

XPEL Reports Third Quarter Revenue Growth of 31.6%

San Antonio, TX – November 16, 2017 -- XPEL Technologies Corp. (TSXV: DAP.U), a leading supplier of automotive paint protection and window films, announced results for the third quarter and nine months ended September 30, 2017.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, “We were pleased to see continued revenue momentum in the third quarter, which resulted in record quarterly revenue. Our third quarter results reflect strong customer demand across all of our product lines, with robust increases particularly in our export sales.

Revenues for the quarter grew 31.6% to \$17.8 million. Gross profit as a percentage of sales was 23.8% as compared to 28.1% in the prior year quarter. Selling, general and administrative expenses increased to \$3.6 million or 19.9% of revenue as compared to \$2.6 million or 19.1% of revenue in the prior year quarter. Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA) decreased \$0.35 million to \$1.2 million as compared to EBITDA of \$1.5 million. Net income was \$0.44 million compared with net income of \$0.72 million in the prior year quarter.

The Company incurred certain non-recurring costs during the quarter related to the consolidation of its warehouse facilities and the restructuring of its sales and operations personnel, totaling \$0.8 million. Adjusting for these non-recurring costs, gross profit as a percentage of revenue would have been 27.1%. Selling, general and administrative expenses would have increased 28.5%. EBITDA would have been \$1.9 million or 24% higher than the prior year quarter. Net Income would have been \$1.0 million or 35% higher than the prior year quarter.

Mr. Pape continued, “During the quarter, we started a restructuring of our sales and operations teams including the consolidation of three existing warehouses into a single facility in San Antonio. Consequently, the Company incurred one-time costs affecting both gross margin and S, G & A that, while impacting our bottom line results in the short term, will position us to better scale efficiently over the long term.

“Following the close of the third quarter we completed two acquisitions as we continued to execute our ‘Get Close to the Customer’ strategy. We announced our intent to acquire Protex Canada, the top franchisor for automotive paint protection and window film in Canada, with more than 75 franchise locations in 4 provinces. This acquisition solidifies our position as the supplier to this leading franchise network and increases our exposure to the growing Canadian market. Furthermore, we acquired Transguard Inc., an installer of automotive paint protection and window film based in Boise, Idaho. The Boise market represents a significant growth opportunity and we look forward to leveraging XPEL’s well-regarded brand and unique service model to capture more customers and market share in the region.”

Mr. Pape concluded, “We made great progress this quarter enhancing our brand, improving our operations and broadening our reach in growing geographic markets. We are focused on continuing to drive topline growth and control expenses, while remaining committed to investing in our infrastructure, sales & marketing activities and product development to scale the business and grow our share in the marketplace.”

For the Quarter Ended September 30, 2017:

Revenue: Revenue in the third quarter of fiscal 2017 was \$17.8 million, a 31.6% increase compared to the prior year. On a constant currency basis, revenues increased 30.7% to \$17.7 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 23.8% as compared to 28.1% in the third quarter last year. The decrease is primarily due to a change in revenue mix resulting from higher export sales in the quarter and certain one-time restructuring costs resulting from our warehouse consolidation. 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 \$3.6 million or 19.9% of revenue as compared to \$2.6 million or 19.1% of revenue in the third quarter of 2016. The expense increase in the quarter was primarily due to increases in personnel, occupancy, information technology and travel related costs to support the growth of the business as well as increases in intercompany shipping costs as we transferred inventory to our various warehouses to support continuing demand. The personnel cost increases included certain one-time costs related to a restructure of various departments within the Company. 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) decreased \$0.35 million to \$1.2 million as compared to EBITDA of \$1.5 million in the same prior year quarter. On a constant currency basis, EBITDA decreased \$0.36 million.

Net Income: Net income for the fiscal 2017 third quarter was \$0.44 million or \$0.016 per basic and diluted share, compared with net income of \$0.72 million or \$0.028 per basic and diluted share, in the corresponding prior year period. On a constant currency basis, net income for the quarter decreased to \$0.43 million.

For the Nine Months Ended September 30, 2017:

Revenue: Revenue in the first nine months of fiscal 2017 was \$47.5 million, a 23.4% increase compared to revenue of \$38.5 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 25.7% as compared to 28.2% in the first nine months of last year. Gross profit in the first nine months of 2017 was impacted by higher warranty costs in the first quarter and by the previously mentioned change in revenue mix and one-time restructuring costs during the third quarter. 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 \$10.3 million or 21.6% of revenue as compared to \$7.4 million or 19.1% of revenue in the first nine months of 2016. The expense increase in the period 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; increases in intercompany shipping costs as we transferred inventory to our various warehouses to support continuing demand and the previously mentioned one-time restructuring costs. Additionally, the Company changed its depreciation method from double declining balance to straight line, resulting in additional depreciation expense of approximately \$0.27 million as compared to the prior year period.

EBITDA: Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA) decreased to \$3.2 million in the first nine months of 2017 as compared to EBITDA of \$4.3 million in the same prior year period.

Net Income: Net income for the first nine months of fiscal 2017 was \$1.13 million or \$0.041 per basic and diluted share, compared with net income of \$2.19 million or \$0.085 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, November 16, 2017, at 11:00 a.m. Eastern Time.

To access the live webcast, log onto 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 December 16, 2017 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 22634.

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$ 17,833,249	\$ 13,549,976	\$ 47,512,208	\$ 38,510,523
Expenses				
Direct costs	13,584,452	9,741,681	35,313,313	27,664,414
Selling, general and administrative	3,558,498	2,583,189	10,258,441	7,370,473
Income from operations	690,299	1,225,106	1,940,454	3,475,636
Interest expense	86,701	61,654	194,755	180,154
Loss on sale of property, plant and equipment	-	(36)	(7,251)	4,874
Foreign exchange loss (gain)	(55,764)	(3,186)	(71,509)	11,345
	30,937	58,432	115,995	196,373
Net (loss) income before income taxes	659,362	1,166,674	1,824,459	3,279,263
Deferred income tax (recovery) expense	(46,402)	15,639	(182,207)	(72,213)
Current income tax expense	260,929	427,627	876,574	1,165,094
	214,527	443,266	694,367	1,092,881
Net (loss) income	\$ 444,835	\$ 723,408	\$ 1,130,092	\$ 2,186,382
Items that may be reclassified to profit or loss:				
Cumulative differences on translation foreign operations	1,030,178	(150,278)	461,389	(54,366)
Total comprehensive (loss) income	\$ 1,475,013	\$ 573,130	\$ 1,591,481	\$ 2,132,016
Net (loss) income attributable to:				
Shareholders of the Company	459,990	741,810	1,161,773	2,227,512
Non-controlling interest	(15,155)	(18,402)	(31,681)	(41,130)
Net (loss) income	\$ 444,835	\$ 723,408	\$ 1,130,092	\$ 2,186,382
Total comprehensive (loss) income attributable to:				
Shareholders of the Company	\$ 1,490,168	\$ 591,532	\$ 1,623,162	\$ 2,173,146
Non-controlling interest	(15,155)	(18,402)	(31,681)	(41,130)
Total comprehensive (loss) income	\$ 1,475,013	\$ 573,130	\$ 1,591,481	\$ 2,132,016
Earnings per share attributable to owners of the parent				
Basic and diluted	\$ 0.016	\$ 0.028	\$ 0.041	\$ 0.085
Weighted Average Number of Common Shares				
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)

	September 30, 2017	December 31, 2016
Assets		
Current		
Cash and cash equivalents	\$ 2,308,215	\$ 1,861,089
Accounts receivable	7,000,218	4,754,524
Inventory	11,889,194	7,806,029
Prepaid expenses and other current assets	1,225,708	454,173
Income taxes receivable	72,553	72,553
Total current assets	22,495,888	14,948,368
Property, plant and equipment	1,561,671	1,352,120
Intangible assets	3,409,668	3,467,218
Deferred tax asset	278,253	135,363
Goodwill	2,177,932	1,891,948
Total assets	\$ 29,923,412	\$ 21,795,017
Liabilities		
Current		
Revolving line of credit	\$ 6,000,000	\$ 2,500,000
Accounts payable and accrued liabilities	6,528,034	5,859,981
Income Tax Payable	729,920	168,690
Current portion of bank loan payable	583,860	565,678
Current portion of note payable– Acquisition 2015	376,737	349,686
Current portion of note payable– Acquisition 2016	98,841	98,841
Total current liabilities	14,317,392	9,542,876
Deferred tax liability	367,985	524,272
Bank loan payable	-	439,688
Note payable – Acquisition 2015	509,906	702,589
Note payable – Acquisition 2016	229,899	292,148
Total liabilities	15,425,182	11,501,573
Equity		
Capital stock	6,636,961	6,635,133
Contributed surplus	4,776,831	2,165,130
Accumulated other comprehensive loss	(372,336)	(833,725)
Retained Earnings	3,543,858	2,382,085
	14,585,314	10,348,623
Non-controlling interest	(87,084)	(55,179)
Total liabilities and equity	\$ 29,923,412	\$ 21,795,017

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 September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net (loss) income	444,835	723,408	1,130,092	2,186,382
Interest	86,701	61,654	108,054	180,154
Taxes	214,527	443,266	694,367	1,092,881
Depreciation	186,955	76,350	523,701	218,930
Amortization	240,866	225,220	706,999	621,838
EBITDA	1,173,844	1,529,898	3,163,213	4,300,184