

XPEL Reports First Quarter Revenue Growth of 39%

San Antonio, TX – May 26, 2016 -- XPEL Technologies Corp. (TSXV: DAP.U), a leading supplier of automotive paint protection and window films, announced results for the first quarter ended March 31, 2016.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, “Our first quarter results demonstrate continued momentum and customer confidence, characterized by strong revenue growth of 39%. We are seeing heightened marketplace awareness of the XPEL brand, driven by our high quality products, our training and support offerings and our industry leading customer service. Our strategy to increase our direct presence in the international markets that we serve is gaining traction and allows us to be close to our end customer, which enables us to deliver a more consistent product, real-time service and on-demand training.

“We are focused on expanding the reach of our product offerings within the automotive aftermarket and in late April we announced that our paint protection and window film products will be available to the more than 50 Tint World franchisees throughout the U.S. XPEL will provide expert training and certification of installers at each franchise stocking our product to ensure that the end customer receives a finished product consistent with our quality standards. We’re pleased to have entered into this strategic partnership which enables us to bring our film products to an expanded audience of potential customers and increases our brand exposure in the United States.

“As previously announced, during the fourth quarter of 2015, we rolled out a new ordering and account management portal for our dealers, expanding our logistics footprint across the U.S., Canada, and Europe. The portal provides a state-of-the-art ordering experience, including a streamlined mobile platform which helps us attract and retain customers through its convenience and ease of use. As expected, the marketplace has responded enthusiastically and traffic through the portal is increasing every day.”

For the Quarter Ended March 31, 2016:

Revenue: Revenue in the first quarter of fiscal 2016 was \$11.3 million, a 39% increase as compared to revenue of \$8.1 million in the same prior year quarter and a slight increase sequentially as compared to the fourth quarter of fiscal 2015. On a constant currency basis, revenues increased 41% to \$11.5 million.

Gross Margin: Gross profit as a percentage of sales decreased to 29% from 35% in the first quarter last year. In the first quarter and going forward, the Company has allocated more personnel costs to cost of goods sold, reflecting the increased dedication of those employees to the installation business.

Expenses: Selling, general and administrative expenses increased on a dollar basis but declined as a percentage of revenue to 21% as compared to 25% in the first quarter of 2015.

Net Income: Net income for the fiscal 2016 first quarter was \$697,180 or \$0.027 per basic and diluted share based on 25,784,950 shares outstanding, compared with net income of \$672,208, or \$0.026 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 quarter was \$863,984.

EBITDA: EBITDA was \$1.2 million as compared to EBITDA of \$1 million in the same prior year quarter. On a constant currency basis, EBITDA increased 16% to \$1.3 million in the first quarter of 2016.

Mr. Pape continued, "We remain focused on strengthening our marketing strategies, growing our international presence with locations closer to our end customers and expanding our distribution channels. We are intent on driving efficiencies in our cost structure to achieve enhanced profitability as we continue to grow our revenue."

Conference Call Information

The Company will host a conference call to discuss the fourth quarter and year end results today, May 26, 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 June 26, 2016 and may be accessed by dialing (877) 660-6853. International callers may dial (201) 612-7415. Callers should use conference ID: 13638395.

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 Statement of Comprehensive Income
(Expressed in United States Dollars)

	Three Months Ended March 31,	
	2016	2015
Revenue	\$ 11,299,191	\$ 8,133,932
Expenses		
Direct costs	8,012,303	5,287,895
Selling, general and administrative	2,361,280	2,024,531
Unrealized foreign currency loss (gain)	11,395	5,134
	<u>914,213</u>	<u>816,372</u>
Income from operations	914,213	816,372
Interest expense	66,011	38,164
Loss on sale of property, plant and equipment	364	-
	<u>66,375</u>	<u>38,164</u>
Net income before income tax	847,838	778,208
Provision for income tax		
Deferred income tax expense (recovery)	21,725	106,000
Current income tax expense	128,933	-
	<u>150,658</u>	<u>106,000</u>
Net Income	\$ 697,180	\$ 672,208
Exchange differences on translating foreign operations	<u>207,821</u>	<u>(117,238)</u>
Total comprehensive income	\$ <u>905,001</u>	\$ <u>554,970</u>
Net income attributable to equity holders of the Company	708,709	697,443
Non-controlling interest	<u>(11,529)</u>	<u>(25,235)</u>
	\$ 697,180	672,208
Earnings per share		
Basic and diluted	\$ 0.027	\$ 0.026
Weighted average number of common shares outstanding	25,784,950	25,784,950

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

	March 31, 2016	December 31, 2015
Assets		
Current		
Cash and cash equivalents	\$ 2,594,194	\$ 2,840,549
Accounts receivable	3,688,364	3,450,407
Inventory	7,002,554	6,972,768
Prepaid expenses and sundry assets	733,571	522,613
Income taxes receivable	48,004	300,668
Total current assets	<u>14,066,687</u>	<u>14,087,005</u>
Property, plant and equipment	1,270,905	1,235,337
Intangible assets	2,628,810	2,434,692
Deferred tax asset	97,651	100,659
Goodwill	1,724,262	1,668,527
Total assets	<u>\$ 19,788,315</u>	<u>\$ 19,526,220</u>
Liabilities		
Current		
Bank operating facility	\$ 3,000,000	\$ 3,000,000
Accounts payable and accrued liabilities	4,023,500	4,465,819
Notes Payable	176,408	191,978
Income Tax Payable	-	117,649
Current portion of Bank Loan Payable	547,168	542,181
Current portion of note – vendor loan	542,066	481,652
Total current liabilities	<u>8,289,142</u>	<u>8,799,279</u>
Deferred tax liability	605,982	558,116
Bank loan payable	866,183	1,004,369
Note payable – vendor loan	780,332	822,780
Total liabilities	<u>10,541,639</u>	<u>11,184,544</u>
Equity		
Capital stock	6,635,133	6,635,133
Contributed surplus	2,165,130	2,165,130
Accumulated other comprehensive income	(414,172)	(621,993)
Retained Earnings (Deficit)	875,292	166,583
	<u>9,261,383</u>	<u>8,344,853</u>
Non-controlling interest	(14,706)	(3,177)
Total liabilities and equity	<u>\$ 19,788,315</u>	<u>\$ 19,526,220</u>

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	
	March 31 2016	March 31 2015
Net Income	\$ 697,180	\$ 672,208
Interest	66,011	38,164
Taxes	150,658	106,000
Depreciation	69,309	45,455
Amortization	192,281	133,210
EBITDA	\$ 1,175,439	\$ 995,037