



NEWS RELEASE

XPEL Reports Record Revenue Of \$83.9 Million In Second Quarter 2022; Revenue Growth 22.0%; Gross Margin 39.3%; EBITDA Margin 20.5%

8/9/2022

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San Antonio, TX – August 9, 2022– XPEL, Inc. (Nasdaq: XPEL) a global provider of protective films and coatings, today announced results for the second quarter and six months ended June 30, 2022.

Second Quarter 2022 Highlights:

- Revenues increased 22.0% to a record \$83.9 million in the second quarter.
- Gross margin percentage improved to 39.3% in the second quarter, a new high for the Company.
- Net income grew 16.8% to \$11.9 million, or \$0.43 per share, compared to \$10.2 million, or \$0.37 per share, in the same quarter of 2021.
- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) grew 26.6% to \$17.2 million, or 20.5% of revenues compared to \$13.6 million in second quarter 2021.

First Six Months Highlights:

- Revenues increased 29.1% to \$155.8 million in the first six months of 2022.
- Gross margin percentage improved to 39.0% in the first half of 2022.
- Net income grew 15.7% to \$19.7 million, or \$0.71 per share, compared to \$17.0 million, or \$0.62 per share, in the first six months of 2021.
- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) grew 27.8% to \$29.1 million, or 18.7% of revenues compared to \$22.7 million in the first half of 2021.¹

Ryan Pape, President and Chief Executive Officer of XPEL, commented, "We're pleased to have delivered strong second quarter results, especially in the face of continuing headwinds related to on-going tight new car inventory, COVID-related impacts in China and the strengthening U.S. Dollar. We continued to see robust demand for our products and services across most of our regions. We remain confident in our ability to drive continued strong performance in the second half of 2022."

For the Quarter Ended June 30, 2022:

Revenues. Revenues increased approximately \$15.2 million or 22.0% to \$83.9 million as compared to \$68.7 million in the second quarter of the prior year.

Gross Margin. Gross margin was 39.3% compared to 36.7% in the second quarter of 2021.

Expenses. Operating expenses increased to \$17.2 million, or 20.5% of sales, compared to \$12.6 million, or 18.3% of sales in the prior year period.

Net income. Net income was \$11.9 million, or \$0.43 per basic and diluted share, versus net income of \$10.2 million, or \$0.37 per basic and diluted share in the second quarter of 2021.

EBITDA. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was \$17.2 million, or 20.5% of sales, as compared to \$13.6 million, or 19.7% of sales in the prior year¹.

For the Six Months Ended June 30, 2022:

Revenues. Revenues increased approximately \$35.2 million or 29.1% to \$155.8 million as compared to \$120.6 million in the first six months of the prior year.

Gross Margin. Gross margin was 39.0% compared to 36.1% in the first half of 2021.

Expenses. Operating expenses increased to \$34.9 million, or 22.4% of sales, compared to \$22.3 million or 18.5% of sales in the prior year period.

Net income. Net income was \$19.7 million, or \$0.71 per basic and diluted share versus net income of \$17.0 million, or \$0.62 per basic and diluted share in the first six months of 2021.

EBITDA. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was \$29.1 million, or 18.7% of sales, as compared to \$22.7 million, or 18.9% of sales in the prior year¹.

¹ See reconciliation of non-GAAP financial measures below

Conference Call Information

The Company will host a conference call and webcast today, August 9, 2022 at 11:00 a.m. Eastern Time to discuss the Company's second quarter 2022 results.

To access the live webcast, please visit the XPEL, Inc. website at www.xpel.com/investor.

To participate in the call by phone, dial **(877) 545-0320** approximately five minutes prior to the scheduled start time. International callers please dial **(973) 528-0002**. Callers should use access code: 929753.

A replay of the teleconference will be available until September 8, 2022 and may be accessed by dialing **(877) 481-4010**. International callers may dial **(919) 882-2331**. Callers should use conference ID: 46173.

About XPEL, Inc.

XPEL is a leading provider of protective films and coatings, including automotive paint protection film, surface protection film, automotive and architectural window films, and ceramic coatings. With a global footprint, a network of trained installers and proprietary DAP software, XPEL is dedicated to exceeding customer expectations by providing high-quality products, leading customer service, expert technical support and world-class training. XPEL, Inc. is publicly traded on Nasdaq under the symbol "XPEL".

Safe harbor statement

This release includes forward-looking statements regarding XPEL, Inc. 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.

For more information contact:

Investor Relations:

John Nesbett/Jennifer Belodeau

IMS Investor Relations

Phone: **(203) 972-9200**

Email: **xpel@imsinvestorrelations.com**

XPEL Inc.
Condensed Consolidated Statements of Income (Unaudited)
(In thousands except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------------------|--------------------------------|-----------|------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | | | | |
| Product revenue | \$ 67,040 | \$ 58,667 | \$ 125,137 | \$ 103,599 |
| Service revenue | 16,850 | 10,069 | 30,617 | 17,003 |
| Total revenue | 83,890 | 68,736 | 155,754 | 120,602 |
| Cost of Sales | | | | |
| Cost of product sales | 44,227 | 40,593 | 82,421 | 72,139 |
| Cost of service | 6,680 | 2,896 | 12,633 | 4,929 |
| Total cost of sales | 50,907 | 43,489 | 95,054 | 77,068 |
| Gross Margin | 32,983 | 25,247 | 60,700 | 43,534 |
| Operating Expenses | | | | |
| Sales and marketing | 5,906 | 4,687 | 12,218 | 8,075 |
| General and administrative | 11,328 | 7,888 | 22,696 | 14,240 |
| Total operating expenses | 17,234 | 12,575 | 34,914 | 22,315 |
| Operating Income | 15,749 | 12,672 | 25,786 | 21,219 |
| Interest expense | 322 | 44 | 542 | 97 |
| Foreign currency exchange (gain) loss | 457 | (63) | 462 | (28) |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Income before income taxes | 14,970 | 12,691 | 24,782 | 21,150 |
| Income tax expense | 3,068 | 2,505 | 5,076 | 4,117 |
| Net income | \$ 11,902 | \$ 10,186 | \$ 19,706 | \$ 17,033 |
| Earnings per share | | | | |
| Basic | \$ 0.43 | \$ 0.37 | \$ 0.71 | \$ 0.62 |
| Diluted | \$ 0.43 | \$ 0.37 | \$ 0.71 | \$ 0.62 |
| Weighted Average Number of Common Shares | | | | |
| Basic | \$ 27,613 | \$ 27,613 | \$ 27,613 | \$ 27,613 |
| Diluted | \$ 27,613 | \$ 27,613 | \$ 27,613 | \$ 27,613 |

XPEL Inc.
Condensed Consolidated Balance Sheets
(In thousands except per share data)

| | (Unaudited) June 30, 2022 | (Audited) December 31, 2021 |
|---|------------------------------|--------------------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 9,321 | \$ 9,644 |
| Accounts receivable, net | 19,119 | 13,159 |
| Inventory, net | 74,142 | 51,936 |
| Prepaid expenses and other current assets | 4,434 | 3,672 |
| Income tax receivable | 550 | 617 |
| Total current assets | 107,566 | 79,028 |
| Property and equipment, net | 12,169 | 9,898 |
| Right-of-use lease assets | 13,580 | 12,910 |
| Intangible assets, net | 29,777 | 32,733 |
| Other non-current assets | 893 | 791 |
| Goodwill | 25,071 | 25,655 |
| Total assets | \$ 189,056 | \$ 161,015 |
| Liabilities | | |
| Current | | |
| Current portion of notes payable | 159 | 375 |
| Current portion lease liabilities | 3,673 | 2,978 |
| Accounts payable and accrued liabilities | 36,587 | 32,915 |
| Total current liabilities | 40,419 | 36,268 |
| Deferred tax liability, net | 2,412 | 2,748 |
| Other long-term liabilities | 1,140 | 2,631 |
| Borrowings on line of credit | 32,000 | 25,000 |
| Non-current portion of lease liabilities | 10,008 | 9,830 |
| Non-current portion of notes payable | — | 76 |
| Total liabilities | 85,979 | 76,553 |
| Commitments and Contingencies (Note 11) | | |
| Stockholders' equity | | |
| Preferred stock, \$0.001 par value; authorized 10,000,000; none issued and outstanding | — | — |
| Common stock, \$0.001 par value; 100,000,000 shares authorized; 27,612,597 issued and outstanding | 28 | 28 |
| Additional paid-in-capital | 10,760 | 10,581 |
| Accumulated other comprehensive loss | (1,860) | (590) |
| Retained earnings | 94,149 | 74,443 |
| Total stockholders' equity | 103,077 | 84,462 |
| Total liabilities and stockholders' equity | \$ 189,056 | \$ 161,015 |

Reconciliation of Non-GAAP Financial Measure

EBITDA is a non-GAAP financial measure. EBITDA is defined as net income (loss) plus interest expense, net, plus income tax expense plus depreciation expense and amortization expense. EBITDA should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. It is not a

measurement of our financial performance under GAAP and should not be considered as alternatives to revenue or net income, as applicable, or any other performance measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other businesses. EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our operating results as reported under GAAP.

EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of ongoing operations and other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

EBITDA Reconciliation
(In thousands)

| | (Unaudited) Three Months Ended June 30, | | (Audited) Six Months Ended June 30, | |
|--------------|--|-----------|--|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Net Income | \$ 11,902 | \$ 10,186 | \$ 19,706 | \$ 17,033 |
| Interest | 322 | 44 | 542 | 97 |
| Taxes | 3,068 | 2,505 | 5,076 | 4,117 |
| Depreciation | 839 | 420 | 1,596 | 803 |
| Amortization | 1,054 | 423 | 2,131 | 685 |
| EBITDA | \$ 17,185 | \$ 13,578 | \$ 29,051 | \$ 22,735 |