

XPEL Reports Fourth Quarter Revenue Growth of 52.7%

San Antonio, TX – March 28, 2018 -- XPEL Technologies Corp. (TSXV: DAP.U), a leading supplier of automotive paint protection and window films, announced results for the fourth quarter and year ended December 31, 2017.

Fourth Quarter Highlights:

- Revenues increased 52.7% to \$20.2 million compared to fourth quarter 2016; Sequential revenue growth of 13.5% compared to third quarter of 2017
- Selling, general and administrative expenses decreased to 21.1% as a percentage of revenue
- Finalized Product Consolidation, Facility Consolidation and Sales and Operations Reorganization; Seeing Positive Impact In Q1 2018

Revenues for the quarter grew 52.7% to \$20.2 million. Gross profit as a percentage of sales was 22.6% as compared to 23.9% in the prior quarter. Selling, general and administrative expenses increased to \$4.3 million, or 21.1% of revenue, as compared to \$3.4 million, or 25.6% of revenue, in the prior year quarter. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased \$0.9 million to \$1.0 million compared to \$0.1 million in the prior year quarter. Net income was \$.004 million compared to a net loss of (\$.09) million in the prior year quarter.

The Company generated \$7.5 million in operating cash flow for the quarter which was used to fund ongoing working capital needs and to reduce its line of credit borrowings by \$4.0 million.

The Company incurred certain one-time costs totaling \$0.6 million during the quarter related to the consolidation of its product lines, the consolidation of its three existing warehouse facilities into a single facility in San Antonio and the restructuring of its sales and operations. Adjusting for these non-recurring costs, fourth quarter gross profit as a percentage of revenue would have been 24.9%, selling, general and administrative expenses as a percentage of sales would have decreased to 20.3%, EBITDA would have been \$1.6 million and Net Income would have been \$0.45 million.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, "We are seeing the positive impact we anticipated from our consolidation and reorganization initiatives and we expect continued strong growth in revenue and significant improvement in bottom line results in 2018. The consolidation of some of our legacy paint protection film lines allows us to enhance our product efficiency by removing our lowest margin products and the working capital requirements associated with them.

Mr. Pape continued, "During fiscal 2017 we delivered strong growth driven by robust demand for our paint protection and window film and we completed three acquisitions in key strategic areas. We remain focused on leveraging the strength of our brand and our unique service model."

For the Quarter Ended December 31, 2017:

Revenues. Revenues increased approximately \$6.99 million to \$20.2 million, or 52.7% over the prior year period. On a constant currency basis, revenues grew 51.2% to \$20.10 million.

Gross Margin. Gross margin for the quarter grew 44.4% vs prior year quarter and decreased as a percentage of sales from 23.9% to 22.6%.

Expenses. Selling, general and administrative expenses increased \$0.9 million or 26.2% vs. prior year period and decreased as a percentage of sales to 21.1% of sales from 25.6% of sales in the prior year. This increase was due mainly to increases in personnel, occupancy, sales and marketing and travel related costs to support the ongoing growth of the business as well as increases in intercompany shipping expense related to the transfer of inventory to our various warehouses to support the needs of our customers. Additionally, the company changed its depreciation method from double declining balance to straight line resulting in additional depreciation expense of approximately \$0.09 million vs. prior year quarter.

EBITDA. EBITDA increased \$0.925 million to \$1.02 million vs prior year quarter.

Net income. Net income for the quarter decreased to \$0.004 million.

For the Year Ended December 31, 2017:

Revenues. Revenues increased approximately \$15.99 million to \$67.75 million, or 30.9% over the prior year. On a constant currency basis, revenues grew 30.6% to \$67.6 million.

Gross Margin. Gross margin for the year grew 19.7% vs the prior year and decreased as a percentage of sales from 27.1% to 24.8%.

Expenses. Selling, general and administrative expenses increased \$3.7 million or 35.1% vs. prior year period and increased as a percentage of sales to 21.5% of sales from 20.8% of sales in the prior year. This increase was due mainly to increases in personnel, occupancy, sales and marketing and travel related costs to support the ongoing growth of the business as well as increases in intercompany shipping expense related to the transfer of inventory to our various warehouses to support the needs of our customers. Additionally, the company changed its depreciation method from double declining balance to straight line resulting in additional depreciation expense of approximately \$0.36 million vs. prior year.

EBITDA. EBITDA decreased \$0.13 million to \$4.27 million vs prior year.

Net income. Net income for the year decreased to \$1.13 million vs \$2.16 million in the prior year.

Conference Call Information

The Company will host a conference call to discuss the fourth quarter and year and results today, March 28, 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 April 28, 2018 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 26998.

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.
Consolidated Statements of Income and Comprehensive Income
(Expressed in United States Dollars)
(Audited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Revenue	\$ 20,237,336	\$ 13,248,744	\$ 67,749,544	\$ 51,759,267
Expenses				
Direct costs	15,661,865	10,080,423	50,975,178	37,744,837
Selling, general and administrative	<u>4,279,869</u>	<u>3,391,406</u>	<u>14,538,310</u>	<u>10,761,879</u>
Income from operations	295,602	(223,085)	2,236,056	3,252,551
Interest expense	142,915	42,891	337,670	223,045
(Gain) loss on sale of property, plant and equipment	(6,000)	-	(13,251)	4,874
Foreign exchange gain	<u>(180,687)</u>	<u>(16,288)</u>	<u>(252,196)</u>	<u>(4,943)</u>
	<u>(43,772)</u>	<u>26,603</u>	<u>72,223</u>	<u>222,976</u>
Net (loss) income before income taxes	339,374	(249,688)	2,163,834	3,029,575
Deferred income tax recovery	(73,029)	(25,634)	(255,236)	(97,847)
Current income tax expense	<u>408,151</u>	<u>(201,172)</u>	<u>1,284,725</u>	<u>963,922</u>
	<u>335,122</u>	<u>(226,806)</u>	<u>1,029,490</u>	<u>866,075</u>
Net (loss) income	\$ 4,252	\$ (22,882)	\$ 1,134,344	\$ 2,163,500
Items that may be reclassified to profit or loss:				
Cumulative differences on translation foreign operations	1,030,178	(150,278)	(150,556)	(211,732)
Total comprehensive (loss) income	<u>\$ 1,034,430</u>	<u>\$ (173,160)</u>	<u>\$ 983,788</u>	<u>\$ 1,951,768</u>
Net (loss) income attributable to:				
Shareholders of the Company	19,407	(4,480)	1,187,344	2,227,512
Non-Controlling interest	<u>(15,155)</u>	<u>(18,402)</u>	<u>(53,001)</u>	<u>(41,130)</u>
Net (loss) income	\$ 4,252	\$ (22,882)	\$ 1,134,344	\$ 2,163,500
Total comprehensive (loss) income attributable to:				
Shareholders of the Company	\$ 1,049,585	\$ (154,758)	\$ 1,036,789	\$ 1,992,898
Non-controlling interest	<u>(15,155)</u>	<u>(18,402)</u>	<u>(53,001)</u>	<u>(41,130)</u>
Total comprehensive (loss) income	\$ 1,034,430	\$ (173,160)	\$ 983,788	\$ 1,951,768
Earnings per share attributable to owners of the parent				
Basic and diluted	\$ 0.0001	\$ (0.001)	\$ 0.042	\$ 0.084
Weighted average number of common shares				
Basic and diluted	27,612,597	25,784,950	27,326,261	25,784,950

XPEL TECHNOLOGIES CORP.**Consolidated Balance Sheet**

(Expressed in United States Dollars)

(Audited)

	December 31, 2017	December 31, 2016
Assets		
Current		
Cash and cash equivalents	\$ 3,498,904	\$ 1,861,089
Accounts receivable	5,164,827	4,754,524
Inventory	9,827,156	7,806,029
Prepaid expenses and other current assets	1,094,275	454,173
Income taxes receivable	-	72,553
Total current assets	<u>19,585,162</u>	<u>14,948,368</u>
Property, plant and equipment	2,153,233	1,352,120
Intangible assets	4,144,374	3,467,218
Deferred tax asset	378,014	135,363
Goodwill	2,490,105	1,891,948
Total assets	<u>\$ 28,720,887</u>	<u>\$ 21,795,017</u>
Liabilities		
Current		
Bank indebtedness	\$ 2,000,000	\$ 2,500,000
Accounts payable and accrued liabilities	9,195,211	5,859,981
Income tax payable	1,126,865	168,690
Current portion of bank loan payable	440,126	565,678
Current portion of notes payable – acquisitions	624,308	448,527
Total current liabilities	<u>13,386,510</u>	<u>9,542,876</u>
Deferred tax liability	463,140	524,272
Bank loan payable	-	439,688
Notes payable – acquisitions	1,018,492	994,737
Total liabilities	<u>14,868,142</u>	<u>11,501,573</u>
Equity		
Capital stock	9,210,646	6,635,133
Contributed surplus	2,165,130	2,165,130
Accumulated other comprehensive loss	(984,281)	(833,725)
Retained Earnings	3,569,429	2,382,085
	<u>13,960,925</u>	<u>10,348,623</u>
Non-controlling interest	(108,180)	(55,179)
Total liabilities and equity	<u>\$ 28,720,887</u>	<u>\$ 21,795,017</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 December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net (loss) income	4,252	(22,881)	1,134,344	2,163,500
Interest	142,914	42,891	337,670	223,045
Taxes	335,122	(226,806)	1,029,490	866,075
Depreciation	224,663	80,695	748,364	299,625
Amortization	310,648	218,663	1,017,646	840,501
EBITDA	1,017,599	92,561	4,267,514	4,392,746