

XPEL Announces Second Quarter 2014 Results

- Company Announces 70% Organic Revenue Growth With 65% Growth in Pre-Tax Net Income -

San Antonio, TX – August 26, 2014 -- XPEL Technologies Corp. (TSXV: DAP.U), a leading supplier of automotive paint and headlamp protection films, announced results for the quarter and first six months of fiscal year 2014 ended June 30, 2014.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented “We continue to see strong organic growth in revenues and improved earnings driven by brand awareness of the XPEL solution, a broader installer base both domestically and internationally, and customer satisfaction.”

For the Quarter Ended June 30, 2014:

Revenue: Revenue in the second quarter of fiscal 2014 was \$8.3 million, a 70% increase as compared to revenue of \$4.9 million in the same prior year quarter.

Gross Margin: Gross profit as a percentage of revenue remained relatively unchanged at 30%.

Expenses: Selling, general and administrative expenses as a percentage of revenue remained relatively unchanged at 18% of revenue.

Net Earnings: Net income for the fiscal 2014 second quarter was \$595,229, or \$0.023 per basic and diluted share based on 25,784,950 shares outstanding, compared with net income of \$384,273, or \$0.015 per basic and diluted share based on 25,784,950 shares outstanding, for the corresponding prior year period.

For the Six Months Ended June 30, 2014:

Revenue: Revenue in the first six months of fiscal 2014 was \$13.6 million, a 69% increase as compared to revenue of \$8.1 million in the same prior year period.

Gross Margin: Gross profit as a percentage of revenue remained relatively unchanged at 31%.

Expenses: Selling, general and administrative expenses as a percentage of revenue remained relatively unchanged at 19% of revenue.

Net Earnings: Net income for the first six months of fiscal 2014 was \$1,054,514, or \$0.041 per basic and diluted share based on 25,784,950 shares outstanding, compared with net income of \$646,597, or \$0.025 basic and diluted share based on 25,784,950 shares outstanding, for the corresponding prior year period.

Mr. Pape continued, “Our focus is on sustained, long-term earnings growth, and we are investing in our business accordingly. Our balance sheet provides us with the financial flexibility to make measured investments in strengthening our employee base, expanding and refining our sales and marketing strategy and enhancing our operating systems.”

Mr. Pape continued, "Sales were robust both domestically and internationally. Domestically, we rolled-out over the past year company-owned XPEL installation facilities in select markets and these facilities have been performing well. International sales account for 36% of our overall revenues, slightly higher than 31% a year ago. International sales is a significant opportunity for XPEL over the long term, particularly in regions where the environmental conditions are particularly harmful to automobiles. We have recently implemented a new ERP system which more effectively centralizes the management of our international operations and should further improve inventory management as we grow our business overseas."

Mr. Pape concluded, "Our base of independent installers and dealerships continues to expand, rooted by XPEL's keen focus on providing training and support for our partners. These quarterly results are a further reflection of XPEL's growing brand in the marketplace. With single digit penetration of the overall market, there is significant opportunity for long-term growth."

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

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,	
	2014	2013	2014	2013
Revenue	\$ 8,348,309	\$ 4,898,729	\$13,620,182	\$8,055,311
Expenses				
Direct costs	5,881,637	3,404,830	9,374,375	5,502,200
Selling, general and administrative expenses	1,494,582	908,193	2,627,755	1,564,926
Income from operations	972,090	585,706	1,618,052	988,185
Interest expense	4,861	433	7,403	733
Loss on sale of property, plant and equipment	-	-	(865)	1,855
	4,861	433	6,538	2,588
Net income before income taxes	967,229	585,273	1,611,514	985,597
Deferred income tax expense (recovery)	40,000	201,000	27,000	339,000
Current income tax expense	332,000	-	530,000	-
	372,000	201,000	557,000	339,000
Net income and comprehensive income	\$ 595,229	\$ 384,273	\$ 1,054,514	\$ 646,597
Earnings per Share				
Basic and diluted	\$ 0.023	\$ 0.015	\$ 0.041	\$ 0.025
Weighted Average Number of Common Shares				
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)

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Assets		
Current		
Cash and cash equivalents	\$ 2,128,305	\$ 1,414,913
Accounts receivable	2,169,500	1,018,956
Inventory	3,240,743	2,716,612
Prepaid expenses and sundry assets	180,060	259,233
Total current assets	<u>7,718,607</u>	<u>5,409,714</u>
Property, plant and equipment	743,395	517,925
Intangible assets	625,371	518,559
Total assets	<u>\$ 9,087,373</u>	<u>\$ 6,446,198</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	2,649,229	1,829,164
Customer deposits	12,350	12,350
Bank operating facility	200,000	-
Notes payable	78,101	68,505
Current tax expense	530,000	-
Total current liabilities	<u>3,469,680</u>	<u>1,910,019</u>
Deferred tax liability	248,000	221,000
Total liabilities	<u>3,717,680</u>	<u>2,131,019</u>
Equity		
Capital stock	4 6,635,133	6,635,133
Contributed surplus	2,165,130	2,165,130
Deficit	<u>(3,430,571)</u>	<u>(4,485,084)</u>
Total equity	<u>5,369,692</u>	<u>4,315,179</u>
Total liabilities and equity	<u>\$ 9,087,373</u>	<u>\$ 6,446,198</u>