



## Item 2.02 Results of Operations and Financial Condition

On August 9, 2021, XPEL, Inc. (XPEL) announced its consolidated financial results for the three and six months ended June 30, 2021. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K, and the information set forth therein is incorporated herein by reference and constitutes a part of this report.

The information contained in Item 2.02 of this report and Exhibit 99.1 to this report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be incorporated by reference into any filings made by XPEL under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

### Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibit is to be filed as part of this Form 8-K:

<b>EXHIBIT NO.</b>	<b>IDENTIFICATION OF EXHIBIT</b>
99.1	<a href="#">Press Release Dated August 9, 2021</a>

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**XPEL, Inc.**

Dated: August 9, 2021

By: /s/ Barry R. Wood

Barry R. Wood

Senior Vice President and Chief Financial Officer

**XPEL Reports Record Revenue of \$68.7 Million in Second Quarter 2021; Net Income of \$10.2 Million**

San Antonio, TX – August 9, 2021 – XPEL, Inc. (Nasdaq: XPEL) (the "Company"), a global provider of protective films and coatings, announced results for the second quarter and first six months ended June 30, 2021.

**Second Quarter 2021 Highlights:**

- Revenues increased 92.0% to \$68.7 million compared to second quarter 2020 and increased 32.5% sequentially compared to first quarter 2021
- Net income grew 156.3% to \$10.2 million, or \$0.37 per basic and diluted share, compared to \$4.0 million, or \$0.14 per basic and diluted share, in the same quarter of 2020
- EBITDA grew 139.8% to \$13.6 million, or 19.8% of revenues compared to \$5.7 million, or 15.8% of sales in second quarter 2020<sup>1</sup>

**First Six Months Highlights:**

- Revenues increased 87.9% to \$120.6 million as compared to \$64.2 million in the prior year period
- Net income increased by more than 200% to \$17.0 million, or \$0.62 per basic and diluted share, compared to \$5.6 million, or \$0.20 per basic and diluted share, in the same period of 2020
- EBITDA grew 176.1% to \$22.7 million, or 18.9% of revenues, as compared to \$8.2 million, or 12.8% in the same prior year period<sup>1</sup>

**For the Quarter Ended June 30, 2021:**

**Revenues.** Revenues increased approximately \$32.9 million, or 92%, to \$68.7 million as compared to \$35.8 million in the prior year.

**Gross Margin.** Gross margin was 36.7% compared to 32.8% in the second quarter of 2020.

**Expenses.** Operating expenses increased to \$12.6 million, or 18.3% of sales, compared to \$6.6 million, or 18.4% of sales in the prior year period.

**Net income.** Net income was \$10.2 million, or \$0.37 per basic and diluted share, versus net income of \$4.0 million, or \$0.14 per basic and diluted share in the second quarter of 2020.

**EBITDA.** EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was \$13.6 million, or 19.8% of sales, compared to \$5.7 million, or 15.8% of sales in the prior year<sup>1</sup>.

<sup>1</sup> See reconciliation of non-GAAP financial measures below

## **For the Six Months Ended June 30, 2021:**

*Revenues.* Revenues increased approximately \$56.4 million, or 87.9%, to \$120.6 million as compared to \$64.2 million in the same period of the prior year.

*Gross Margin.* Gross margin was 36.1% compared to 34.3% in the first six months of 2020.

*Expenses.* Operating expenses increased to \$22.3 million, or 18.5% of sales, compared to \$14.4 million, or 22.5%, of sales in the same prior year period.

*Net income.* Net income was \$17.0 million, or \$0.62 per basic and diluted share, versus net income of \$5.6 million, or \$0.20 per basic and diluted share in the first half of 2020.

*EBITDA.* EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was \$22.7 million, or 18.9% of sales, compared to \$8.2 million, or 12.8% of sales in the same prior year period<sup>1</sup>.

## **Conference Call Information**

The Company will host a conference call and webcast today, August 9, 2021 at 11:00 a.m. Eastern Time to discuss the Company's second quarter 2021 results.

To access the live webcast, please visit the XPEL, Inc. website at [www.xpel.com/investor](http://www.xpel.com/investor).

To participate in the call by phone, dial (844) 407-9500 approximately five minutes prior to the scheduled start time. International callers please dial (862) 298-0850.

A replay of the teleconference will be available until September 9, 2021 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 42329.

## **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".

<sup>1</sup> See reconciliation of non-GAAP financial measures below

## 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: [jnesbett@institutionalms.com](mailto:jnesbett@institutionalms.com)

---

**XPEL Inc.**  
**Condensed Consolidated Statements of Income (Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Product revenue	\$ 58,667,314	\$ 30,961,996	\$ 103,598,668	\$ 54,711,913
Service revenue	10,068,657	4,843,862	17,003,417	9,482,408
<b>Total revenue</b>	<u>68,735,971</u>	<u>35,805,858</u>	<u>120,602,085</u>	<u>64,194,321</u>
<b>Cost of Sales</b>				
Cost of product sales	40,592,311	22,556,696	72,138,858	39,318,109
Cost of service	2,896,432	1,510,085	4,929,568	2,840,247
<b>Total cost of sales</b>	<u>43,488,743</u>	<u>24,066,781</u>	<u>77,068,426</u>	<u>42,158,356</u>
<b>Gross Margin</b>	25,247,228	11,739,077	43,533,659	22,035,965
<b>Operating Expenses</b>				
Sales and marketing	4,686,693	1,919,529	8,074,523	4,662,778
General and administrative	7,888,213	4,679,092	14,239,704	9,748,863
<b>Total operating expenses</b>	<u>12,574,906</u>	<u>6,598,621</u>	<u>22,314,227</u>	<u>14,411,641</u>
<b>Operating Income</b>	12,672,322	5,140,456	21,219,432	7,624,324
Interest expense	43,940	74,554	96,659	105,112
Foreign currency exchange (gain) loss	(62,906)	4,141	(27,294)	419,718
<b>Income before income taxes</b>	12,691,288	5,061,761	21,150,067	7,099,494
Income tax expense	2,505,739	1,088,071	4,117,459	1,514,450
<b>Net income</b>	<u>\$ 10,185,549</u>	<u>\$ 3,973,690</u>	<u>\$ 17,032,608</u>	<u>\$ 5,585,044</u>
<b>Earnings per share</b>				
<b>Basic and diluted</b>	<u>\$ 0.37</u>	<u>\$ 0.14</u>	<u>\$ 0.62</u>	<u>\$ 0.20</u>
<b>Weighted Average Number of Common Shares</b>				
<b>Basic and diluted</b>	<u>27,612,597</u>	<u>27,612,597</u>	<u>27,612,597</u>	<u>27,612,597</u>

**XPEL Inc.**  
**Condensed Consolidated Balance Sheets**

	(Unaudited)	(Audited)
	June 30, 2021	December 31, 2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,733,902	\$ 29,027,124
Accounts receivable, net	12,625,703	9,944,213
Inventory, net	25,728,267	22,364,126
Prepaid expenses and other current assets	3,207,502	1,441,749
<b>Total current assets</b>	<b>50,295,374</b>	<b>62,777,212</b>
Property and equipment, net	7,556,788	4,706,248
Right-of-use lease assets	9,314,337	5,973,702
Intangible assets, net	21,902,077	5,423,980
Other non-current assets	477,920	486,472
Goodwill	15,826,655	4,472,217
<b>Total assets</b>	<b>\$ 105,373,151</b>	<b>\$ 83,839,831</b>
<b>Liabilities</b>		
<b>Current</b>		
Current portion of notes payable	\$ 513,891	\$ 2,568,172
Current portion lease liabilities	1,145,724	1,650,749
Accounts payable and accrued liabilities	21,957,708	16,797,462
Income tax payable	1,382,177	183,961
<b>Total current liabilities</b>	<b>24,999,500</b>	<b>21,200,344</b>
Deferred tax liability, net	646,921	627,806
Other long-term liabilities	865,066	729,408
Non-current portion of lease liabilities	8,190,262	4,331,214
Non-current portion of notes payable	239,055	3,568,191
<b>Total liabilities</b>	<b>34,940,804</b>	<b>30,456,963</b>
<b>Commitments and Contingencies (Note 11)</b>		
<b>Stockholders' equity</b>		
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	27,613	27,613
Additional paid-in-capital	10,412,471	10,412,471
Accumulated other comprehensive income (loss)	83,086	66,215
Retained earnings	59,909,177	42,876,569
<b>Total stockholders' equity</b>	<b>70,432,347</b>	<b>53,382,868</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 105,373,151</b>	<b>\$ 83,839,831</b>

**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

	(Unaudited)		(Unaudited)	
	Three Months Ended June 30,		Six Months Ended June 30, 2021	
	2021	2020	2021	2020
<b>Net Income</b>	\$ 10,185,549	\$ 3,973,690	\$ 17,032,608	\$ 5,585,044
<b>Interest</b>	43,940	74,554	96,659	105,112
<b>Taxes</b>	2,505,739	1,088,071	4,117,459	1,514,450
<b>Depreciation</b>	419,607	293,860	802,697	564,177
<b>Amortization</b>	422,778	232,225	685,384	466,121
<b>EBITDA</b>	<u>\$ 13,577,613</u>	<u>\$ 5,662,400</u>	<u>\$ 22,734,807</u>	<u>\$ 8,234,904</u>