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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**February 28, 2023**

Date of Report (date of earliest event reported)

**XPEL, INC.**

**(Exact name of registrant as specified in its charter)**

<b>Nevada</b> (State or other jurisdiction of incorporation or organization)	<b>001-38858</b> (Commission File Number)	<b>20-1117381</b> (I.R.S. Employer Identification No.)
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<b>711 Broadway, Suite 320</b> <b>San Antonio</b> (Address of Principal Executive Offices)	<b>Texas</b>	<b>78215</b> (Zip Code)
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Registrant's telephone number, including area code: (210) 678-3700

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	XPEL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Item 2.02 Results of Operations and Financial Condition

On February 28, 2023, XPEL, Inc. (“XPEL”) announced its consolidated financial results for the quarter and year ended December 31, 2022. 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 February 28, 2023</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: February 28, 2023

By: /s/ Barry R. Wood

Barry R. Wood

Senior Vice President and Chief Financial Officer

## XPEL Reports Fourth Quarter and 2022 Year End Results

San Antonio, TX – February 28, 2023 – XPEL, Inc. (Nasdaq: XPEL) (the "Company"), a global provider of protective films and coatings, announced results for the fourth quarter and year ended December 31, 2022.

### Fourth Quarter 2022 Highlights:

- Revenue increased 11.9% to \$78.5 million compared to fourth quarter 2021.
- Net income increased 34.7% to \$8.4 million, or \$0.30 per basic diluted and share, versus net income of \$6.2 million, or \$0.22 per basic and diluted share in the fourth quarter of 2021.
- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) grew 32.4% to \$13.2 million, or 16.8% of revenue compared to \$10.0 million, or 14.2% of revenue in fourth quarter 2021.<sup>1</sup>

### Year End 2022 Highlights:

- Revenue increased 25.0% to \$324.0 million as compared to \$259.3 million in the prior year.
- Net income increased by 31.1% to \$41.4 million, or \$1.50 per basic and diluted share, compared to \$31.6 million, or \$1.14 per basic and diluted share, in 2021.
- EBITDA grew 38.7% to \$61.2 million, or 18.9% of revenue, as compared to \$44.1 million, or 17.0% in the prior year.<sup>1</sup>

In the quarter, the Company's revenue was negatively impacted by approximately \$3.5 million resulting from the cancellation of some China orders due to uncertainty created by the change in COVID policies and China's reopening.

The Company also incurred approximately \$0.4 million in inventory write-offs which negatively impacted gross margin. The Company's selling, general and administrative expenses were negatively impacted by approximately \$0.3 million in severance-related costs and \$0.4 million in compensation expense tangential to a previous acquisition.

Normalizing for these items, revenue would have grown approximately 17%, EBITDA margin would have been approximately 18% and EPS would have been approximately \$0.36 per share.

Ryan Pape, President and Chief Executive Officer of XPEL, commented, "Despite some headwinds in the fourth quarter, there is a lot to be positive about as we look to 2023. We continue to have tremendous momentum in almost all of our regions, particularly the US which grew 31.6% in the quarter. Automakers seem cautiously optimistic about 2023 and new car inventories continue to improve. This momentum has continued and we are off to a great start in 2023."

### For the Quarter Ended December 31, 2022:

*Revenue.* Revenue increased approximately \$8.3 million, or 11.9%, to \$78.5 million as compared to \$70.1 million in the fourth quarter of the prior year.

*Gross Margin.* Gross margin was 39.6% compared to 35.2% in the fourth quarter of 2021.

*Expenses.* Operating expenses increased to \$20.2 million, or 25.7% of revenue, compared to \$16.2 million, or 23.0% of revenue in the prior year period.

*Net income.* Net income was \$8.4 million, or \$0.30 per basic and diluted share, versus net income of \$6.2 million, or \$0.22 per basic and diluted share in the fourth quarter of 2021.

*EBITDA.* EBITDA was \$13.2 million, or 16.8% of revenue, compared to \$10.0 million, or 14.2% of revenue in the fourth quarter of the prior year.<sup>1</sup>

### **For the Year Ended December 31, 2022:**

*Revenue.* Revenue increased approximately \$64.7 million, or 25.0%, to \$324.0 million as compared to \$259.3 million in the prior year.

*Gross Margin.* Gross margin was 39.4% compared to 35.7% for full year 2021.

*Expenses.* Operating expenses increased to \$73.6 million, or 22.7% of revenue, compared to \$52.6 million, or 20.3%, of revenue in full year 2021.

*Net income.* Net income was \$41.4 million, or \$1.50 per basic and diluted share, versus net income of \$31.6 million, or \$1.14 per basic and diluted share in full year 2021.

*EBITDA.* EBITDA was \$61.2 million, or 18.9% of revenue, compared to \$44.1 million, or 17.0% of revenue in the prior year.<sup>1</sup>

### **Conference Call Information**

The Company will host a conference call and webcast today, February 28, 2023 at 11:00 a.m. Eastern Time to discuss the Company's fourth quarter and year end 2022 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 888-506-0062 approximately five minutes prior to the scheduled start time. International callers please dial (973) 528-0011. Callers should use access code: 264934.

A replay of the teleconference will be available until March 30, 2023 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 47536.

### **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:**

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**XPEL, Inc.**  
**Consolidated Statements of Income**  
(In thousands except per share data)

	(Unaudited)		Year Ended December 31,	
	Three Months Ended 2022	2021	2022	2021
<b>Revenue</b>				
Product revenue .....	\$ 60,421	\$ 56,688	\$ 258,174	\$ 217,283
Service revenue .....	18,060	13,444	65,819	41,980
<b>Total revenue</b> .....	<b>78,481</b>	<b>70,132</b>	<b>323,993</b>	<b>259,263</b>
<b>Cost of Sales</b>				
Cost of product sales .....	40,259	39,446	169,905	151,286
Cost of service .....	7,176	5,997	26,576	15,300
<b>Total cost of sales</b> .....	<b>47,435</b>	<b>45,443</b>	<b>196,481</b>	<b>166,586</b>
<b>Gross Margin</b> .....	<b>31,046</b>	<b>24,689</b>	<b>127,512</b>	<b>92,677</b>
<b>Operating Expenses</b>				
Sales and marketing .....	6,852	5,295	25,367	18,273
General and administrative .....	13,349	10,865	48,208	34,288
<b>Total operating expenses</b> .....	<b>20,201</b>	<b>16,160</b>	<b>73,575</b>	<b>52,561</b>
<b>Operating Income</b> .....	<b>10,845</b>	<b>8,529</b>	<b>53,937</b>	<b>40,116</b>
Interest expense .....	477	160	1,410	303
Foreign currency exchange (gain) loss .....	(272)	251	562	373
<b>Income before income taxes</b> .....	<b>10,640</b>	<b>8,118</b>	<b>51,965</b>	<b>39,440</b>
Income tax expense .....	2,282	1,914	10,584	7,873
<b>Net income</b> .....	<b>\$ 8,358</b>	<b>\$ 6,204</b>	<b>\$ 41,381</b>	<b>\$ 31,567</b>
<b>Earnings per share</b>				
<b>Basic</b> .....	<b>\$ 0.30</b>	<b>\$ 0.22</b>	<b>\$ 1.50</b>	<b>\$ 1.14</b>
<b>Diluted</b> .....	<b>\$ 0.30</b>	<b>\$ 0.22</b>	<b>\$ 1.50</b>	<b>\$ 1.14</b>
<b>Weighted Average Number of Common Shares</b>				
<b>Basic</b> .....	27,616	27,613	27,614	27,613
<b>Diluted</b> .....	27,618	27,613	27,616	27,613

**XPEL, Inc.**  
**Consolidated Balance Sheets**  
(In thousands except share and per share data)

	December 31, 2022	December 31, 2021
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,056	\$ 9,644
Accounts receivable, net	14,726	13,159
Inventory, net	80,575	51,936
Prepaid expenses and other current assets	3,464	3,672
Income tax receivable	—	617
<b>Total current assets</b>	<b>106,821</b>	<b>79,028</b>
Property and equipment, net	14,203	9,898
Right-of-use lease assets	15,309	12,910
Intangible assets, net	29,294	32,733
Other non-current assets	972	791
Goodwill	26,763	25,655
<b>Total assets</b>	<b>\$ 193,362</b>	<b>\$ 161,015</b>
<b>Liabilities</b>		
<b>Current</b>		
Current portion of notes payable	\$ 77	\$ 375
Current portion of lease liabilities	3,885	2,978
Accounts payable and accrued liabilities	22,970	32,915
Income tax payable	470	—
<b>Total current liabilities</b>	<b>27,402</b>	<b>36,268</b>
Deferred tax liability, net	2,049	2,748
Other long-term liabilities	1,070	2,631
Borrowings on line of credit	26,000	25,000
Non-current portion of lease liabilities	12,119	9,830
Non-current portion of notes payable	—	76
<b>Total liabilities</b>	<b>68,640</b>	<b>76,553</b>
<b>Commitments and Contingencies (Note 15)</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; 27,616,064 issued and outstanding	28	28
Additional paid-in-capital	11,073	10,581
Accumulated other comprehensive loss	(2,203)	(590)
Retained earnings	115,824	74,443
<b>Total stockholders' equity</b>	<b>124,722</b>	<b>84,462</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 193,362</b>	<b>\$ 161,015</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)			
	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net Income .....	\$ 8,358	\$ 6,204	\$ 41,381	\$ 31,567
Interest .....	477	160	1,410	303
Taxes .....	2,282	1,914	10,584	7,873
Depreciation .....	947	629	3,433	1,887
Amortization .....	1,153	1,080	4,401	2,501
EBITDA .....	<u>\$ 13,217</u>	<u>\$ 9,987</u>	<u>\$ 61,209</u>	<u>\$ 44,131</u>