

## **XPEL Reports Second Quarter Revenue Growth of 21% - Currency Adjusted Quarterly Net Income Grows 43% -**

San Antonio, TX – August 30, 2016 -- XPEL Technologies Corp. (TSXV: DAP.U), a leading supplier of automotive paint protection and window films, announced results for the second quarter and six months ended June 30, 2016.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, “We delivered solid second quarter results. Revenues for the quarter increased 21 percent and on a constant currency basis net income grew 43%. These results reflect the execution of our core ‘Get Close to the Customer’ strategy which allows us to more effectively control the delivery model and enhance our brand, while also enabling us to effectively leverage our distribution channels. A good example of this is the roll out of our window tint product line in November which now accounts for over 6 percent of sales.

“On the international front, we recently announced the addition of our Netherlands location to further strengthen our presence in Europe and advance our strategy to get closer to the end user. Europe is the epicenter of the luxury car market and moving closer to our customers there should enhance our global sales effort and our ability to meet demand while maximizing the development of our brand across all of Europe. In addition, we continue to see strength in Canada, as well as areas such as China and the Middle East.”

### **For the Quarter Ended June 30, 2016:**

*Revenue:* Revenue in the second quarter of fiscal 2016 was \$13.7 million, a 21% year over year increase compared to revenue of \$11.3 million in the prior year. On a constant currency basis, revenues increased 22% to \$13.8 million.

*Gross Margin:* Gross profit as a percentage of sales decreased to 28% from 30% in the second quarter last year. Direct costs include the costs of our physical goods, the costs related to our Design Access Program software, and the costs of labor directly associated with the production of product. Beginning this year, the Company has allocated more personnel cost to Direct Costs reflecting increased dedication of certain employees to the installation business. The effect of this revised methodology for the quarter was to increase direct costs by approximately \$0.3 million. Normalizing for the effect of the aforementioned personnel cost allocation methodology, gross margin for the quarter would have been 29%.

*Expenses:* Selling, general and administrative expenses were essentially flat on a dollar basis at \$2.4 million, but declined as a percentage of revenue to 18% as compared to 21% in the second quarter of 2015. Normalizing for the effect of the aforementioned personnel cost allocation methodology, selling, general and administrative expenses would have decreased as a percentage of sales to 20%.

*Net Income:* Net income for the fiscal 2016 second quarter was \$765,793 or \$0.030 per basic and diluted share based on 25,784,950 shares outstanding, compared with net income of \$605,653 or \$0.023 per basic and diluted share based on 25,784,950 shares outstanding, for the corresponding prior year period. On a constant currency basis, net income for the fiscal 2016 second quarter grew 43% to \$0.9 Million.

*EBITDA:* Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA) increased 30% to \$1.6 million as compared to EBITDA of \$1.2 million in the same prior year quarter. On a constant currency basis, EBITDA grew 38.1% to \$1.7 million.

#### **For the Six Months Ended June 30, 2016:**

*Revenue:* Revenue in the first six months of fiscal 2016 was \$25 million, a 29% increase as compared to revenue of \$19.4 million in the same period of fiscal 2015. On a constant currency basis, revenues increased 30% to \$25.3 million.

*Gross Margin:* Gross profit as a percentage of sales decreased to 28% as compared to 32% in the first half of 2015. Normalizing for the effect of the aforementioned personnel cost allocation methodology, gross margin for the quarter would have been 30%.

*Expenses:* Selling, general and administrative declined as a percentage of revenue to 19% as compared to 23% in the first six months of 2015. Normalizing for the effect of the aforementioned personnel cost allocation methodology, selling, general and administrative expenses would have decreased as a percentage of sales to 22%.

*Net Income:* Net income for the first six months of fiscal 2016 was \$1.5 million or \$0.057 per basic and diluted share based on 25,784,950 shares outstanding, compared with net income of \$1.3 million or \$0.050 per basic and diluted share based on 25,784,950 shares outstanding, for the corresponding prior year period. On a constant currency basis, net income for the fiscal 2016 first half was \$1.7 million.

*EBITDA:* EBITDA increased 24% to \$2.8 million as compared to EBITDA of \$2.3 million in the same prior year period. On a constant currency basis, EBITDA increased 36% to \$3.0 million in the first six months of 2016.

#### **Conference Call Information**

The Company will host a conference call to discuss the second quarter and six month results today, August 30, 2016 at 11:00 a.m. Eastern Time.

To access the live webcast, log onto the XPEL Technologies website at <http://www.xpel.com>, and click on "Investor Relations" under the "Company" header.

To participate in the call by phone, dial (877) 407-8033 approximately five minutes prior to the scheduled start time. International callers please dial (201) 689-8033.

A replay of the teleconference will be available until September 30, 2016 and may be accessed by dialing (877) 660-6853. International callers may dial (201) 612-7415. Callers should use conference ID: 13643979.

#### **About XPEL Technologies Corp.**

XPEL is the leading supplier of automotive paint and headlamp protection films with over 70,000 vehicle-specific applications and a worldwide network of trained installers. XPEL is the developer of the Design Access Program software, and manufacturer of XPEL™ Automotive Paint and Headlamp Protection Products. XPEL has forged the cutting-edge of automotive protection technology, and leads the industry in quality, technical support and customer service.

Additional information can be found on the Company's website at [www.xpel.com](http://www.xpel.com)

### **Safe harbor statement**

*This release includes forward-looking statements regarding XPEL Technologies Corp. and its business, which may include, but is not limited to, anticipated use of proceeds from capital transactions, expansion into new markets, and execution of the company's growth strategy. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "is expected," "expects," "scheduled," "intends," "contemplates," "anticipates," "believes," "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of XPEL. The forward-looking events and circumstances discussed in this release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the company, performance and acceptance of the company's products, economic factors, competition, the equity markets generally and many other factors beyond the control of XPEL. Although XPEL has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and XPEL undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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**XPEL TECHNOLOGIES CORP.**  
**Condensed Consolidated Statements of Income and Comprehensive Income**  
(Expressed in United States Dollars)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenue</b>	\$ 13,661,356	\$ 11,289,975	\$ 24,960,547	\$ 19,423,906
<b>Expenses</b>				
Direct costs	9,910,430	7,932,833	17,922,733	13,220,727
Selling, general and administrative	2,426,004	2,378,526	4,787,284	4,403,057
<b>Income from operations</b>	1,324,922	979,616	2,250,530	1,800,122
Interest expense	52,489	62,700	118,501	100,864
Loss on sale of property, plant and equipment	4,547	2,037	4,910	2,037
Unrealized foreign currency loss (gain)	3,136	(36,774)	14,531	(31,640)
	<u>60,172</u>	<u>27,963</u>	<u>137,942</u>	<u>71,261</u>
<b>Net income before income taxes</b>	1,264,750	950,653	2,112,588	1,728,861
Deferred income tax (recovery) expense	(109,577)	153,000	(87,852)	259,000
Current income tax expense	608,534	192,000	737,466	192,000
	<u>498,957</u>	<u>345,000</u>	<u>649,614</u>	<u>451,000</u>
<b>Net Income</b>	\$ 765,793	\$ 605,653	\$ 1,462,974	\$ 1,277,861
<b>Items that may be reclassified to profit or loss:</b>				
Exchange differences on translating foreign operations	(112,218)	45,849	95,603	(71,389)
<b>Total comprehensive income</b>	\$ <u>653,575</u>	\$ <u>651,502</u>	\$ <u>1,558,577</u>	\$ <u>1,206,472</u>
<b>Net income attributable to equity holders of the Company</b>	777,169	610,139	1,485,879	1,307,582
<b>Non-controlling interest</b>	<u>(11,376)</u>	<u>(4,486)</u>	<u>(22,905)</u>	<u>(29,721)</u>
	\$ 765,793	\$ 605,653	\$ 1,462,974	\$ 1,277,861
<b>Earnings per Share</b>				
Basic and diluted	\$ 0.030	\$ 0.023	\$ 0.057	\$ 0.050
<b>Weighted Average Number of Common Shares</b>				
Basic and diluted	25,784,950	25,784,950	25,784,950	25,784,950

**XPEL TECHNOLOGIES CORP.**  
**Condensed Consolidated Balance Sheet**  
(Expressed in United States Dollars)  
(Unaudited)

	June 30, 2016	December 31, 2015
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,984,250	\$ 2,840,549
Accounts receivable	4,757,452	3,450,407
Inventory	6,028,612	6,972,768
Prepaid expenses and other current assets	434,254	522,613
Income taxes receivable	-	300,668
<b>Total current assets</b>	13,204,568	14,087,005
Property, plant and equipment	1,257,195	1,235,337
Intangible assets	2,706,083	2,434,692
Deferred tax asset	91,641	100,659
Goodwill	1,686,673	1,668,527
<b>Total assets</b>	\$ 18,946,160	\$ 19,526,220
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness	\$ 2,000,000	\$ 3,000,000
Accounts payable and accrued liabilities	3,554,154	4,465,819
Notes Payable	160,675	191,978
Income Tax Payable	308,257	117,649
Current portion of bank loan payable	553,132	542,181
Current portion of note payable– vendor loan	537,352	481,652
<b>Total current liabilities</b>	7,113,570	8,799,279
Deferred tax liability	496,505	558,116
Bank loan payable	725,735	1,004,369
Note payable – vendor loan	710,097	822,780
<b>Total liabilities</b>	9,045,907	11,184,544
<b>Equity</b>		
Capital stock	6,635,133	6,635,133
Contributed surplus	2,165,130	2,165,130
Accumulated other comprehensive income	(526,390)	(621,993)
Retained Earnings (Deficit)	1,652,462	166,583
	9,926,335	8,344,853
Non-controlling interest	(26,082)	(3,177)
<b>Total liabilities and equity</b>	\$ 18,946,160	\$ 19,526,220

## Constant Currency

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

## Non-IFRS Measures

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

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

## EBITDA Reconciliation

	Three Months Ended		Six Months Ended	
	Ended June 30 2016	Ended June 30 2015	Ended June 30 2016	Ended June 30 2015
<b>Net Income</b>	765,793	605,653	1,462,974	1,277,861
<b>Interest</b>	52,489	62,700	118,501	100,864
<b>Taxes</b>	498,957	345,000	649,614	451,000
<b>Depreciation</b>	73,271	54,264	142,580	99,677
<b>Amortization</b>	204,337	163,548	396,619	296,757
<b>EBITDA</b>	1,594,847	1,231,165	2,770,288	2,226,159