

## **XPEL Reports Second Quarter Revenue Growth of 25%**

San Antonio, TX – August 29, 2017 -- 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, 2017.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, “Our second quarter revenue was the highest revenue quarter by far in the Company’s history as we continued to execute on our core ‘Get Close to the Customer’ strategy. Customer demand was strong throughout our markets, particularly in Canada, and we saw strong growth across all of our product lines.

“Gross margins for the quarter remained relatively steady versus the prior year and we continue to invest in infrastructure, sales, marketing and product development to drive growth and scale the business.”

Mr. Pape concluded, “Our strategy positions us well to effectively leverage our distribution channels and our brand to drive solid top and bottom line growth.”

### **For the Quarter Ended June 30, 2017:**

*Revenue:* Revenue in the second quarter of fiscal 2017 was \$17.0 million, a 25% increase compared to prior year. On a constant currency basis, revenues increased 26.3% to \$17.3 million. The revenue increase is primarily related to increased sales of XPEL’s core products of automotive protection film and window film.

*Gross Margin:* Gross profit as a percentage of sales was 27.1% as compared to 27.5% 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.

*Expenses:* Selling, general and administrative expenses increased to \$3.4 million or 19.8% of revenue as compared to \$2.4 million or 17.8% of revenue in the second quarter of 2016. The expense increase in the quarter was primarily due to increased personnel costs, increased occupancy, information technology and travel related costs to support the growth of the business. These costs were partially offset by a reduction in professional fees. Additionally, the Company changed its depreciation method from double declining balance to straight line, resulting in additional depreciation expense of approximately \$.09 million as compared to the prior year quarter.

*EBITDA:* Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA) increased to \$1.7 million, or 6.23% as compared to EBITDA of \$1.6 million in the same prior year quarter. On a constant currency basis, EBITDA increased 6.29%.

*Net Income:* Net income for the fiscal 2017 second quarter was \$0.75 million or \$0.027 per basic and diluted share, compared with net income of \$0.76 million or \$0.030 per basic and diluted share, in the corresponding prior year period.

## **For the Six Months Ended June 30, 2017:**

*Revenue:* Revenue in the first six months of fiscal 2017 was \$29.7 million, a 19% increase compared to revenue of \$25.0 million in the same prior year period. The revenue increase is primarily related to increased sales of XPEL's core products of automotive protection film and window film.

*Gross Margin:* Gross profit as a percentage of sales was 26.8% as compared to 28.2% in the first six months of last year. Gross profit in the first half of 2017 was impacted by higher warranty costs in the first quarter related to film quality issues from products sold late last year and early in the first quarter of the current 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.

*Expenses:* Selling, general and administrative expenses increased to \$6.7 million or 22.6% of revenue as compared to \$4.8 million or 19.2% of revenue in the first six months of 2017. The expense increase in the quarter was primarily due to increased personnel costs to support the growth of the business; marketing related costs associated with our dealer conference in the first quarter; and increased legal fees resulting from litigation which was settled in the first quarter. Additionally, the Company changed its depreciation method from double declining balance to straight line, resulting in additional depreciation expense of approximately \$0.18 million as compared to the prior year period.

*EBITDA:* Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA) decreased to \$2.1 million in the first half of 2017 as compared to EBITDA of \$2.8 million in the same prior year period.

*Net Income:* Net income for the first six months of fiscal 2017 was \$0.69 million or \$0.025 per basic and diluted share, compared with net income of \$1.5 million or \$0.057 per basic and diluted share, in the corresponding prior year period.

## **Conference Call Information**

The Company will host a conference call to discuss the second quarter results today, August 29, 2017, at 11:00 a.m. Eastern Time.

To access the live webcast, log onto the XPEL Technologies website at: [www.xpel.com/investor](http://www.xpel.com/investor)

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 29, 2017 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 19931.

## **About XPEL Technologies Corp.**

XPEL leads the industry in designing, manufacturing and distributing high-performance automotive paint and headlamp protection film technologies. Using XPEL's proprietary software and materials, our professional design team develops products that deliver the ultimate in vehicle protection, meeting the demands of a broad range of makes and models. With more than 70,000 vehicle-specific applications and a global network of trained installers, XPEL is

dedicated to exceeding customer expectations in providing high-quality products, customer service and technical support. XPEL Technologies Corp. (TSXV: DAP.U) is publicly traded on the TSXV Exchange. Visit [www.xpel.com](http://www.xpel.com) for more information.

### **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,	
	2017	2016	2017	2016
<b>Revenue</b>	\$ 17,048,492	\$ 13,661,356	\$ 29,678,959	\$ 24,960,547
<b>Expenses</b>				
Direct costs	12,431,152	9,910,430	21,728,861	17,922,733
Selling, general and administrative	3,382,163	2,426,004	6,699,943	4,787,284
<b>Income from operations</b>	1,235,177	1,324,922	1,250,155	2,250,530
Interest expense	59,873	52,489	108,054	118,501
Loss on sale of property, plant and equipment	(7,251)	4,547	(7,251)	4,910
Foreign exchange loss (gain)	(22,137)	3,136	(15,745)	14,531
	<u>30,485</u>	<u>60,172</u>	<u>85,058</u>	<u>137,942</u>
<b>Net income before income taxes</b>	1,204,692	1,264,750	1,165,097	2,112,588
Deferred income tax (recovery) expense	(112,966)	(109,577)	(135,805)	(87,852)
Current income tax expense	567,553	608,534	615,645	737,466
	<u>454,587</u>	<u>498,957</u>	<u>479,840</u>	<u>649,614</u>
<b>Net (loss) income</b>	\$ 750,105	\$ 765,793	\$ 685,257	\$ 1,462,974
<b>Items that may be reclassified to profit or loss:</b>				
Cumulative differences on translation foreign operations	(403,168)	(112,218)	(568,789)	95,603
<b>Total comprehensive (loss) income</b>	\$ <u>346,937</u>	\$ <u>653,575</u>	\$ <u>116,468</u>	\$ <u>1,558,577</u>
<b>Net (loss) income attributable to:</b>				
Shareholders of the Company	755,787	777,169	701,783	1,485,879
Non-controlling interest	(5,682)	(11,376)	(16,526)	(22,905)
<b>Net (loss) income</b>	\$ <u>750,105</u>	\$ <u>765,793</u>	\$ <u>685,257</u>	\$ <u>1,462,974</u>
<b>Total comprehensive (loss) income attributable to:</b>				
Shareholders of the Company	\$ 352,619	\$ 664,951	\$ 132,994	\$ 1,581,482
Non-controlling interest	(5,682)	(11,376)	(16,526)	(22,905)
<b>Total comprehensive (loss) income</b>	\$ <u>346,937</u>	\$ <u>653,575</u>	\$ <u>116,468</u>	\$ <u>1,558,577</u>
<b>Earnings per share attributable to owners of the parent</b>				
Basic and diluted	\$ 0.027	\$ 0.030	\$ 0.025	\$ 0.057
<b>Weighted Average Number of Common Shares</b>				
Basic and diluted	27,612,597	25,784,950	27,612,597	25,784,950

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,473,772	\$ 1,861,089
Accounts receivable	7,030,733	4,754,524
Inventory	10,904,884	7,806,029
Prepaid expenses and other current assets	1,024,760	454,173
Income taxes receivable	72,962	72,553
<b>Total current assets</b>	<b>21,507,111</b>	<b>14,948,368</b>
Property, plant and equipment	1,324,010	1,352,120
Intangible assets	3,427,494	3,467,218
Deferred tax asset	142,625	135,363
Goodwill	2,115,824	1,891,948
<b>Total assets</b>	<b>\$ 28,517,064</b>	<b>\$ 21,795,017</b>
<b>Liabilities</b>		
<b>Current</b>		
Revolving line of credit	\$ 5,000,000	\$ 2,500,000
Accounts payable and accrued liabilities	7,655,059	5,859,981
Income Tax Payable	427,598	168,690
Current portion of bank loan payable	577,805	565,678
Current portion of note payable– Acquisition 2015	351,829	349,686
Current portion of note payable– Acquisition 2016	98,841	98,841
<b>Total current liabilities</b>	<b>14,111,132</b>	<b>9,542,876</b>
Deferred tax liability	400,326	524,272
Bank loan payable	148,216	439,688
Note payable – Acquisition 2015	580,266	702,589
Note payable – Acquisition 2016	250,843	292,148
<b>Total liabilities</b>	<b>15,490,783</b>	<b>11,501,573</b>
<b>Equity</b>		
Capital stock	6,636,961	6,635,133
Contributed surplus	4,776,831	2,165,130
Accumulated other comprehensive loss	(1,399,547)	(833,725)
Retained Earnings	3,083,868	2,382,085
		<b>10,348,623</b>
Non-controlling interest	(71,832)	(55,179)
<b>Total liabilities and equity</b>	<b>\$ 28,517,064</b>	<b>\$ 21,795,017</b>

## 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 June 30 2017	Three Months Ended June 30 2016	Six Months Ended June 30 2017	Six Months Ended June 30 2016
Net (loss) income	750,105	765,793	685,257	1,462,974
Interest	59,872	52,489	108,054	118,501
Taxes	480,532	498,957	524,843	649,614
Depreciation	169,239	73,271	336,746	142,580
Amortization	234,379	204,337	466,133	396,619
EBITDA	1,694,127	1,594,847	2,121,033	2,770,288