

Management's Discussion and Analysis of Financial Conditions and Results of Operations

For the second quarter and six months ended June 30, 2016

All figures in US dollars

This Interim Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the second quarter and six months ended June 30, 2016 and the audited consolidated financial statements and MD&A as at and for the year ended December 30, 2015. This MD&A is based on reported earnings prepared in accordance with International Financial Reporting Standards ("IFRS"), using the US dollar as the reporting currency.

The Company's condensed consolidated interim financial statements have been prepared using the same accounting policies as described in Note 4 of the Company's audited consolidated financial statements for the year ended December 30, 2015. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

Quarterly reports, the annual report and supplementary information filed with the Canadian securities regulatory authorities can be found on-line at www.sedar.com, as well as on the Company's corporate Web site at www.dorel.com.

Note that there have been no significant changes with regards to the "Corporate Overview", "Operating Segments", "Contractual Obligations", "Off-Balance Sheet Arrangements", "Derivative Financial Instruments", "Critical Accounting Estimates" or "Market Risks and Uncertainties" to those outlined in the Company's 2015 annual MD&A as filed with Canadian securities regulatory authorities on March 23, 2016. As such, they are not repeated herein. The information in this MD&A is current as of August 4, 2016.

1. SIGNIFICANT EVENTS IN 2016

During the second quarter of 2016, in light of foreign exchange rates pressure, challenging markets and highly competitive conditions in the independent bicycle dealers (IBD) channel, Dorel Sports revised its assumptions on projected earnings and cash flow growth which resulted in total impairment losses on goodwill and intangible assets of \$55.3 million at Dorel Sports - IBD as set out in the "Operating results" commentary.

In order to simplify and focus its business to support and grow earnings, the Dorel Sports segment has begun restructuring activities in the third quarter of 2016. First, the distribution for the GT brand will be transferred to a third-party distributor in China, which is the actual route-to-market in many other countries for these brands. In addition, to better serve customers, the majority of Pacific Cycle's mass market and distribution operations will be relocated from Illinois to Savannah, Georgia by the end of 2016. Lastly, the three U.S. "Cannondale Sports" retail outlets will be exited. In total, restructuring actions will result in an approximate 4% reduction in Dorel Sports' global workforce. The total costs related to these restructuring initiatives are estimated at \$9.5 million, including \$4.2 million and \$1.7 million of non-cash inventory markdowns and accelerated depreciation of fixed assets, respectively, as well as \$2.3 million in severance and termination benefits and \$1.3 million in other associated costs. Commencing in 2017, the restructuring activities are expected to deliver annualized savings of \$5.0 million.

During 2015, Dorel Juvenile segment initiated restructuring activities which are now expected to continue into 2017. Chinese facilities will be made available for sale during 2016 and further opportunities for headcount reductions have been identified, principally in China. The total costs related to these restructuring initiatives are estimated at \$24.5 million, of which \$10.3 million has already been recorded in 2015, \$2.5 million was recorded in the first half of 2016 and \$11.7 million that represents the expected remaining costs (details set out in the "Operating results" commentary). The segment expects to realize annualized cost savings of approximately \$9.0 million once the restructuring is completed.

In the second quarter of 2016, following a jury verdict in Marshall, Texas that awarded net damages as Dorel's portion in a car seat case. The Company settled for an amount of \$19.0 million in net damages. As a result, the Company increased its product liability provision by \$19.0 million and its other receivables by \$12.0 million representing the insurance coverage. An expense of \$7.0 million was recorded in restructuring and other costs in the second quarter ended June 30, 2016.

2. OPERATING RESULTS

(All tabular figures are in thousands except per share amounts)

a) Non-GAAP financial measures

As a result of impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities incurred in both 2016 and 2015, the Company is including in this MD&A the following non-GAAP financial measures: "adjusted operating profit", "adjusted finance expenses", "adjusted income before income taxes", "adjusted income taxes expense", "adjusted net income", and "adjusted earnings per basic and diluted share". The Company believes that this results in a more meaningful comparison of its core business performance between the periods presented. These non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. Contained within this MD&A are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

b) Impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities

Reconciliation of non-GAAP financial measures

	Second quarters ended June 30									
	2016					2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
\$	%	\$	\$	%	\$	%	\$	\$	%	
TOTAL REVENUE	637,296	100.0	-	637,296	100.0	669,643	100.0	-	669,643	100.0
Cost of sales	486,734	76.4	-	486,734	76.4	519,406	77.6	-	519,406	77.6
GROSS PROFIT	150,562	23.6	-	150,562	23.6	150,237	22.4	-	150,237	22.4
Selling expenses	57,323	9.0	-	57,323	9.0	60,252	9.0	-	60,252	9.0
General and administrative expenses	56,193	8.8	-	56,193	8.8	52,279	7.8	-	52,279	7.8
Research and development expenses	8,331	1.3	-	8,331	1.3	9,319	1.4	-	9,319	1.4
Restructuring and other costs	7,182	1.1	(7,182)	-	-	174	-	(174)	-	-
Impairment losses on goodwill and intangible assets	55,341	8.7	(55,341)	-	-	-	-	-	-	-
OPERATING PROFIT (LOSS)	(33,808)	(5.3)	62,523	28,715	4.5	28,213	4.2	174	28,387	4.2
Finance expenses	10,378	1.6	(712)	9,666	1.5	10,566	1.6	(233)	10,333	1.5
INCOME (LOSS) BEFORE INCOME TAXES	(44,186)	(6.9)	63,235	19,049	3.0	17,647	2.6	407	18,054	2.7
Income taxes expense (recovery)	(5,542)	(0.8)	10,058	4,516	0.7	1,432	0.2	-	1,432	0.2
Tax rate	12.5%	-	-	23.7%	-	8.1%	-	-	7.9%	-
NET INCOME (LOSS)	(38,644)	(6.1)	53,177	14,533	2.3	16,215	2.4	407	16,622	2.5
EARNINGS (LOSS) PER SHARE										
Basic	(1.19)		1.64	0.45		0.50		0.01	0.51	
Diluted	(1.19)		1.64	0.45		0.50		0.01	0.51	
SHARES OUTSTANDING										
Basic - weighted average	32,345,352			32,345,352		32,322,011			32,322,011	
Diluted - weighted average	32,345,352			32,580,339		32,519,877			32,519,877	

The principal changes in net income from 2015 to 2016 are summarized as follows:

	Second quarters ended June 30		
	Change		
	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
Dorel Juvenile (decrease) increase	(5,263)	6,722	1,459
Dorel Sports (decrease)	(61,046)	55,627	(5,419)
Dorel Home Furnishings increase	5,062	-	5,062
OPERATING PROFIT (DECREASE)	(61,247)	62,349	1,102
Decrease in finance expenses other than the remeasurement of forward purchase agreement liabilities	667	-	667
(Increase) in remeasurement of forward purchase agreement liabilities	(479)	479	-
(Increase) in corporate expenses	(774)	-	(774)
Decrease (increase) in income taxes expense	6,974	(10,058)	(3,084)
NET INCOME (DECREASE)	(54,859)	52,770	(2,089)

The causes of these variations are discussed as part of the consolidated operating overview.

Reconciliation of non-GAAP financial measures

Six months ended June 30										
2016						2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	1,283,163	100.0	-	1,283,163	100.0	1,335,132	100.0	-	1,335,132	100.0
Cost of sales	982,548	76.6	-	982,548	76.6	1,039,320	77.8	-	1,039,320	77.8
GROSS PROFIT	300,615	23.4	-	300,615	23.4	295,812	22.2	-	295,812	22.2
Selling expenses	113,664	8.9	-	113,664	8.9	116,509	8.7	-	116,509	8.7
General and administrative expenses	107,813	8.3	-	107,813	8.3	108,435	8.2	-	108,435	8.2
Research and development expenses	16,600	1.3	-	16,600	1.3	17,831	1.3	-	17,831	1.3
Restructuring and other costs	10,119	0.8	(10,119)	-	-	1,091	0.1	(1,091)	-	-
Impairment losses on goodwill and intangible assets	55,341	4.3	(55,341)	-	-	-	-	-	-	-
OPERATING PROFIT (LOSS)	(2,922)	(0.2)	65,460	62,538	4.9	51,946	3.9	1,091	53,037	4.0
Finance expenses	21,056	1.7	(1,273)	19,783	1.6	18,941	1.4	168	19,109	1.5
INCOME (LOSS) BEFORE INCOME TAXES	(23,978)	(1.9)	66,733	42,755	3.3	33,005	2.5	923	33,928	2.5
Income taxes expense (recovery)	(2,068)	(0.2)	10,619	8,551	0.6	5,158	0.4	349	5,507	0.4
Tax rate	8.6%	-	-	20.0%	-	15.6%	-	-	16.2%	-
NET INCOME (LOSS)	(21,910)	(1.7)	56,114	34,204	2.7	27,847	2.1	574	28,421	2.1
EARNINGS (LOSS) PER SHARE										
Basic	(0.68)		1.74	1.06		0.86		0.02	0.88	
Diluted	(0.68)		1.73	1.05		0.86		0.01	0.87	
SHARES OUTSTANDING										
Basic - weighted average	32,339,292			32,339,292		32,321,825			32,321,825	
Diluted - weighted average	32,339,292			32,572,105		32,521,398			32,521,398	

The principal changes in net income from 2015 to 2016 are summarized as follows:

Six months ended June 30			
Change			
	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
Dorel Juvenile increase	1,182	8,570	9,752
Dorel Sports (decrease)	(67,354)	55,799	(11,555)
Dorel Home Furnishings increase	11,980	-	11,980
OPERATING PROFIT (DECREASE) INCREASE	(54,192)	64,369	10,177
(Increase) in finance expenses other than the remeasurement of forward purchase agreement liabilities	(674)	-	(674)
(Increase) in remeasurement of forward purchase agreement liabilities	(1,441)	1,441	-
(Increase) in corporate expenses	(676)	-	(676)
Decrease (increase) in income taxes expense	7,226	(10,270)	(3,044)
NET INCOME (DECREASE) INCREASE	(49,757)	55,540	5,783

The causes of these variations are discussed as part of the consolidated operating overview.

The detail of impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities recorded are presented below:

	Second quarters ended June 30		Six months ended June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Employee severance and termination benefits	482	(59)	2,186	(259)
Write-down of long-lived assets	-	-	424	-
Losses (gains) from the remeasurement and disposals of assets held for sale	(381)	-	(381)	-
Other associated costs	81	(365)	161	(365)
Total restructuring costs	182	(424)	2,390	(624)
Acquisition-related costs	-	598	729	1,715
U.S. car seat settlement	7,000	-	7,000	-
Total other costs	7,000	598	7,729	1,715
Total restructuring and other costs	7,182	174	10,119	1,091
Impairment losses on goodwill and intangible assets	55,341	-	55,341	-
<u>Finance expenses</u>				
Loss (gain) on remeasurement of forward purchase agreement liabilities	712	233	1,273	(168)
Total impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities before income taxes ⁽¹⁾	63,235	407	66,733	923
Total impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities after income taxes	53,177	407	56,114	574
Total impact on diluted earnings (loss) per share	(1.64)	(0.01)	(1.73)	(0.01)
⁽¹⁾ Includes non-cash amounts of:	55,672	233	56,657	(168)

Impairment losses on goodwill and intangible assets

During the second quarter ended June 30, 2016, difficult market and highly competitive conditions in the independent bicycle dealers (IBD) channel and the reality of challenging foreign exchange rates gave rise to the revision of assumptions on projected earnings and cash flow growth for Dorel Sports – IBD cash generating unit (CGU). As a result, goodwill impairment losses of \$36.9 million and impairment charges of \$18.4 million related to customer relationships were recorded (see details in Note 6 to the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2016).

Restructuring costs

As the restructuring activities Dorel Juvenile undertook in the third quarter of 2015 are continuing, the Company recorded total restructuring expenses of \$2.4 million during the six months ended June 30, 2016 principally related to Dorel Juvenile with small recovery amounts in Dorel Sports compared to recovery amounts of \$0.6 million related to Dorel Sports in the same period in 2015 (see details in Note 4 to the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2016).

The restructuring initiatives in Dorel Juvenile are now expected to continue into 2017. In addition to the small buildings vacated late 2015, other Chinese facilities will be made available for sale during 2016. Also, further opportunities for headcount reductions have been identified, principally in China. The total costs related to these restructuring initiatives are estimated at \$24.5 million, including \$11.4 million of non-cash charges related to write-downs of long-lived assets,

\$1.2 million of non-cash inventory markdowns, \$10.7 million of severance and termination benefits and \$1.2 million of other associated costs. Of the \$24.5 million cumulative expected charges, \$11.7 million are the remaining anticipated costs of which \$9.0 million are non-cash write-downs of long-lived assets and \$2.7 million represent employee severance and termination benefits.

Other costs

The Company incurred nil and \$0.7 million of acquisition-related costs for the second quarter and the six months ended June 30, 2016, respectively, compared to \$0.6 million and \$1.7 million in 2015 in connection with the acquisition of Dorel Juvenile China.

A net amount of \$7.0 million was recorded in other costs during the second quarter ended June 30, 2016 which represents the Company's settlement following a car seat case jury verdict as mentioned above.

Remeasurement of written put and forward purchase agreement liabilities

The remeasurement to fair value of the financial liabilities related to written put option agreements is recorded within other equity.

The financial liability related to Caloi being a forward purchase agreement liability, results in the remeasurement of the liability is accounted for as finance expenses.

c) Selected financial information

The tables below show selected financial information for the eight most recently completed quarters ended:

	2016		2015				2014	
	Jun. 30	Mar. 31	Dec. 30	Sep. 30	Jun. 30	Mar. 31	Dec. 30	Sep. 30
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	637,296	645,867	668,938	679,287	669,643	665,489	701,002	673,020
Net income (loss)	(38,644)	16,734	6,614	(8,757)	16,215	11,632	(80,749)	19,480
Per share - Basic	(1.19)	0.52	0.20	(0.27)	0.50	0.36	(2.50)	0.60
Per share - Diluted	(1.19)	0.51	0.20	(0.27)	0.50	0.36	(2.50)	0.60
Adjusted net income	14,533	19,671	14,116	15,469	16,622	11,799	10,993	23,771
Per share - Basic	0.45	0.61	0.44	0.48	0.51	0.37	0.34	0.74
Per share - Diluted	0.45	0.60	0.43	0.48	0.51	0.36	0.34	0.73
After-tax impact of impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities on the diluted earnings per share for the quarter	(1.64)	(0.09)	(0.23)	(0.75)	(0.01)	-	(2.84)	(0.13)

In the fourth quarter of 2014, the Company reported a net loss of \$80.7 million mainly explained by impairment losses, restructuring and other costs for net amounts of \$91.7 million. Adjusted net income for the fourth quarter of 2014 was \$11.0 million or \$0.34 adjusted diluted earnings per share ("EPS").

In the third quarter of 2015, the Company reported a net loss of \$8.8 million due to the impairment losses, restructuring and other costs for net amounts of \$24.2 million. Adjusted net income was \$15.5 million for the third quarter or \$0.48 adjusted diluted EPS.

During the second quarter of 2016, the Company reported a net loss of \$38.6 million due to impairment losses, restructuring and other costs for net amounts of \$53.2 million. Adjusted net income was \$14.5 million for the second quarter or \$0.45 adjusted diluted EPS.

d) Consolidated operating review

For the second quarter of 2016, revenue decreased by \$32.3 million, or 4.8%, to \$637.3 million. This compares to \$669.6 million posted a year ago. After removing the impact of foreign exchange rate variations, organic revenue declined by approximately 3.8%. When excluding the anticipated reduction in Dorel Juvenile China third party sales and the impact of foreign exchange rate variations, the decline in organic revenue was reduced to approximately 2.1% compared to 2015. For the six months ended June 30, 2016, revenue decreased by \$51.9 million, or 3.9%, to \$1,283.2 million compared to \$1,335.1 million last year. Organic revenue declined by approximately 2.2%, when removing the impact of foreign exchange rate variations and by approximately 0.7% when also excluding Dorel Juvenile China third party sales planned reductions.

For the second quarter and for the first six months of 2016, gross profit rose by 120 basis points to 23.6% and 23.4% respectively from the comparable periods last year. Margin improvement for the quarter was driven by Dorel Juvenile's production efficiencies, favourable purchasing initiatives and aligned pricing to better reflect current foreign exchange rate levels. All divisions in the Dorel Home Furnishings segment contributed to the margin increase which was achieved through on-line sales. Pacific Cycle and Caloi also contributed to the margin growth due to better product mix while Caloi's pricing better reflected the current Brazilian Real currency level. Despite the growth in Cannondale's market share during the first half of 2016, margin declines were reported in the Cycling Sports Group ("CSG") of the Dorel Sports segment due to the on-going discounting in the industry generated from excess inventories.

Selling expenses declined by \$2.9 million or 4.9% in the quarter and by \$2.8 million, or 2.4% year-to-date mainly driven by timing of expenses and lower marketing expenses in Dorel Sports partly offset by higher commission costs linked with Dorel Home Furnishings' sales growth. As a percentage of revenue, these expenses remained flat from last year's second quarter and slightly increased year-to-date by 0.2%.

General and administrative expenses rose by \$3.9 million, or 7.5% to \$56.2 million from last year's second quarter and increased by 1.0% as a percentage of revenue mainly from increased information technology spending in both Dorel Juvenile and Dorel Sports segments to support their respective operations. This increase was also attributable to higher corporate expenses related to unfavourable foreign exchange rate variations compared to prior year. For the six months ended June 30, 2016, these expenses decreased by \$0.6 million, or 0.6% to \$107.8 million and as a percentage of revenue remained comparable to the same period last year. The decline was mainly due to higher second quarter expenses being offset by costs savings generated during the first quarter of 2016 by Dorel Juvenile's restructuring plan.

Research and development expenses decreased by \$1.0 million, or 10.6% during the quarter and by \$1.2 million, or 6.9% for the first six months due to timing of Dorel Juvenile's projects which generated lower amortization of deferred charges in 2016.

The Company reported an operating loss of \$33.8 million for the quarter compared to an operating profit of \$28.2 million in 2015. Excluding the impairment losses, restructuring and other costs, adjusted operating profit rose by \$0.3 million to \$28.7 million. Year-to-date, the Company reported an operating loss of \$2.9 million compared to a profit of \$51.9 million in the prior year. Adjusted operating profit increased by \$9.5 million, or 17.9% to \$62.5 million compared to 2015. For both periods, this was mainly due to Dorel Home Furnishings' e-commerce growth with improved margins. Dorel Juvenile also contributed to this increase with adjusted pricing to reflect current foreign exchange levels, production efficiencies and favourable purchasing initiatives. This was partly offset by declines in Dorel Sports due to lower demand and its reduced margins from industry-wide discounting due to excess inventory.

Finance expenses decreased by \$0.2 million to \$10.4 million during the second quarter and increased by \$2.1 million to \$21.1 million year-to-date from 2015 periods. Both years' expenses include the non-cash and non-taxable amounts related to the remeasurement of forward purchase agreement liabilities with respect to the past business acquisition of Caloi which represented for the second quarter an expense of \$0.7 million compared to \$0.2 million in 2015. For the first six months, these amounts represented an expense of \$1.3 million and an income of \$0.2 million respectively. Adjusted finance expenses which exclude the remeasurement of forward purchase agreement liabilities decreased by \$0.7 million to \$9.7 million from prior year's second quarter and increased year-to-date by \$0.7 million to \$19.8 million from 2015.

Details of finance expenses are summarized below:

	Second quarters ended June 30				Six months ended June 30			
	2016	2015	Change		2016	2015	Change	
	\$	\$	\$	%	\$	\$	\$	%
Interest on long-term debt - including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	6,835	8,366	(1,531)	(18.3)	15,423	15,648	(225)	(1.4)
Remeasurement of forward purchase agreement liabilities	712	233	479	205.6	1,273	(168)	1,441	857.7
Amortization of deferred financing costs	341	214	127	59.3	825	341	484	141.9
Other interest	2,490	1,753	737	42.0	3,535	3,120	415	13.3
TOTAL REPORTED	10,378	10,566	(188)	(1.8)	21,056	18,941	2,115	11.2
Adjustment due to remeasurement of forward purchase agreement liabilities	(712)	(233)	(479)	(205.6)	(1,273)	168	(1,441)	(857.7)
TOTAL ADJUSTED	9,666	10,333	(667)	(6.5)	19,783	19,109	674	3.5

For the second quarter, interest on long-term debt decreased by \$1.5 million to \$6.8 million from the prior year's \$8.3 million due to lower average debt throughout the period which generated lower borrowing costs.

Though the 2016 year-to-date average interest rate on the Company's long-term borrowings was 5.4% compared with 4.7% in 2015, interest on long-term debt for the first six months decreased by \$0.2 million to \$15.4 million explained by the second quarter's lower average debt throughout the period offsetting increases reflected during the first quarter.

The Company reported a \$44.2 million loss before income taxes during the second quarter of 2016 compared to an income of \$17.6 million last year. Year-to-date, these amounts represented a loss of \$24.0 million and an income of \$33.0 million respectively. Excluding impairment losses, restructuring and other costs, the Company generated during the second quarter an adjusted income before income taxes of \$19.0 million which was comparable to 2015. Year-to-date, adjusted income before income taxes increased by \$8.9 million, or 26.0% to \$42.8 million from \$33.9 million in the comparable period.

During the second quarter of 2016, a net loss of \$38.6 million was recorded compared to a net income of \$16.2 million last year. Adjusted net income for the quarter declined by \$2.1 million, or 12.6% to \$14.5 million from \$16.6 million recorded in the second quarter of 2015. On an adjusted diluted EPS basis, this equates to \$0.45 compared to \$0.51 in 2015. During the first six months, the Company reported a net loss of \$21.9 million compared to a net income of \$27.8 million in 2015. Adjusted net income was \$34.2 million, an increase of \$5.8 million or, 20.3% from the \$28.4 million recorded in 2015. Adjusted diluted EPS basis was \$1.05 for the first six months of 2016 compared to \$0.87 in 2015.

As a multi-national company, Dorel is resident in numerous countries and therefore subject to different tax rates in those various tax jurisdictions and by the interpretation and application of tax laws, as well as the application of income tax treaties between various countries. As such, significant tax rate variations can occur from year to year and between quarters within a given year. During the second quarter and six months ended June 30, 2016, the Company's effective tax rates were 12.5% and 8.6% compared to prior year's 8.1% and 15.6% respectively. Excluding income taxes on impairment losses, restructuring and other costs, the adjusted tax rate for the quarter was 23.7% compared to last year's 7.9% and 20.0% for the first six months of 2016 against 16.2% in 2015. The main cause of the variation year-over-year is due to changes in the jurisdictions in which the Company generated its income, the non-deductible impairment of goodwill and the recognition of tax losses following a Canadian reorganization which occurred in the second quarter of 2015. Excluding the impact of impairment losses, the Company has stated that for the full year it expects its annual tax rate to be between 15% and 20%. However, variations in earnings across quarters mean that this rate may vary significantly between quarters.

e) Segmented operating review

Segmented figures are presented in Note 14 of the Company's condensed consolidated interim financial statements. Further industry segment detail is presented below:

Dorel Juvenile

Reconciliation of non-GAAP financial measures

	Second quarters ended June 30									
	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	238,982	100.0	-	238,982	100.0	264,919	100.0	-	264,919	100.0
Cost of sales	164,321	68.8	-	164,321	68.8	191,930	72.4	-	191,930	72.4
GROSS PROFIT	74,661	31.2	-	74,661	31.2	72,989	27.6	-	72,989	27.6
Selling expenses	27,845	11.7	-	27,845	11.7	27,850	10.5	-	27,850	10.5
General and administrative expenses	24,135	10.0	-	24,135	10.0	23,034	8.8	-	23,034	8.8
Research and development expenses	5,869	2.5	-	5,869	2.5	6,752	2.5	-	6,752	2.5
Restructuring and other costs	7,320	3.0	(7,320)	-	-	598	0.2	(598)	-	-
OPERATING PROFIT	9,492	4.0	7,320	16,812	7.0	14,755	5.6	598	15,353	5.8

	Six months ended June 30									
	2016					2015				
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	492,210	100.0	-	492,210	100.0	539,614	100.0	-	539,614	100.0
Cost of sales	344,516	70.0	-	344,516	70.0	395,184	73.2	-	395,184	73.2
GROSS PROFIT	147,694	30.0	-	147,694	30.0	144,430	26.8	-	144,430	26.8
Selling expenses	56,339	11.4	-	56,339	11.4	56,668	10.5	-	56,668	10.5
General and administrative expenses	44,418	9.1	-	44,418	9.1	49,195	9.1	-	49,195	9.1
Research and development expenses	11,540	2.3	-	11,540	2.3	12,922	2.4	-	12,922	2.4
Restructuring and other costs	10,285	2.1	(10,285)	-	-	1,715	0.4	(1,715)	-	-
OPERATING PROFIT	25,112	5.1	10,285	35,397	7.2	23,930	4.4	1,715	25,645	4.8

The principal changes in operating profit from 2015 to 2016 are summarized as follows:

	Change									
	Second quarters ended June 30					Six months ended June 30				
	Reported	%	Restructuring and other costs	Adjusted	%	Reported	%	Restructuring and other costs	Adjusted	%
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	(25,937)	(9.8)	-	(25,937)	(9.8)	(47,404)	(8.8)	-	(47,404)	(8.8)
Cost of sales	(27,609)	(14.4)	-	(27,609)	(14.4)	(50,668)	(12.8)	-	(50,668)	(12.8)
GROSS PROFIT	1,672	2.3	-	1,672	2.3	3,264	2.3	-	3,264	2.3
Selling expenses	(5)	-	-	(5)	-	(329)	(0.6)	-	(329)	(0.6)
General and administrative expenses	1,101	4.8	-	1,101	4.8	(4,777)	(9.7)	-	(4,777)	(9.7)
Research and development expenses	(883)	(13.1)	-	(883)	(13.1)	(1,382)	(10.7)	-	(1,382)	(10.7)
Restructuring and other costs	6,722	1,124.1	(6,722)	-	-	8,570	499.7	(8,570)	-	-
OPERATING PROFIT	(5,263)	(35.7)	6,722	1,459	9.5	1,182	4.9	8,570	9,752	38.0

Dorel Juvenile's second quarter revenue declined by \$25.9 million or 9.8% to \$239.0 million compared with \$264.9 million in 2015. Organic revenue decreased by approximately 8.2% after removing the impact of varying exchange rates year-over-year. When excluding planned reductions in third party sales at Dorel Juvenile China and the impact of foreign exchange rate variations, organic revenue declined by approximately 4.0%. The segment's revenue for the first six months was \$492.2 million compared to \$539.6 million in 2015, a decrease of \$47.4 million. Organic revenue, as described above, declined by approximately 6.3% and 2.6% when also removing Dorel Juvenile China's lower anticipated third party sales. For both periods, the decline in organic revenue was mainly attributable to lower sales in the European and U.S. markets. Overall sales in Latin America grew during the quarter and for the six months ended June 30, though there were declines in the Brazilian market due to its ongoing difficult economic and political conditions.

Gross profit for the second quarter rose by 360 basis points to 31.2% from 27.6% in 2015 and year-to-date by 320 basis points to 30.0% from 26.8% last year as pricing now better reflects current foreign exchange rates levels. The segment also benefitted from production efficiencies and favourable purchasing initiatives which more than offset the negative impact on margins of lower sales volumes, principally in Europe and the U.S.

Selling expenses of \$27.8 million for the second quarter and \$56.3 million for the six months remained flat compared to prior year periods. As a percentage of revenue, these expenses mainly increased from higher salary and fringe benefits costs to support future sales growth.

General and administrative expenses increased for the quarter by \$1.1 million or 4.8% and by 1.2% as a percentage of revenue explained by higher spending in information technology to support the segment's operations and from timing of expenses. Year-to-date, these expenses decreased by \$4.8 million, or 9.7% as cost savings generated in the first quarter of 2016 from the segment's restructuring activities in China, Europe and North America compared to prior year's first quarter offset the increase in second quarter.

Research and development expenses decreased by \$0.9 million during the quarter and by \$1.4 million year-to-date due to lower amortization of deferred charges linked to project timing.

Operating profit decreased for the quarter by \$5.3 million to \$9.5 million from last year due to the \$7.0 million U.S. car seat settlement incurred in the quarter. Excluding restructuring and other costs, adjusted operating profit increased by \$1.5 million, or 9.5% to \$16.8 million from the second quarter of 2015. This was due to improved margins, lower research and development expenses and to Dorel Juvenile China operation being a contributor to the segment's increased earnings partly offset by higher general and administrative expenses. Year-to-date, operating profit increased by \$1.2 million to \$25.1 million from the comparable period and adjusted operating profit increased by \$9.8 million or 38.0% to \$35.4 million. This growth was driven by improved margins and by costs savings generated by the segment's on-going transformation into a more fully integrated operation.

Dorel Sports

Reconciliation of non-GAAP financial measures

	Second quarters ended June 30									
	2016					2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	236,514	100.0	-	236,514	100.0	251,087	100.0	-	251,087	100.0
Cost of sales	187,673	79.3	-	187,673	79.3	194,460	77.4	-	194,460	77.4
GROSS PROFIT	48,841	20.7	-	48,841	20.7	56,627	22.6	-	56,627	22.6
Selling expenses	23,953	10.1	-	23,953	10.1	26,615	10.6	-	26,615	10.6
General and administrative expenses	18,044	7.7	-	18,044	7.7	17,706	7.1	-	17,706	7.1
Research and development expenses	1,608	0.7	-	1,608	0.7	1,651	0.7	-	1,651	0.7
Restructuring and other costs	(138)	(0.1)	138	-	-	(424)	(0.2)	424	-	-
Impairment losses on goodwill and intangible assets	55,341	23.4	(55,341)	-	-	-	-	-	-	-
OPERATING PROFIT (LOSS)	(49,967)	(21.1)	55,203	5,236	2.2	11,079	4.4	(424)	10,655	4.2

	Six months ended June 30									
	2016					2015				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	453,011	100.0	-	453,011	100.0	480,016	100.0	-	480,016	100.0
Cost of sales	356,672	78.7	-	356,672	78.7	369,929	77.1	-	369,929	77.1
GROSS PROFIT	96,339	21.3	-	96,339	21.3	110,087	22.9	-	110,087	22.9
Selling expenses	46,354	10.2	-	46,354	10.2	49,202	10.3	-	49,202	10.3
General and administrative expenses	36,343	8.1	-	36,343	8.1	35,754	7.4	-	35,754	7.4
Research and development expenses	3,180	0.7	-	3,180	0.7	3,114	0.6	-	3,114	0.6
Restructuring and other costs	(166)	-	166	-	-	(624)	(0.1)	624	-	-
Impairment losses on goodwill and intangible assets	55,341	12.2	(55,341)	-	-	-	-	-	-	-
OPERATING PROFIT (LOSS)	(44,713)	(9.9)	55,175	10,462	2.3	22,641	4.7	(624)	22,017	4.6

The principal changes in operating profit from 2015 to 2016 are summarized as follows:

	Change									
	Second quarters ended June 30					Six months ended June 30				
	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue
	\$	%	\$	\$	%	\$	%	\$	\$	%
TOTAL REVENUE	(14,573)	(5.8)	-	(14,573)	(5.8)	(27,005)	(5.6)	-	(27,005)	(5.6)
Cost of sales	(6,787)	(3.5)	-	(6,787)	(3.5)	(13,257)	(3.6)	-	(13,257)	(3.6)
GROSS PROFIT	(7,786)	(13.7)	-	(7,786)	(13.7)	(13,748)	(12.5)	-	(13,748)	(12.5)
Selling expenses	(2,662)	(10.0)	-	(2,662)	(10.0)	(2,848)	(5.8)	-	(2,848)	(5.8)
General and administrative expenses	338	1.9	-	338	1.9	589	1.6	-	589	1.6
Research and development expenses	(43)	(2.6)	-	(43)	(2.6)	66	2.1	-	66	2.1
Restructuring and other costs	286	67.5	(286)	-	-	458	73.4	(458)	-	-
Impairment losses on goodwill and intangible assets	55,341	-	(55,341)	-	-	55,341	-	(55,341)	-	-
OPERATING PROFIT (LOSS)	(61,046)	(551.0)	55,627	(5,419)	(50.9)	(67,354)	(297.5)	55,799	(11,555)	(52.5)

Dorel Sports second quarter revenue decreased by \$14.6 million, or 5.8% to \$236.5 million compared to \$251.1 million last year. After removing the impact of varying foreign exchange rates year-over-year, organic revenue declined by approximately 4.8%. This was mainly attributable to lower sales from CSG in North America as consumers shifted towards opening price point bikes. Partly offsetting this were increased sales to the European dealers compared to last year's second quarter due to the non-recurrence of higher sales in March 2015 in advance of an expected price increase in April 2015 which resulted in lower sales in the second quarter of 2015. Caloi's sales declined from the continued economic challenges in Brazil including foreign exchange rate pressures.

For the first six months of 2016, Dorel Sports revenue decreased by \$27.0 million, or 5.6% to \$453.0 million compared to last year's \$480.0 million. Organic revenue declined by approximately 3.7%, after removing the impact of varying foreign exchange rates year-over-year. CSG's sales declined due to timing of shipments in the first quarter compared to prior year and from lower demand of high-end bicycles in this year's second quarter. Caloi's lower sales in the second quarter were partly offset by its organic revenue increase in the first quarter, though in U.S. currency were lower than 2015 due to the weakening of the Brazilian Real.

Gross profit in the quarter declined by 190 basis points to 20.7% compared with 22.6% in 2015 and decreased by 160 basis points to 21.3% year-to-date. Though Cannondale's market share increased during the first half of 2016, continued industry-wide discounting due to excess inventories at the supplier and retailer levels adversely impacted the segment's margins. Caloi partly contributed in uplifting the segment's margins during the quarter and for the six months due to improved product mix and increased pricing to better reflect the current Brazilian Real currency level. Pacific Cycle margins increased from prior year's second quarter and year-to-date driven by improved product mix.

Selling expenses in the second quarter declined by \$2.7 million or 10.0% and by 0.5% as a percentage of revenue and for the first six months, also decreased by \$2.8 million or 5.8% and by 0.1% as a percentage of revenue. This was mainly attributable to a shift in timing of a portion of CSG's promotional expenses to the third quarter of 2016 and from lower marketing expenses in Pacific Cycle and Caloi.

General and administrative expenses slightly increased by \$0.3 million or 1.9% during the second quarter and by \$0.6 million, or 1.6% year-to-date mainly from increased professional fees and timing of expenses though management has continued applying controls over reducing operating expenses.

Research and development expenses remained flat during the second quarter and for the six months compared to 2015.

The segment reported an operating loss in the second quarter of \$50.0 million compared to a profit of \$11.1 million in 2015 due to the impairment losses on goodwill and intangible assets of \$55.3 million at Dorel Sports – IBD as previously mentioned. The segment recorded an adjusted operating profit, excluding impairment losses, restructuring and other costs of \$5.2 million, a decrease of \$5.4 million, or 50.9% from prior year. Year-to-date, the segment reported an operating loss of \$44.7 million compared to a profit of \$22.6 million last year and adjusted operating profit decreased by \$11.5 million, or 52.5% to \$10.5 million from \$22.0 million in 2015. Excluding impairment losses, restructuring and other costs, the quarter and year-to-date declines were mainly attributable to decreased sales from lower demand and reduced margins from discounting partly offset by reductions in selling expenses.

Dorel Home Furnishings

Second quarters ended June 30							
	2016		2015		Change		
	\$	% of revenue	\$	% of revenue	\$	%	% of revenue
TOTAL REVENUE	161,800	100.0	153,637	100.0	8,163	5.3	-
Cost of sales	134,740	83.3	133,016	86.6	1,724	1.3	(3.3)
GROSS PROFIT	27,060	16.7	20,621	13.4	6,439	31.2	3.3
Selling expenses	5,160	3.2	4,547	3.0	613	13.5	0.2
General and administrative expenses	7,299	4.5	6,473	4.1	826	12.8	0.4
Research and development expenses	854	0.5	916	0.6	(62)	(6.8)	(0.1)
OPERATING PROFIT	13,747	8.5	8,685	5.7	5,062	58.3	2.8

Six months ended June 30							
	2016		2015		Change		
	\$	% of revenue	\$	% of revenue	\$	%	% of revenue
TOTAL REVENUE	337,942	100.0	315,502	100.0	22,440	7.1	-
Cost of sales	281,360	83.3	274,207	86.9	7,153	2.6	(3.6)
GROSS PROFIT	56,582	16.7	41,295	13.1	15,287	37.0	3.6
Selling expenses	10,143	3.0	8,689	2.8	1,454	16.7	0.2
General and administrative expenses	14,344	4.2	12,576	3.9	1,768	14.1	0.3
Research and development expenses	1,880	0.6	1,795	0.6	85	4.7	-
OPERATING PROFIT	30,215	8.9	18,235	5.8	11,980	65.7	3.1

Second quarter revenue for Dorel Home Furnishings increased by \$8.2 million, or 5.3% to \$161.8 million compared with \$153.6 million posted a year ago. For the first six months, revenue increased by \$22.4 million or 7.1% to \$337.9 million from \$315.5 million in 2015. The segment's sales to on-line retailers in the second quarter and for the six months continue to drive revenue growth and respectively represented 43.0% and 42.5% of total segment sales compared to 34.0% and 32.5% respectively for the comparable periods in 2015. This growth exceeded reductions in sales through the brick and mortar channel. As a result of the segment's e-commerce growth, Dorel Home Furnishings is increasing its warehouse footprint in Savannah, Georgia.

Gross profit in the second quarter rose by 330 basis points to 16.7% from 13.4% in 2015 and for the year-to-date by 360 basis points to 16.7% from 13.1% in the prior year. For both periods, gross profit increased in all divisions as higher margins were attained through e-commerce distribution.

Operating expenses, consisting of selling, general and administrative, and research and development costs increased by 11.5% during the second quarter and by 14.3% for the six months due to higher commission expenses in line with the sales growth. As a percentage of revenue, these expenses also increased by 0.5% for both periods as additional information technology and administrative expenses were required to support e-commerce growth with slightly higher product liability costs.

Operating profit was \$13.7 million for the quarter and \$30.2 million year-to-date representing an increase of 58.3% and 65.7% respectively from the prior year. This was due to increased sales volume and improved margins partly offset by higher operating expenses.

3. LIQUIDITY AND CAPITAL RESOURCES

a) Statement of Financial Position

Certain of the Company's ratios are as follows:

	As at:		
	Jun. 30, 2016	Dec. 30, 2015	Jun. 30, 2015
Debt* to equity	0.52	0.50	0.59
# of days in receivables	63	61	63
# of days in inventory	104	102	118
# of days in payables	64	63	63

*Debt is defined as bank indebtedness plus long-term debt

Days in receivables as at June 30, 2016 remain comparable to prior year's second quarter. Inventories as at June 30, 2016 decreased by \$3.6 million or 0.6% to \$581.4 million from December 30, 2015 and declined by \$101.6 million or 14.9% from June 30, 2015. Inventory control priorities put in place allowed significant decrease of inventory levels in all three segments. The number of days in payables stayed at comparable levels from year-end and last year.

The increase in the debt to equity ratio as of June 30, 2016 from December 30, 2015 is a function of lower equity and slightly higher borrowings as traditionally the first two quarters require increased borrowings as the Company's cash flow generated from operating activities is weighted towards the second half of the year. The decrease in the debt to equity ratio as of June 30, 2016 from June 30, 2015, is explained by the significant reduction of the comparable debt levels.

Effective March 31, 2016, the Company amended the terms of its \$422.0 million revolving bank loans in order to extend the maturity from July 1, 2017 to July 1, 2018. In addition, effective June 8, 2016, the Company decreased the total availability of its revolving bank loans from \$422.0 million to \$415.0 million while increasing the availability to the accordion feature by the same amount.

As of June 30, 2016, the revolving bank loans and the Series "B" and "C" Senior Guaranteed Notes are secured by certain of the Company's trade receivables, inventories, property, plant and equipment and intangibles assets, with a carrying value of \$282.7 million, \$416.4 million, \$82.5 million and \$96.7 million, respectively. In addition, the non-convertible debentures are secured by certain inventories in the minimum amount of \$15.6 million (50 million BRL) and maximum of \$31.2 million (100 million BRL) and with first-ranking over certain property, plant and equipment, with a carrying value of \$25.9 million and \$8.9 million, respectively.

As of June 30, 2016, certain of the Company's bank lines of credit amounting to \$27.4 million are secured by trade receivables representing a carrying value of \$9.9 million.

As of June 30, 2016, Dorel was compliant with all of its borrowing covenant requirements and expects to be so going forward. The Company continuously reviews its cash management and financing strategy to optimize the use of funds and minimize its cost of borrowing.

b) Statement of Cash Flows

During the first six months of 2016, cash flow provided by operating activities was \$48.3 million compared to cash flow used by operating activities of \$69.5 million in 2015, an increase of \$117.8 million. For the second quarter only, the cash provided by operating activities increased by \$37.2 million compared to 2015. As explained above, inventory control improvements and management's focus on working capital efficiencies has driven the increase cash flow provided by operating activities compared to last year.

Net additions to property, plant and equipment and intangible assets were \$15.7 million in 2016 compared to \$26.0 million in 2015, a decrease of \$10.3 million due to less capital expenditures and an amount of \$3.0 million in net proceeds from disposal of underutilized assets in China that had been reclassified as assets held for sale in previous

quarters. The rest of the decrease is explained by an amount of \$5.5 million received during the first quarter of 2016 related to the purchase price reduction of the Dorel Juvenile China acquisition compared to a disbursement of \$1.7 million in 2015 corresponding to the balance of sale paid in connection with the acquisition of Intercycle in Chile.

Bank indebtedness plus long-term debt less cash and cash equivalents stayed at a comparable level as December 30, 2015. Between the periods of six months ended June 30, 2016 and 2015, the combined net decrease of the total borrowings less cash and cash equivalents was \$119.3 million mainly a result of the positive net changes in working capital balances.

4. CHANGES IN ACCOUNTING POLICIES

The following are amendments to standards applied by the Company in the preparation of the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2016.

- Annual Improvements to IFRSs 2012–2014 Cycle. Amendments were made to clarify the following in the standard:
 - Changes in method for disposal under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.
- Disclosure Initiative (Amendments to IAS 1, *Presentation of Financial Statements*).

Further information on these modifications can be found in Note 2 of the June 30, 2016 condensed consolidated interim financial statements.

5. FUTURE ACCOUNTING CHANGES

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory but not yet effective for the six months ended June 30, 2016 and have not been applied in preparing the condensed consolidated interim financial statements. The following standards and amendments to standards have been issued by the IASB with effective dates in the future that have been determined by management to impact the consolidated financial statements:

Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions

IFRS 15 – Revenue from Contracts with Customers

IFRS 9 – Financial Instruments

IFRS 16 – Leases

Further information on these modifications can be found in Note 3 of the June 30, 2016 condensed consolidated interim financial statements.

6. OTHER INFORMATION

The designation, number and amount of each class and series of its shares outstanding as of July 29, 2016 are as follows:

- An unlimited number of Class "A" Multiple Voting Shares without nominal or par value, convertible at any time at the option of the holder into Class "B" Subordinate Voting Shares on a one-for-one basis, and;
- An unlimited number of Class "B" Subordinate Voting Shares without nominal or par value, convertible into Class "A" Multiple Voting Shares, under certain circumstances, if an offer is made to purchase the Class "A" shares.

Details of the issued and outstanding shares are as follows:

Class A		Class B		Total
Number	\$('000)	Number	\$('000)	\$('000)
4,195,035	1,771	28,161,526	199,135	200,906

Outstanding stock options, Deferred Share Units, cash-settled Share Appreciation Rights and cash-settled Performance Share Units are disclosed in Note 10 to the Company's condensed consolidated interim financial statements. There were no significant changes to these values in the period between the quarter-end and the date of the preparation of this MD&A.

7. CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain statements included in this MD&A may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the Company's expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. As a result, the Company cannot guarantee that any forward-looking statement will materialize, or if any of them do, what benefits the Company will derive from them. Forward-looking statements are provided in this MD&A for the purpose of giving information about Management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this MD&A are based on a number of assumptions that the Company believed were reasonable on the day it made the forward-looking statements. Factors that could cause actual results to differ materially from the Company's expectations expressed in or implied by the forward-looking statements include: general economic conditions; changes in product costs and supply channels; foreign currency fluctuations; customer and credit risk including the concentration of revenues with a small number of customers; costs associated with product liability; changes in income tax legislation or the interpretation or application of those rules; the continued ability to develop products and support brand names; changes in the regulatory environment; continued access to capital resources and the related costs of borrowing; changes in assumptions in the valuation of goodwill and other intangible assets; and there being no certainty that the Company's dividend current policy will be maintained. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking statements are discussed in the Company's annual MD&A and Annual Information Form filed with the applicable Canadian securities regulatory authorities. The risk factors outlined in the previously-mentioned documents are specifically incorporated herein by reference.

The Company cautions readers that the risks described above are not the only ones that could impact it. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company's business, financial condition or results of operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.