

CORPORATE GOVERNANCE POLICIES

Adopted by the Board of Directors on
May 29, 2019

The Board of Directors (the “**Board**”) of XPEL, Inc. (the “**Company**”) hereby adopts the Corporate Governance Policies set forth below. The Board intends that these policies serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. The policies should be interpreted in the context of all applicable laws, rules, regulations, listing standards, the Company’s charter documents and other governing legal documents. The Board, with the support of management, believes that these policies are in the best interests of the Company and its stakeholders, including stockholders, employees, customers and suppliers. The Board believes it is in the best interests of the Company for the Board to consist of a majority of independent directors. The Board is responsible for ensuring that the Company has in place capable management focused on representing these interests and achieving superior business performance.

I. BOARD OF DIRECTORS.

1. The Board is elected for one-year terms by the stockholders and is the ultimate decision-making body of the Company, except with respect to those matters reserved to stockholders. The Board believes it is in the best interests of the Company for the Board to consist of a majority of directors who (i) are not current employees of the Company; (ii) the Board has determined have no material relationship with the Company; and (iii) are otherwise “independent” under the rules and regulations of the exchange(s) on which the Company’s securities are listed or quoted and the Securities and Exchange Commission (the “SEC” or the “Commission”). All major strategic decisions are considered by the Board as a whole.

2. The Board shall meet on at least a quarterly basis. The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities, including at least annually in executive session without the presence of non-independent directors and management.

3. The Board elects the Chief Executive Officer (“**CEO**”) and other corporate officers, acts as an advisor to and resource for management, and monitors management’s performance.

4. The Board, with the assistance of the Compensation Committee, plans for the succession of the CEO. The succession plan shall address the policies and principles for selecting a successor to the CEO, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, skills and planned career paths for possible successors to the CEO. The Compensation Committee considers and approves the CEO’s compensation and evaluates the CEO’s performance. As it deems necessary, the Board or the Compensation Committee is also involved in the succession process for certain other management positions. The Board also oversees the conduct of the Company’s business and strategic plans to evaluate whether the business is being properly managed and reviews and approves the Company’s financial objectives and major corporate plans and actions.

5. A Nominating and Corporate Governance Committee consisting of independent directors shall be appointed and it shall make recommendations to the Board concerning the

independence of outside directors. No director qualifies as independent unless the Board affirmatively determines that he or she has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Material relationships may include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. The Company must disclose any determination that a relationship is not material in its annual proxy statement.

6. Under the Company's By-Laws, the Board has the authority to determine the appropriate number of directors to be elected so as to enable it to function effectively and efficiently, subject to the requirement that the Board shall consist of not less than three nor more than twelve members. Currently, a five-member Board is considered to be appropriate, but this may vary over time. The Nominating and Corporate Governance Committee makes recommendations to the Board concerning the appropriate size of the Board, as well as the selection criteria for candidates. Each candidate is selected based on the individual's skills, experience, perspective, background, financial expertise and any other qualifications. The Nominating and Corporate Governance Committee also seeks candidates who possess integrity and high ethical standards, sound judgment, analytical skills, the ability to engage management and other directors in a constructive and collaborative fashion, diversity of background, experience and thought, and the commitment to devote significant time and energy to service on the Board and its committees. The overall composition of the Board will also be considered. Final action on a candidate to be elected by the stockholders is determined by the full Board after considering the recommendations of the Nominating and Corporate Governance Committee. Candidates appointed by the Board to fill a vacancy shall be determined by the Board after considering any recommendations from the Nominating and Corporate Governance Committee.

7. A Director shall tender his or her resignation whenever there is a substantial change in the Director's principal occupational affiliation, and shall immediately inform the Board of any potential conflict of interest. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation or the potential conflict of interest.

8. The Board has established no mandatory retirement age.

9. Directors shall have no limit as to the number of other boards of directors (excluding non-profits) on which they serve. Directors shall advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another board of directors.

10. Each member of the Board has access to all members of management and, as necessary, independent advisors to the Company. The cost of such advisors shall be paid by the Company.

11. The Company has an orientation process for new directors, which includes background materials and meetings with members of management. The Company also encourages all of its directors to take advantage of educational programs to improve their effectiveness.

12. The CEO shall establish and maintain effective communications with the Company's stakeholder groups. Any inquiries received by a director with respect to acquisitions, business combinations, equity investments and the like, shall be directed to the CEO.

13. The Board shall annually conduct a self-evaluation to determine whether it and its committees are functioning effectively.

14. The non-management members of the Board shall hold a regular executive session at the end of each regular Board meeting to consider other issues that they may determine from time to time without the presence of any other member of management. The Chairman of the Board, if not a member of management, will chair each such session and shall report any material issues to the full Board. If the Chairman of the Board is a member of management, the Chairman of the Nominating and Corporate Governance Committee shall serve as the chairman of the executive sessions.

II. DIRECTOR COMPENSATION.

In determining the appropriate amount and form of director compensation, the Board will (i) evaluate, on at least an annual basis, current trends and surveys, as well as the amount of time devoted to Board and committee meetings and (ii) take into consideration recommendations received from the Compensation Committee. Outside directors and non-management members of the Board shall receive no compensation from the Company other than for their service as Board members and for expenses incurred in connection with attendance at meetings.

III. RESPONSIBILITIES, EXPECTATIONS AND PROCEDURES.

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Nevada law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company and its stockholders. The responsibilities, expectation and procedures of the Board include the following:

1. The Chairman of the Board and the CEO jointly set the agenda for each Board meeting. Agenda items that fall within the scope and responsibilities of Board committees are reviewed with the chairs of the committees. Any Board member may request that an item be added to the agenda.

2. Board materials are provided to Board members sufficiently in advance of meetings to allow directors to prepare for discussion of items at the meeting. Board members should review Board materials before the meetings, and attend regularly scheduled Board meetings in person, if possible, and attend by telephone conference call if attendance in person is not practicable. Failure to prepare for or to attend Board meetings will be considered by the Board and the Nominating and Corporate Governance Committee in connection with the determination to re-elect a director and in connection with committee appointments.

3. Certain members of management attend portions of Board and committee meetings in order to participate in relevant discussions.

4. Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.

5. In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interest of the Company take precedence over any interests possessed by a director. The Company has adopted a Code of Business Conduct and Ethics (the “Code”). Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code’s provisions in these areas and should consult with the Company’s counsel in the event of any issues.

6. The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

IV. BOARD COMMITTEES.

1. The Board has established three standing committees: Audit, Compensation, and Nominating and Corporate Governance. These committees shall be composed of independent directors only. The membership of all committees, to the extent practicable, shall be rotated from time to time.

2. The frequency, length and agenda of meetings for each committee are determined by the chairs of the committees, consistent with their charters. As in the case of the full Board, materials are provided in advance of meetings to allow members to prepare for discussion of items at the meeting.

3. The scope and responsibilities of each committee are detailed in the committee charters, which are approved by the full Board. Each committee annually reviews its charter, and the Nominating and Corporate Governance Committee shall review all charters from time to time and report to the full Board any recommendations.

V. PERIODIC REVIEW.

The Nominating and Corporate Governance Committee and the Board will review these Policies annually.

VI. POLICY ON BOARD MEMBER ATTENDANCE AT THE ANNUAL MEETINGS OF STOCKHOLDERS

The Board encourages its members to attend the Company’s annual meeting of stockholders.

VII. PROCESS FOR STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

The Board welcomes communications from the Company's stockholders and other interested parties. Stockholders and any other interested parties may send communications to the Board, any committee of the Board, the Chairman of the Board, any other director in particular to:

XPEL, Inc.
618 W. Sunset Rd.
San Antonio, Texas 78216
Attention: Corporate Secretary

Stockholders and any other interested parties should mark the envelope containing each communication as "Communication with Directors" and clearly identify the intended recipient(s) of the communication. Each communication received from stockholders and other interested parties will be reviewed and will be forwarded, as expeditiously as reasonably practicable, to the addressee if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.