

XPEL Reports Record First Quarter Revenue Growth of 99.5% to \$25.2 Million and EPS of \$0.07

San Antonio, TX – May 23, 2018 -- 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, 2018.

First Quarter Highlights:

- Revenues increased 99.5% to \$25.2 million compared to first quarter 2017; Sequential revenue growth of 24.5% compared to fourth quarter of 2018
- Gross margin improved to 29.7% compared to 26.4% in first quarter 2017
- Selling, general and administrative expenses decreased to 19.4% as a percentage of revenue
- Earnings per share of \$0.07 compared to a loss of (\$0.002) per share in first quarter 2017

Revenues for the quarter grew 99.5% to \$25.2 million. Gross profit as a percentage of sales was 29.7% as compared to 26.4% in the prior quarter. Selling, general and administrative expenses increased to \$4.9 million, or 19.4% of revenue, as compared to \$3.3 million, or 26.3% of revenue, in the prior year quarter. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased \$2.7 million to \$3.1 million compared to \$0.4 million in the prior year quarter. Net income was \$2.0 million or \$0.07 per basic and diluted share, compared to a net loss of (\$0.06) million or a loss of (\$0.002) per basic and diluted share in the prior year quarter.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, "First quarter 2018 is the strongest quarter in our Company's history, with record revenues reflecting strong demand across all of our product lines. Revenue grew by almost 100% over the first quarter of 2017 and by 25% sequentially, illustrating considerable momentum in our business. We also saw strong improvement in our gross margin percentage as the margin enhancement initiatives we began in Q3 last year have started to take hold.

"We are energized by the tremendous growth achieved in the first quarter and the increased demand for our products and unique services. We remain focused on continuing to drive profitable growth as we expand our presence in both domestic and international markets, capture new customers and grow our market share," Mr. Pape concluded.

For the Quarter Ended March 31, 2018:

Revenues. Revenues increased approximately \$12.6 million to \$25.2 million, or 99.5% over the prior year period.

Gross Margin. Gross profit for the quarter grew 124.85% vs prior year quarter and increased as a percentage of sales to 29.7% from 26.4%.

Expenses. Selling, general and administrative expenses increased \$1.6 million or 47.7% vs. prior year period but decreased as a percentage of sales to 19.4% of sales from 26.3% of sales

in the prior year. This increase was due mainly to increases in personnel, occupancy, sales and marketing and information technology related costs to support the ongoing growth of the business.

EBITDA. EBITDA increased \$2.7 million to \$3.1 million vs prior year quarter.

Net income. Net income for the quarter increased to \$2.0 million vs a loss of \$.06 million in the prior year quarter.

Conference Call Information

The Company will host a conference call to discuss the first quarter results today, May 23, 2018, at 11:00 a.m. Eastern Time.

To access the live webcast, please visit the XPEL Technologies website at 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 June 23, 2018 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 28532.

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 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 | |
|--|---------------------------|---------------------|
| | March 31, | |
| | 2018 | 2017 |
| Revenue | \$ 25,198,741 | \$ 12,630,467 |
| Expenses | | |
| Cost of sales | 17,705,128 | 9,297,709 |
| Selling, general and administrative | <u>4,899,638</u> | <u>3,317,780</u> |
| Income from operations | 2,593,975 | 14,978 |
| Interest expense | 57,597 | 48,181 |
| Foreign exchange (gain) loss | <u>(72,135)</u> | <u>6,392</u> |
| | <u>(14,538)</u> | <u>54,573</u> |
| Net (loss) income before income taxes | 2,608,513 | (39,595) |
| Deferred income tax recovery | (24,206) | (22,839) |
| Current income tax expense | <u>616,161</u> | <u>48,092</u> |
| | <u>591,955</u> | <u>25,253</u> |
| Net (loss) income | \$ 2,016,558 | \$ (64,848) |
| Items that may be reclassified to profit or loss: | | |
| Cumulative differences on translation foreign operations | 163,824 | (165,621) |
| Total comprehensive (loss) income | <u>\$ 2,180,382</u> | <u>\$ (230,469)</u> |
| Net (loss) income attributable to: | | |
| Shareholders of the Company | 2,025,103 | (53,960) |
| Non-Controlling interest | <u>(8,545)</u> | <u>(10,888)</u> |
| Net (loss) income | \$ 2,016,558 | \$ (64,848) |
| Total comprehensive (loss) income attributable to: | | |
| Shareholders of the Company | \$ 2,188,927 | \$ (219,581) |
| Non-controlling interest | <u>(8,545)</u> | <u>(10,888)</u> |
| Total comprehensive (loss) income | \$ 2,180,382 | \$ (230,469) |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | \$ 0.073 | \$ (0.002) |
| Weighted average number of common shares | | |
| Basic and diluted | 27,612,597 | 27,326,261 |

XPEL TECHNOLOGIES CORP.**Consolidated Balance Sheet**

(Expressed in United States Dollars)

(Audited)

| | March 31, 2018 | December 31, 2017 |
|---|---------------------------|------------------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 3,429,034 | \$ 3,498,904 |
| Accounts receivable | 6,551,671 | 5,569,212 |
| Inventory | 10,867,879 | 10,151,594 |
| Prepaid expenses and other current assets | 700,542 | 689,890 |
| Total current assets | <u>21,549,126</u> | <u>19,909,600</u> |
| Property, plant and equipment | 2,172,523 | 2,153,233 |
| Intangible assets | 3,980,619 | 4,114,374 |
| Deferred tax asset | 406,381 | 378,014 |
| Goodwill | 2,476,363 | 2,490,105 |
| Total assets | <u>\$ 30,585,012</u> | <u>\$ 29,045,326</u> |
| Liabilities | | |
| Current | | |
| Revolving line of credit | \$ 2,000,000 | \$ 2,000,000 |
| Accounts payable and accrued liabilities | 9,518,685 | 9,519,649 |
| Income tax payable | 917,842 | 1,126,865 |
| Current portion of bank loan payable | 294,820 | 440,126 |
| Current portion of notes payable – acquisitions | 498,998 | 624,308 |
| Total current liabilities | <u>13,230,345</u> | <u>13,710,948</u> |
| Deferred tax liability | 451,410 | 463,140 |
| Notes payable – acquisitions | 870,130 | 1,018,493 |
| Total liabilities | <u>14,551,885</u> | <u>15,192,581</u> |
| Equity | | |
| Capital stock | 9,210,646 | 9,210,646 |
| Contributed surplus | 2,165,130 | 2,165,130 |
| Accumulated other comprehensive loss | (820,457) | (984,281) |
| Retained Earnings | 5,594,533 | 3,569,430 |
| | <u>16,149,852</u> | <u>13,960,925</u> |
| Non-controlling interest | (116,725) | (108,180) |
| Total liabilities and equity | <u>\$ 30,585,012</u> | <u>\$ 29,045,326</u> |

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, 2018 | Three Months Ended March 31, 2017 |
|--------------------------|--|--|
| Net (loss) income | \$2,016,558 | \$(64,848) |
| Interest | 57,597 | 48,181 |
| Taxes | 591,955 | 25,253 |
| Depreciation | 159,318 | 167,506 |
| Amortization | 259,945 | 231,754 |
| EBITDA | \$3,085,373 | \$407,846 |