Today’s Webcast Presentation

Protecting Under the Radar

Presented by

FEI San Antonio Chapter

April 21, 2021

will begin shortly ...
CPE Credits

Today’s webinar is worth 1 Continuing Professional Education (CPE) credit.

To be eligible for CPE credit, you must:

• Have a total viewing time of at least 50 minutes
• Respond to at least 3 attendance checks throughout the webinar.

These will appear on your screen, like the below, along with an audio cue.
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Please visit: sanantonio.financialexecutives.org or email: admin@feisanantonio.org
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THE LEADER
IN PROTECTIVE FILMS

AUTOMOTIVE
PAINT PROTECTION FILMS

AUTOMOTIVE
WINDOW TINT

HOME & OFFICE
WINDOW FILMS
A BRAND BUILT
OVER 20 YEARS

HEADQUARTERED IN
SAN ANTONIO, TX

FOUNDED IN 1997

NASDAQ: XPEL

350 FULL TIME EMPLOYEES

GLOBAL OPERATIONS
HISTORY THAT CONTINUES
TO SET THE STANDARD
**AUTOMOTIVE PRODUCTS**

**ULTIMATE PLUS™ PAINT PROTECTION FILM**

Invisible, Cut-To-Fit Protection Film

Protects from Rock Chips, Bug Acids, and Road Debris Damage

Professionally Installed New-Car Product

**PRIME™ AUTOMATIC WINDOW FILM**

Film for Heat Rejection, Security and Appearance

4 Core Lines of Film, Something For Everyone

High-End Products for Margin, Differentiation

**FUSION PLUS™ CERAMIC COATING**

Hydrophobic Coating Applied to PPF and Painted Surfaces

Allows for Easy Finished Maintenance and Cleaning

Opportunity for More Revenue Per Car
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NON-AUTOMOTIVE PRODUCTS

Solar Control and Security for Commercial and Residential Applications

Distinct Customer Set, But Similar Profile to Automotive

Large Addressable New Market

VISION™

HOME & OFFICE WINDOW FILM

SURFACE PROTECTION

Sell to a Variety of Niche Non-Automotive Uses

Electronics, Stainless Steel, Solid Surface Countertops and More

Constantly Evaluating New Applications to Elevate Support

Antimicrobial Surface Protection

Screens, Electronics, Consumer Surfaces

Primarily B2B Sale and Available to Current Customers
Non-Automotive Products

Sell to a variety of niche non-automotive uses. Electronics, stainless steel, solid surface countertops and more. Constantly evaluating new applications to elevate support.

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COMPETITIVE LANDSCAPE

- EASTMAN
- SunTek
- LLumar
- 3M
Cloud-Based Application Updated Daily with 80,000 Vehicle Applications

Pre-Cut Film Prevents Cutting on Car

Reduces Installation Time, Material Waste

THE XPEL DIFFERENCE

CERTIFIED TRAINING

Essential to New Customer Success and Industry Growth

Corporate Training Facilities in 5 Countries

PPF, Automotive Window Tint, Architectural Window Films, Ceramic Coating

Extensive On and Off-line Marketing and Lead Generation

Sponsorships, Events and Influencer Campaigns

Positions XPEL as the Premium Brand
**INDUSTRY OVERVIEW**

**Paint Protection Film**

- Still very early in product adoption/awareness cycle
  - US and Canada
  - Rest of World

- Penetration rates are still low
  - Approx. 7-9% of new cars sold in North America have some form of PPF on them
  - Lower penetration rates in rest of world

**LONG RUNWAY FOR GROWTH DOMESTICALLY AND INTERNATIONALLY**
INDUSTRY OVERVIEW

Automotive Window Film

• More Familiar Product
• Larger Addressable Market Than PPF
• Disaggregated Providers
• Good Complement to PPF
INDUSTRY OVERVIEW

Architectural Window Film

- Large Addressable Market
- Opportunity to Leverage Brand and Service Model
- Disaggregated Providers
Public in Canada (Toronto Venture Exchange) since 2004

Headquarters in the US (San Antonio)

Significant majority of business is US based

Stock Was Thinly Traded

Impossible to Leverage Stock as Currency

EVERYONE WAS CONFUSED
THE ROAD TO NASDAQ

QUESTION: HOW TO BECOME A US REGISTRANT WITH NO NEED TO RAISE CAPITAL?

- FIND GOOD SEC COUNSEL
- DETERMINE FILING STATUS
- EMERGING GROWTH COMPANY DESIGNATION
- FILE FORM 10 – GENERAL FORM FOR REGISTRATION OF SECURITIES
- FIND YOUR TRANSFER AGENT
- DETERMINE THE LISTING EXCHANGE
- WIND YOUR WAY THROUGH THE DTC BLACK BOX
- IFRS TO GAAP CONVERSION

WENT LIVE ON NASDAQ IN JULY 2019
REVENUE TREND
IN MILLIONS

$160,000
$150,000
$140,000
$130,000
$120,000
$110,000
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000

2016 2017 2018 2019 2020
IFRS U.S. GAAP

$51.8M $67.3M $109.9M $129.9M $158.9M

32.3% CAGR 63.3% 18.2% 22.3%
2020 Sales Mix
By Region

- Canada: 12.9%
- United States: 47.2%
- Latin America: 1.4%
- Middle East/Africa: 3.3%
- Asia Pacific: 3.3%
- China: 20.6%
- Continental Europe: 8.0%
- UK: 3.0%
- Other: 0.3%
EBITDA PROFILE
IN MILLIONS

U.S. GAAP

EBITDA
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$1,000

100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

2017  2018  2019  2020
$3.6M  $13.0M  $18.7M  $25.3M
5.4%  11.9%  14.4%  15.9%

EBITDA
%
NET INCOME TREND
IN MILLIONS

- **2015:** $1.5M (3.6%)
- **2016:** $2.2M (4.2%)
- **2017:** $1.0M (1.5%)
- **2018:** $8.7M (7.9%)
- **2019:** $14.0M (10.8%)
- **2020:** $18.3M (11.5%)
## Strong Financial Position

U.S. GAAP – In Millions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash • Cash Equivalents</strong></td>
<td>$4.0M</td>
<td>$11.5M</td>
<td>$29.0M</td>
</tr>
<tr>
<td><strong>Net Working Capital</strong></td>
<td>$12.5M</td>
<td>$24.5M</td>
<td>$41.6M</td>
</tr>
<tr>
<td><strong>Accounts Receivable</strong></td>
<td>$5.6M</td>
<td>$7.2M</td>
<td>$9.9M</td>
</tr>
<tr>
<td><strong>Total Inventory</strong></td>
<td>$10.8M</td>
<td>$15.1M</td>
<td>$22.4M</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$30.5M</td>
<td>$51.6M</td>
<td>$83.8M</td>
</tr>
<tr>
<td><strong>Total Debt</strong> (Excludes Lease Obligations)</td>
<td>$1.8M</td>
<td>$0.8M</td>
<td>$6.1M</td>
</tr>
<tr>
<td><strong>Cash Flow From Ops (YTD)</strong></td>
<td>$6.8M</td>
<td>$11.0M</td>
<td>$18.5M</td>
</tr>
</tbody>
</table>
Among the Best

XPEL

Missed Tesla’s 125% Rise? Don’t Feel So Bad

According to a report by The Wall Street Journal, XPEL is among the top performers of 2020. Investors have been riding the rise of companies related to the automotive industry, and XPEL has been one of the best performers.

Investors can’t afford regret. Every day brings new opportunities to become very rich, most of which we are bound to miss. Tesla’s 125-fold increase isn’t even the best gain since it listed. That honor, at least among the top 3,000 stocks in the U.S., goes to Xpel Inc., which makes film to protect car paintwork. It was a penny stock with a market value of a bit more than half a million dollars when Tesla came to market, and has since soared almost 170,000%, leaving Tesla in the dust.

None of us who missed Xpel are kicking ourselves. Penny stocks—even those on reputable markets like the Nasdaq, as Xpel is—don’t usually do anything special. They are difficult and costly to trade, hard to find information on and often deeply troubled. Many vanish without a trace.

Tesla has only recently stopped being the top performer, and only because those betting against it lost too much money. I missed Tesla too, initially seeing it as only a niche sports-car stock and later scoffing at Elon Musk’s grand ambition. And while obviously I’d like an extra $1 million as much as the next guy, I’m not distressed that I missed out.
PROTECTING BELOW THE RADAR

- XPEL's products not well-known outside of enthusiast segment
- PPF is invisible once installed
- Huge opportunity for car dealerships
- Product awareness is growing but nowhere near where it could be
- Industry is still in its relative infancy
- Hometown love!!
## Non-GAAP Measures

### EBITDA Reconciliation

**U.S. GAA - In Millions**

<table>
<thead>
<tr>
<th>Year Ended</th>
<th><strong>$18,281,691</strong></th>
<th><strong>$13,995,072</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dec 31, 2020</strong></td>
<td><strong>$18,281,691</strong></td>
<td><strong>$13,995,072</strong></td>
</tr>
<tr>
<td><strong>Dec 31, 2019</strong></td>
<td><strong>$13,995,072</strong></td>
<td><strong>$96,646</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th><strong>2020</strong></th>
<th><strong>2019</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$18,281,691</strong></td>
<td><strong>$13,995,072</strong></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td><strong>$249,480</strong></td>
<td><strong>$96,646</strong></td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td><strong>$4,522,668</strong></td>
<td><strong>$2,955,356</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td><strong>$1,274,095</strong></td>
<td><strong>$915,918</strong></td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td><strong>$955,937</strong></td>
<td><strong>$781,105</strong></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$25,283,871</strong></td>
<td><strong>$18,744,097</strong></td>
</tr>
</tbody>
</table>
ARE THERE ANY QUESTIONS FOR TODAY’S PRESENTERS?
FOR YOUR PARTICIPATION DURING THIS WEBCAST!

Your CPE certificate will be emailed within 24 hours should you meet the criteria.

For any additional questions regarding CPE, please email Conf@financialexecutives.org