audit committee to one or more independent Members of the audit committee.

**Financial Reporting Processes**

1. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
2. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

3. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
4. Review significant judgments made by management in the preparation of the Financial Statements and the view of the external auditors as to the appropriateness of such judgments.
5. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
6. Review any significant disagreement among management and the external auditors in connection with the preparation of the Financial Statements.
7. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
8. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

## Schedule “B”

### Statement of Corporate Governance Practices

The following description of the governance practices of the Corporation is provided in accordance with the guidelines of National Instrument 58-101, as set out in Form 58-101F2 (the “**Form 58-101F2 Guidelines**”). The Form 58-101F2 Guidelines address matters relating to constitution and independence of Directors, the functions to be performed by the Directors of a company and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Directors of the Corporation will continue to monitor the developments and the various changes to the proposed corporate governance guidelines and best practices and where applicable will amend its corporate governance guidelines accordingly.

#### **Form 58-101F2 Guidelines**

##### 1. Board of Directors

Disclose how the Board of Directors facilitates its exercise of independent supervision over management, including

- a. the identity of Directors that are independent, and
- b. the identity of Directors who are not independent, and the basis for that determination.

##### Response of the Corporation

The Board consists of four directors, of whom Mark E. Adams, John A. Constantine and Richard K. Crumly are independent. None of the independent directors has any direct or indirect material relationship with the Corporation (other than shareholdings) which could, in the view of the Corporation’s Board, reasonably interfere with the exercise of a director’s independent judgment. Ryan Pape is not independent by virtue of being the Chief Executive Officer of the Corporation.

##### 2. Directorships

If a Director is presently a Director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.

##### Response of the Corporation

None of the Corporation’s directors serve as a director for any other reporting issuer.

##### 3. Orientation and Continuing Education

Describe what steps, if any, the Board of Directors takes to orient new board Members, and describe any measures the Board of Directors takes to provide continuing education for Directors.

##### Response of the Corporation

Orientation and education of new members of the Board is conducted informally by management and members of the Board. The orientation provides background information on the Corporation’s history, performance and strategic plans. All new directors are provided with copies of the Corporation’s board and committee mandates and policies, the Corporation’s by-laws and other reference materials. Prior to joining the board, each new director will meet with the Chief Executive Officer of the Corporation. Such officer is responsible for outlining the business and prospects of the Corporation, both positive and negative, with a view to ensuring that the new director is properly informed to commence his duties as a director. Each new director is also given the opportunity to meet with the auditors and counsel to the Corporation.

4. Ethical Business Conduct

Describe what steps, if any, the Board of Directors takes to encourage and promote a culture of ethical business conduct.

Response of the Corporation

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. The Board has not adopted a formal written code of ethics. The Board is of the view that the requirements of the Audit Committee Charter and the ability of the members of the Board to reference outside professional advisors, facilitate the Corporation meeting ethical business standards.

5. Nomination of Directors

Disclose what steps, if any, are taken to identify new candidates for the Board of Directors nomination, including:

- a. who identifies new candidates; and
- b. the process of identifying new candidates.

Response of the Corporation

Given the size of the Board and nature of development of the Corporation's business, the Board has not appointed a nomination committee or put in place formal procedures for the identification of new Board member candidates. All of the directors assess the composition of the Board and are responsible for identifying potential director nominees, with the goal of ensuring that the Board consists of an appropriate number of directors who collectively possess the competencies identified as being appropriate to the effectiveness of the Board as a whole. All directors are afforded an opportunity to propose nominees by communicating such recommendation to the Board as a whole.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the Directors and Chief Executive Officer, including:

- a. who determines compensation; and
- b. the process of determining compensation.

Response of the Corporation

Members of the Board may be compensated for acting as directors, through fees. In the future, members of the Board may also be compensated through equity-based compensation, including stock options or restricted share grants. Presently, no members of the Board have received any equity-based compensation. The Board as a whole is responsible for reviewing the Corporation's overall compensation strategy and determines the fees for each director taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations. Please see "*Executive Compensation – Compensation Discussion and Analysis*" for additional information regarding the role of the Board in determining compensation for directors and the Chief Executive Officer.

7. Other Board Committees

If the Board of Directors has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Response of the Corporation

The Board is satisfied that in view of the size and composition of the Board, it is more efficient and cost effective for the full Board to perform the duties that would be required by standing committees, other than the Audit Committee.

8. Assessments

Disclose what steps, if any, that the Board of Directors takes to satisfy itself that the Board of Directors, its committees, and its individual Directors are performing effectively.

Response of the Corporation

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. The Board considers individual director performance assessments are not warranted, given the Corporation's stage of development, the director's shareholdings and the required time commitment to the affairs of the Corporation. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

## Schedule "C"

### STOCK OPTION PLAN

#### XPEL TECHNOLOGIES CORP.

- PURPOSE:** The purpose of this stock option plan (the "**Plan**") of XPEL Technologies Corp. ("**XPEL**" or the "**Company**") is to encourage common stock ownership in the Company by directors, officers, employees and consultants of the Company or any Affiliate (as that term is defined in the *Securities Act* (Ontario)) (hereinafter referred to as "**Optionees**") who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company to attract and retain valued directors, officers, employees and consultants by granting options (the "**Options**" or "**Option**") to purchase common shares of the Company ("**Common Shares**") on the terms and conditions set forth in this Plan and any stock option agreements entered into between the Company and the Optionees ("**Option Agreements**") in accordance with the Plan.
- ADMINISTRATION:** The Plan shall be administered by the Board of Directors of the Company, or by a special committee of the directors appointed from time to time by the Board of Directors of XPEL (such committee or, if no such committee is appointed, the Board of Directors of XPEL, is the "**Board**"). No Member of the Board shall, by virtue of such appointment, be disqualified or ineligible to receive Options under this Plan. Subject to the provisions of the Plan, the Board shall have full authority to interpret the Plan and all Option Agreements entered into thereunder, and to make or rescind such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan. All determinations and interpretations of the Board shall be binding and conclusive. Each Option granted pursuant to this Plan shall be evidenced by an Option Agreement in writing, signed on behalf of XPEL and by the Optionee, in such form as the Board shall approve. Each such Option Agreement shall recite that it is subject to the provisions of this Plan.
- STOCK EXCHANGE RULES:** All Options granted pursuant to this Plan shall be subject to the rules and policies of any stock exchange(s) or exchange(s) upon which the Common Shares are then listed and any other regulatory body having jurisdiction (collectively, the "**Exchange**").
- SHARES SUBJECT TO OPTIONS:** Subject to adjustment in accordance with the provisions of this Plan, the securities to be offered under this Plan shall consist of Common Shares. The Board will make available that number of Common Shares for the purpose of the Plan that it considers appropriate except that the number of Common Shares that may be issued pursuant to the exercise of all Options under the Plan and under any other stock options of the Company shall not exceed 10% of the Common Shares issued and outstanding (on a non-diluted basis) at any time and from time to time. In the event that Options granted under the Plan, and under any other stock options of the Company which may be in effect at a particular time, are surrendered, terminate or expire without being exercised in whole or in part, the Common Shares subject thereto shall again be available for the purpose of this Plan.
- MAINTENANCE OF SUFFICIENT CAPITAL:** XPEL shall at all times during the term of the Plan reserve and keep available such numbers of Common Shares as will be sufficient to satisfy the requirements of the Plan.
- PARTICIPATION:** Directors, officers, consultants, and employees of XPEL or its Affiliates, and employees of a person or company which provides management services to XPEL or its Affiliates ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option Agreements, the time or times at which such Options shall be granted and vested, and the number

of Common Shares to be subject to each Option. In the case of employees or consultants of XPEL or its Affiliates, or Management Company Employees, the Option Agreements to which they are party must contain a representation of fact that such employee, consultant or Management Company Employee, as the case may be, is a *bona fide* employee, consultant or Management Company Employee of XPEL or its Affiliate.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option or Options if the Board shall so determine.

**7. TERMS AND CONDITIONS OF OPTIONS:** The terms and conditions of each Option granted under the Plan shall be set forth in written Option Agreements between the Company and the Optionee. Such terms and conditions shall include the following as well as other such provisions, not inconsistent with the Plan, as may be deemed advisable by the Board:

(a) **Number of Shares subject to Option to any one Optionee:** The number of shares subject to an Option shall be determined from time to time by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange. No single Participant shall be granted Options to purchase a number of Common Shares equaling more than 5% of the issued and outstanding Common Shares of the Company (on a non-diluted basis) in any 12-month period, unless the Corporation has obtained disinterested shareholders' approval in respect of such grant and meets applicable Exchange requirements. The aggregate number of Options granted to any one Consultant in any 12-month period shall not exceed 2% of the issued and outstanding Common Shares of the Company (on a non-diluted basis). The aggregate number of Options granted to all persons retained to provide investor relations activities in any 12-month period shall not exceed 2% of the issued and outstanding Common Shares of the Company (on a non-diluted basis) and such Options shall vest in stages over a period of not less than 12 months with no more than  $\frac{1}{4}$  of the Options vesting in any 3 month period.

(b) **Exercise Price:** The exercise price of any Common Shares in respect of which an Option may be granted under the Plan shall be determined by the Board, subject to Exchange approval at the time the Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. The exercise price of Options held by insiders of the Corporation may not be reduced, unless the Corporation has obtained disinterested shareholders' approval in respect of the same and meets applicable Exchange requirements.

(c) **Payment:** The full purchase price of the Common Shares purchased under the Option shall be paid in cash upon the exercise thereof. A holder of an Option shall have none of the rights of a stockholder until the Common Shares are issued to him. All Common Shares issued pursuant to the exercise of Options granted or deemed to be granted under the Plan, will be so issued as fully paid and non-assessable Common Shares. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Common Shares subject to an Option under this Plan, unless and until certificates for such Common Shares are issued to him or them under the terms of the Plan.

(d) **Term of Options:** Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option Agreement and shall be subject to earlier termination as provided in subparagraph (f) provided that the maximum term of any Option may not exceed 10 years.

(e) **Exercise of Options:** The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Common Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is exercised. An Option may be exercised in full or in part during any year of the term of the Option as provided in the written Option Agreement; provided however that except as expressly provided herein or as provided in any valid Option Agreement approved by the Board, no Option may be exercised unless that Optionee is then a director,

officer, consultant or employee of the Company or its Affiliates, or a Management Company Employee of the Company or its Affiliates. This Plan shall not confer upon the Optionee any right with respect to continuance as a Director, officer, employee, consultant or Management Company Employee of the Company or any Affiliate.

(f) **Termination of Options:** Any Option granted pursuant hereto, to the extent not validly exercised, and save as expressly otherwise provided herein, will terminate on the earlier of the following dates:

- (i) The date of expiration specified in the Option Agreement, being not more than ten (10) years after the date the Option was granted;
- (ii) Three (3) months after the date the Optionee shall cease to be a director, officer, consultant or employee of the Corporation or its Affiliates, or ceases to be Management Company Employee, for any reason (other than death), and only to the extent the Optionee was entitled to exercise it at the date of such cessation, unless such Optionee was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Optionee's services to the Company or its Affiliate; or
- (iii) One (1) year after the date of the Optionee's death during which period the Option may be exercised only by the Optionee's legal representative or the person or persons to whom the deceased Optionee's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Optionee would have been entitled to exercise it at the time of his death if the employment of the Optionee had been terminated by the Company on such date;

Notwithstanding the foregoing, in the event that the expiry date of an option occurs during a blackout period that is self-imposed by XPEL pursuant to its policies ("**Blackout Period**"), the expiry date of such Option shall be automatically extended for a period of 10 business days following the end of the Blackout Period.

(g) **Non-transferability of Options:** No Option shall be transferable or assignable by the Optionee other than by the laws of descent and distribution and shall be exercisable during his lifetime only by him.

(h) **Applicable Laws or Regulations:** The Company's obligation to sell and deliver stock under each Option is subject to such compliance by the Company and any Optionee as the Company deems necessary or advisable with all laws, rules and regulations of Canada and the United States of America and any Provinces and/or States thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the Common Shares which may be issued in exercise thereof by each stock exchange upon which the shares of the Company are listed for trading.

**8. ADJUSTMENT IN EVENT OF CHANGE IN STOCK:** Each Option shall contain uniform provisions in such form as may be approved by the Board to appropriately adjust the number and kind of securities covered by the Option and the exercise price of Common Shares subject to the Option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the Company's capitalization (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the Optionee by such Option, and the Option Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.



**9. AMALGAMATION, CONSOLIDATION OR MERGER:** If the Company amalgamates, consolidates or merges with or into another corporation, which it reserves the right to do, any Common Shares receivable on the exercise of an Option granted under the Plan shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Option Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

**10. APPROVALS:** The obligation of the Company to issue and deliver the Common Shares in accordance with the Plan is subject to any approvals which may be required from the shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Option exercise price paid to the Company will be returned to the Optionee.

**11. AMENDMENT AND DISCONTINUANCE OF PLAN:** Subject to regulatory approval, including approval of the Exchange, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

**12. EFFECTIVE DATE AND DURATION OF PLAN:** The Plan shall remain in full force and effect from the date of shareholder approval hereof and from year to year thereafter until amended or terminated in accordance with Paragraph 11 hereof and for so long thereafter as Options remain outstanding in favour of any Optionee.