XPEL, Inc.
(Nasdaq: XPEL)
(04/12/26)

Diversified Industrials Sector

Current Price: $44 | **Target Price:** $76-96 | **Implied Upside:** 75% | **Time Horizon:** 12-24 months

Table of Contents

Company Overview

XPEL is a global provider of protective films, coatings, and proprietary software for automotive, architectural, and marine applications, operating as the dominant brand in paint protection film with approximately 35% US market share across a network of over 20,000 installers and dealerships worldwide.

Service Revenue Breakdown

Product Revenue Breakdown

Despite holding 35% US market share, XPEL competes against companies for whom PPF represents less than 10% of total revenue. For XPEL it is 100% of the business that focus is the competitive advantage.

Revenue by Primary Channel and End Market

Aftermarket	Dealerships/ Body Shops	OEM	E-Com	Other
51%	23%	5%	5%	16%

Driven by repeat purchases from independent installers in the aftermarket, while dealerships/body shops add protection products to vehicles, and OEM and e-commerce channels expand reach through factory integration and direct consumer access to car care and installation products.

Main Competitors

Sources: XPEL 10-K Annual Report, XPEL Q4 2025 Earnings Press Release, XPEL Investor Presentation

Company Overview: *Setup & Situation*

PHOENICIAN
INVESTMENT FUND

Services account for 24% of revenue but 32% of gross profit, suggesting XPEL's broader service ecosystem contributes more to profitability.

Financial Summary

Total Revenue	476.2 M
Market Cap	1.27 B
Enterprise Value	1.25 B
EV/EBIT	17.2x
P/E Ratio	24.2x
EBITDA	75.9
FCF Yield	4.9%

Sources: XPEL Q4 2025 Earnings Press Release, XPEL 10-K Annual Report, XPEL Q4 2025 Earnings Call Transcript, Federal Reserve Economic Data — Total Vehicle Sales SAAR

Company Overview: *Market View VS. Our View*

XPEL

The market has consistently misread XPEL as a car sales business. Three specific misunderstandings have compressed the stock to a 40% discount to its own historical valuation.

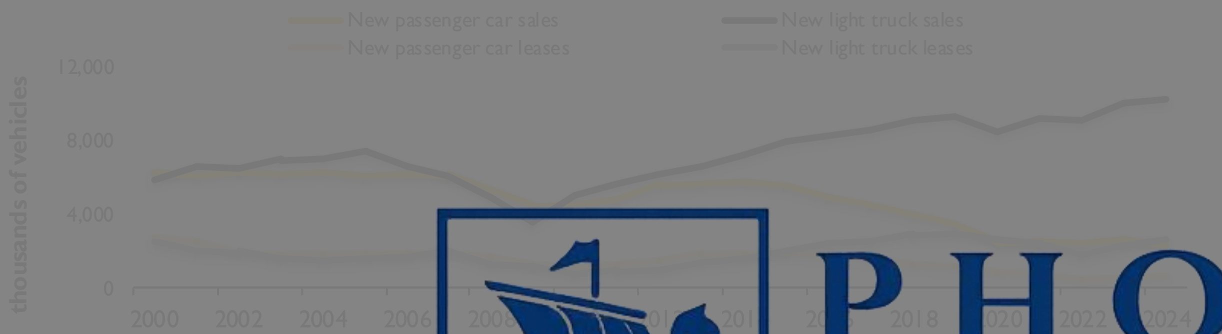
Market View	Our View
XPEL revenue follows car sales volume because XPEL sells a product applied to cars at purchase so, analysts have always modeled the business as if car sales drive revenue. When car sales slow, the stock sells off. When guidance came in below expectations in February, the market read it as the auto slowdown flowing into XPEL.	XPEL's software subscriptions and dealer service revenue have grown from 13% to 24% of total revenue every year since 2018 regardless of car market conditions. In Q4 2025, the US car market contracted approximately 5% as federal EV tax credit expiration pulled purchases out of Q4. XPEL's US revenue grew 11% in that same quarter. The business grew while the market it sells into shrank.
The guidance miss confirms de[illegible]wing Q1 2026 guidance came in roughly $4 to $[illegible] [illegible] than analysts expected. Because the market already [illegible]EL to be hurt by the Q4 auto slowdown, the miss read as confirmation, and the stock dropped 13% before the market opened the next morning.	Canada saw a sharp regional decline in local car sales that directly reduced revenue there. The China acquisition brought in the distributor's existing inventory at an elevated cost that compresses reported margin until it sells through, which management confirmed happens by early Q2 2026. A proprietary survey of more than 30 dealers conducted found PPF sales accelerating each quarter through Q1 2026, directly contradicting the demand deterioration reading.
Gross margins have been exactly 42.2% in both 2024 and 2025. No analyst covering XPEL has incorporated vertical integration into their official price targets, which signals that the people who follow the stock most closely do not yet believe it is ready to price.	Management committed to this publicly, budgeted $75 to $150 million for the facility, and hired the former head of film manufacturing at their own supplier to lead the effort. One analyst has already modeled this scenario and found it implies a stock price of $100 to $150, but is holding it outside their official estimate because management has not yet confirmed the specific path. That announcement was expected around April 2026.

Sources: XPEL Q4 2025 Earnings Call Transcript, XPEL Q4 2025 Earnings Press Release, Cox Automotive December 2025 Sales Forecast

Industry Overview

The global paint protection film market is worth approximately $500 million today and is on track to reach $1 billion by 2030, yet despite that growth the product has only been applied to roughly 5% of new cars sold in the US, leaving an overwhelming majority of potential customers.

New Passenger Car and Light Truck Sales and Leases



New vehicle sales are historically [illegible] factors such as interest rates, consumer demand, and economic [illegible] fluctuations in auto demand are normal

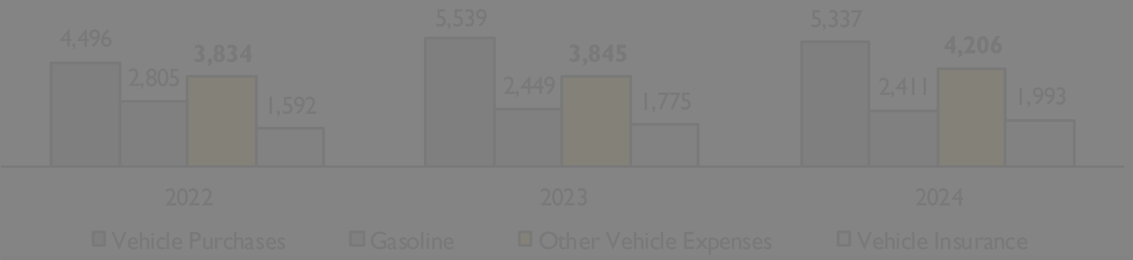
Average Age of Automobiles and Trucks in Operation

An aging vehicle fleet increases maintenance needs and extends the lifecycle for aftermarket services and vehicle preservation solutions.

Motor Vehicle Maintenance and Repair Prices Over Time

Motor vehicle maintenance and repair prices have increased approximately 43% since 2021, raising cost of vehicle damage and increasing the financial value of protection products for both consumers and dealerships.

Consumer Spending on Vehicles

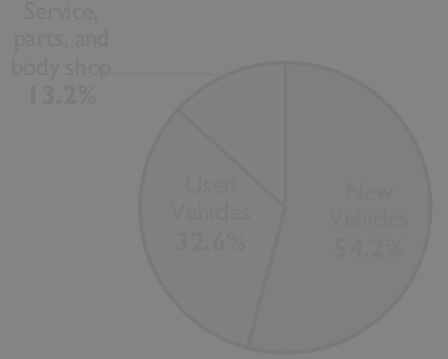


Rising maintenance and ownership costs, despite moderating vehicle purchases, suggest consumers are keeping vehicles longer and increasing incentives to preserve vehicle condition and long-term value.

Sources: Bureau of Transportation Statistics — Average Age of Automobiles and Trucks in Operation in the United States, Bureau of Transportation Statistics — New Passenger Car and Light Truck Sales and Leases, U.S. Bureau of Labor Statistics — Consumer Expenditures 2024, Federal Reserve Economic Data — Expenditures: Vehicle Maintenance and Repairs: All Consumer Units

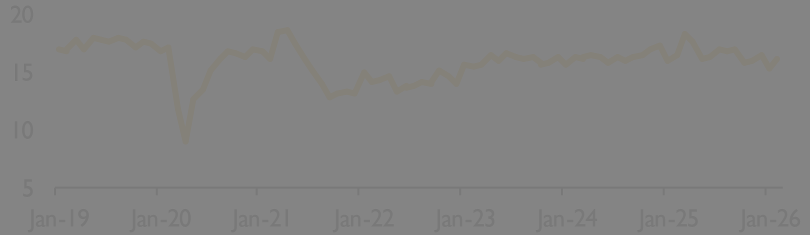
The market prices XPEL as a bet on auto sales volume, but XPEL's real growth engine is how much revenue it earns per vehicle relationship through stacked products, software, and services that expand regardless of whether new car sales go up or down.

Total Dealership Sales Breakdown



Dealership revenue is diversified across new vehicles, used vehicles, service, and F&I. XPEL sits inside the parts of ... growing, not the parts tied to new vehicle unit ...

Total Vehicle Sales

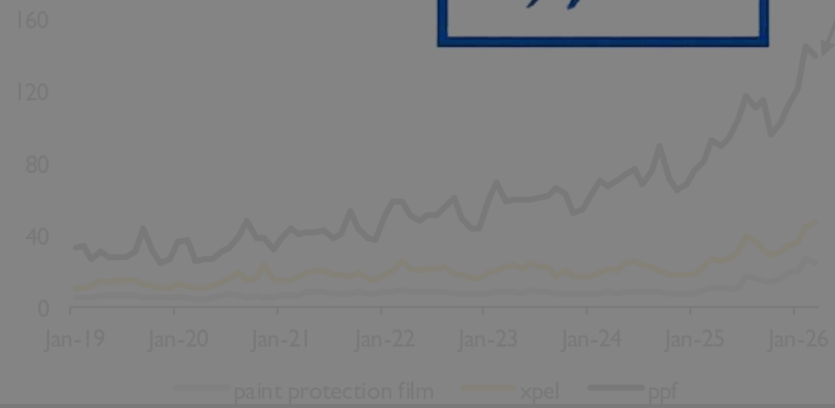


New vehicle sales have swung nearly 52% from peak to trough since 2019. If XPEL were truly a unit-volume story, its revenue would mirror this volatility.

Total Dealership Service and Parts Sales

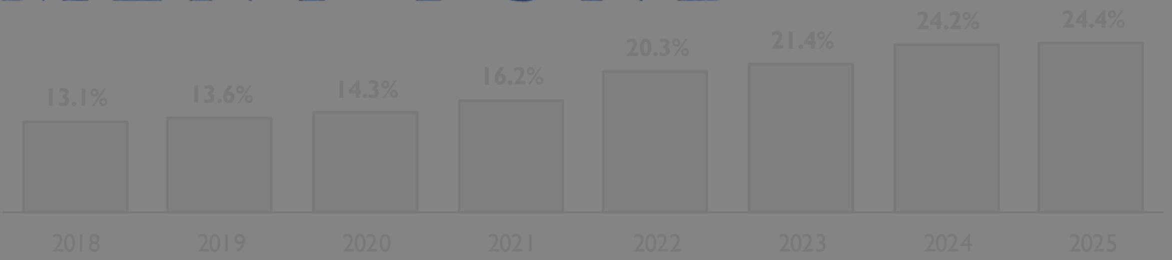
Dealership service and parts revenue has grown from roughly $40B to over $81B, steadily and independently of new vehicle sales cycles, and XPEL is positioned inside this more resilient and growing pool.

Consumer Search Interest for PPF



Consumer search interest has grown continuously since 2019 and accelerated sharply through 2024 and 2025, reaching all-time highs as of early 2026. This growth in awareness is independent of car sales cycles and reflects a structural adoption curve that drives first-time buyers toward PPF regardless of whether the overall auto market is expanding or contracting.

XPEL Services as % of Total Revenue



Service revenue reaching 24% of total revenue reflects that they are increasingly earning multiple revenue streams from each vehicle. This does not eliminate cyclical exposure, but it means each vehicle relationship generates more total revenue and more margin than a pure film sale would.

Sources: XPEL 10-K Annual Report, XPEL Q4 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call Transcript, Federal Reserve Economic Data — Total Vehicle Sales SAAR, NADA Annual Data 2025, S&P Global Mobility US Auto Sales, Google Trends United States 2019 to 2026, Cox Automotive December 2025 Sales Forecast

Theses Overview

XPEL is transitioning from a product distributor to a vertically integrated protection platform, driven by a newly introduced reinsurance program, expanding mainstream adoption, and margin expansion from vertical integration, none of which is fully reflected in current analyst expectations.

1. Reinsurance Drives Dealer Adoption

Reinsurance introduced [illegible] dealer incentives with protection product sales for the first time, encouraging dealers to actively promote adoption. As participation expands across Brown & Brown's network, we expect higher adoption and accelerating revenue growth, which is not currently reflected in analyst estimates.

2. Large Untapped Market Drives Share Gains

Protection products remain underpenetrated, with adoption historically concentrated in luxury vehicles. As rising vehicle prices make protection economically rational for mainstream buyers, we expect adoption to expand, driving market share gains and sustained revenue growth.

3. Vertical Integration Drives Margin Expansion

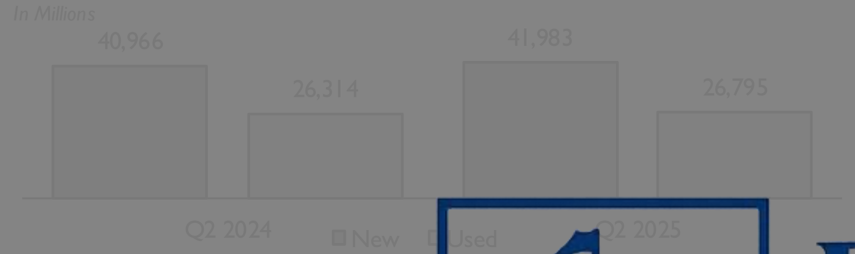
XPEL's investment in vertical integration reduces reliance on third-party suppliers and eliminates embedded markups. As manufacturing ramps, we expect gross margin expansion and operating leverage, which is not currently reflected in analyst models.

Sources: XPEL Q4 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call Transcript, XPEL Q3 2025 Earnings Press Release, Cox Automotive December 2025 Sales Forecast, Alta Fox Capital XPEL Presentation March 2026

Thesis 1: *The Dealer Has Skin in the Game*

XPEL's reinsurance partnership with Brown & Brown structurally aligns dealer financial incentives with protection product sales for the first time, creating a durable and self-reinforcing revenue channel that the market is treating as a simple distribution deal.

Average Amount Financed for New and Used Vehicles



Consumers finance increasingly larger amo... vehicle purchases, the financial stakes of ownership rise alongside ... receptive buyer at the dealership level for protection ... preserve.

F&I Income Distribution

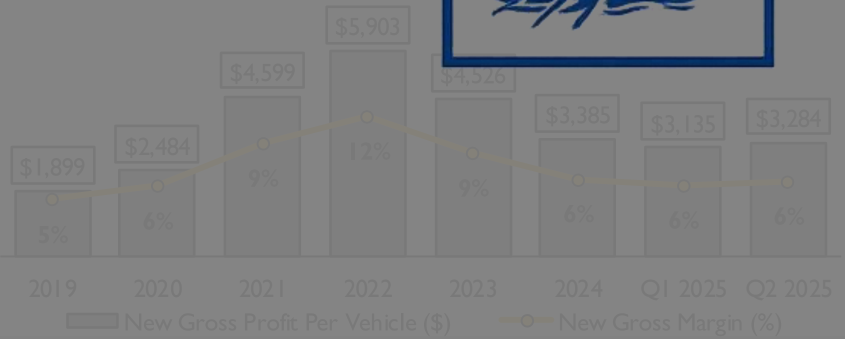
Across U.S. dealerships, protection products represent roughly 8% of total F&I revenue, establishing the baseline penetration level that XPEL's reinsurance partnership with Brown & Brown is structured to expand.

Most Common Auto Insurance Claims

1. Rear-end collisions
2. Windshield damage
3. Parking lot damage
4. Weather damage
5. Theft/vandalism

The damage consumers experience most frequently after purchase is precisely what protection products prevent, making them the most directly relevant F&I offering for reducing post-sale complaints.

New Gross Profit Per Vehicle



F&I Gross Profit Per Vehicle

Front-end vehicle profits remain cyclical and volatile, while F&I gross profit per vehicle has remained relatively stable, increasing dealer reliance on higher-margin protection products and strengthening incentives to prioritize F&I offerings.

	Without Protection	With Protection
Customer buys car	Yes	Yes
Rock chip / damage	Customer pays	Covered
Customer frustration	High	Low
CSI	Lower	Higher

Protection products directly reduce post-sale customer frustration and dealer complaints, improving CSI scores that determine manufacturer bonuses and give dealers a compounding financial reason to prioritize offerings beyond the F&I margin.

Sources: Haig Report Q2 2025, Haig Report Q3 2025, Haig Report Q4 2024, NADA Annual Data 2025, NAIC Auto Insurance Database Report, Visionast Recent Trends in Automotive Dealership Profitability 2025, ACSI Automobile Study 2025, Digital Dealership System CSI Reporting, F&I Magazine What We Learned About F&I in 2024

Thesis 1: *Quantifying the Opportunity*

XPEL

Using an implied mature dealer attach rate of 28%, and a conservative year 2 attach rate of 7-18%, the Base case alone adds $24.2M in annual product revenue equal to 39% of 2025 operating income, generated entirely through XPEL's existing installer network with no new capital investment required.

	Bear	Base	Bull
US franchised dealerships	18,000	18,000	18,000
Currently active PPF dealers (est.)	2,000	2,500	3,000
Brown and Brown dealer network	4,500	5,500	7,500
Reinsurance enrollment rate	[illegible]	[illegible]	[illegible]
Net new active dealers from program	[illegible]	1,100	2,250
Average incremental revenue per new dealer (Year 2)	$15,000	$22,000	$35,000
Incremental annual product revenue ($M)	**$6.8M**	**$24.2M**	**$78.8M**
As % of 2025 total revenue ($476M)	1.4%	5.1%	16.6%
As % of 2025 dealer channel revenue ($110M)	6.2%	22.0%	71.6%

Approximately 18,000 franchised new car dealerships in U.S.

Based on the channel checks and the luxury slide data, PPF is actively integrated at a small minority of mainstream dealerships. A reasonable estimate for meaningful PPF activity at dealerships today is approximately 10-15% of the 18,000 (1,800-2,700 locations).

American Adventure acquisition on Feb. 2026 added 1,500 dealerships to BBDS plat[illegible]rm [illegible] press rele[illegible]e). Tot[illegible] BBDS [illegible] estimated at 4,500-7,500 dealershi[illegible] based [illegible] BBDS [illegible] footprint.

10-30% enrollment assumed. No data disclosed yet since program launched Jan. 2026 (live less than 30 days at time of Q4 earnings call).

[illegible]$15,[illegible]00-$35,0[illegible]0 per [illegible] dealer i[illegible] year 2. Roughly 85-200 full-front installations per year at $175 XPEL film revenue each. Mature XPEL dealers currently average approximately $55,000 per year based on $110M dealer revenue across approximately 2,000 active relationships.

Zero of this is in the consensus model. Four analysts have buy ratings and $55 targets. None have modeled the reinsurance program because no enrollment data has been disclosed. This $7-79M range of incremental revenue is not currently priced by the market.

Sources: XPEL 10-K, XPEL Q4 2025 Earnings Call, Brown and Brown American Adventure Acquisition Press Release February 2026, Brown and Brown Dealer Services, Cox Automotive 2025 Full Year US Auto Sales, MarkLines 2025 US Auto Sales Data, Vestrule XPEL Research, Fortune Business Insights PPF Market Report 2024-2032, Flexi PPF Manufacturer Rankings, BeyondSPX XPEL Analysis December 2025, CarPro Full Year 2025 US Auto Sales Report

Thesis 2: *95% of New Car Buyers Have Never Purchased PPF*

Rising vehicle costs and growing diminished value risk are making protection products economically rational for mainstream and mid-market buyers, not just luxury and enthusiast segments, expanding XPEL's addressable market well beyond what the market currently models.

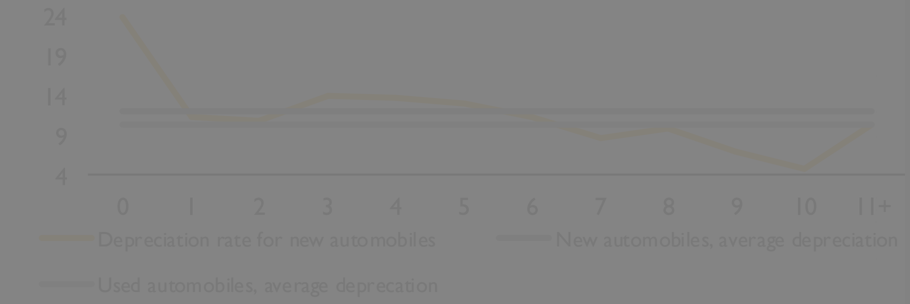
Average Diminished Value Impact by Segment

Vehicle Segment	Typical DV Loss Range (2026)	Market Sensitivity
Compact / Economy Cars	6% – 10%	Moderate
Mid-Size Sedans	8% – 14%	Moderate
Luxury Sedans	15% – 25%	[illegible]
Premium SUVs	12% – [illegible]	[illegible]

Cosmetic damage reduces resale value across every vehicle segment, with even compact and economy cars facing a 6 to 10% [illegible] protection products [illegible] mainstream market.

Consumer Search Interest Over Time (2004 to 2026)

Annual Depreciation Rates by Automobile Age



Vehicle depreciation is most severe in the first three years of ownership, concentrating consumer financial exposure precisely at the point of purchase (when protection products are most accessible and when the math of preserving residual value is most compelling).

Window tint took 10 -15 years to move from a luxury feature to mainstream adoption and ultimately reached over 60% of US vehicles after states began regulating it in the early 1980s. Paint protection film penetration is estimated at 5 to 7% today with meaningful awareness only beginning around 2019, suggesting significant runway. Adoption may accelerate faster than tint due to social media driving approximately 40% of PPF shop leads, a stronger financial case as average vehicle prices reached 50k+ in December 2025, and growing dealer channel support expanding awareness beyond luxury vehicles into mainstream markets.

Sources: Appraisal Engine — Diminished Value Loss by Vehicle Segment 2026, Black Book and Fitch Ratings Vehicle Depreciation Report 2025, Deloitte 2026 Global Automotive Consumer Study, Cox Automotive 2025 Car Buyer Journey Study Summary

Thesis 2: *Market Share Quantitative Breakdown*

As the reinsurance program brings PPF into the dealership channel and mainstream penetration rises conservatively from 1.7% to 3% by 2028, XPEL growing its mainstream share from 18% to 22% adds $15.6M in incremental annual film revenue.

Current Market Share	Luxury and Enthusiast	Mainstream	Total US
Annual US vehicle sales	2,040,000	14,260,000	16,300,000
PPF penetration rate	28%	1.7%	5%
Total PPF installations	571,000	244,000	815,000
XPEL market share	65%	18%	51% blended
XPEL annual installations	371,000	44,000	415,000
Film revenue per installation	$175	$175	$175
XPEL estimated film revenue	**$65M**	**$8M**	**$73M**

2028E Market Share	Luxury and Enthusiast	Mainstream	Total US
Annual US vehicle sales	2,100,000	14,200,000	16,300,000
PPF penetration rate	30%	3%	6.5%
Total PPF installations	630,000	426,000	1,056,000
XPEL market share	65%	22%	48% blended
XPEL annual installations	410,000	94,000	504,000
Film revenue per installation	$175	$175	$175
XPEL estimated film revenue	**$72M**	**$16M**	**$88M**

Automotive News Research and Data Center: luxury brands were 12.54% of total US market in 2025.

5-7% of new US cars get PPF.

Flexi PPF cites XPEL at 86% of the US premium installer market. We discount to 65% for 3M, Eastman/LLumar, and STEK at some luxury locations.

Derived from 10-K: $73M US film revenue ÷ $175/install = 415,000 XPEL installs. Minus 371,000 luxury = 44,000 mainstream. 44,000 ÷ 244,000 = 18%.

Fortune Business Insights [illegible] CAGR [illegible]% applied [illegible]% today= 2.0% growth. We project 3%, crediting the reinsurance program for approximately 1% above natural trajectory.

Incremental	Luxury and Enthusiast	Mainstream	Total US
Additional total PPF installations	59,000	182,000	241,000
Additional XPEL installations	39,000	50,000	89,000
Incremental XPEL film revenue	**$6.8M**	**$8.8M**	**$15.6M**
Revenue growth from today	**10%**	**110%**	**21%**

Mainstream segment is 7x larger than luxury. A 1.3% mainstream penetration increase produces 182,000 additional installs vs. luxury's 59,000.

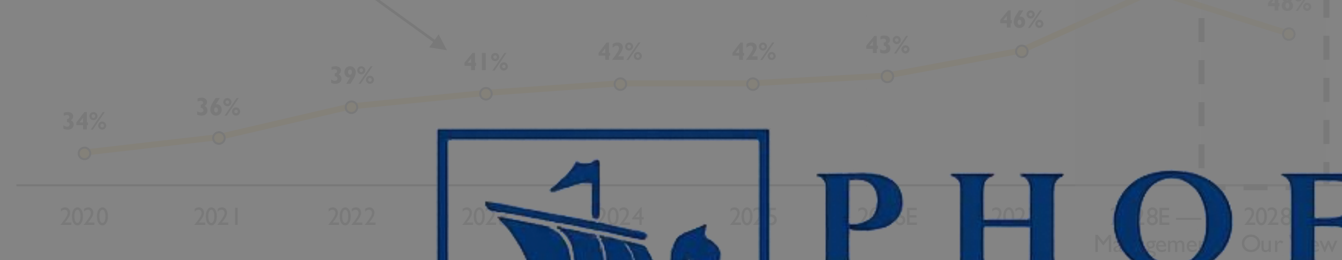
Sources: XPEL 10-K, XPEL Q3 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call, Alta Fox Capital XPEL Presentation March 2026, Urban Science 2025 Mid-Year Automotive Franchise Activity Report, Cox Automotive 2025 Full Year US Auto Sales, Automotive News Research and Data Center 2025 Luxury Market Share, Fortune Business Insights PPF Market Report 2024-2032, WifiTalents PPF Industry Statistics 2026, Flexi PPF Manufacturer Rankings, Vestrule XPEL Research 2022, Calculation Guide, Jalopnik 300-Dealer PPF Resale Value Survey

Thesis 3: *Vertical Integration Is Not In Any Analyst's Model*

Management has publicly committed to a $75-150M investment that would nearly double XPEL's operating margin by 2028 (& they have on executive team a VP who spent 17 years at Entrotech- XPEL's former exclusive film supplier) yet no analyst has incorporated any of this into their official price targets.

Gross Margins Over Time

XPEL's product mix shifted toward higher-margin premium film (XPEL Ultimate Plus and Stealth), service revenue grew faster than product revenue, post-COVID pricing power allowed XPEL to raise prices in 2021-2022 without proportionally raising costs.



Gross margin has improved meaningfully fro[illegible] [illegible]o 42% in 2025, then stalled. Growing revenue has not moved the needle because the supplie[illegible] [illegible]duct COGS is a per-unit cost, it scales with revenue. The only path to structural marg[illegible] [illegible]ting that mark[illegible] by [illegible]ufac[illegible] fi[illegible]n-house.

	Consensus	Our View	Management Target
Revenue	$645M	$580M	$645M
Gross Margin	42-43%	48%	52-54%
Operating Margin	14-15%	22%	24-28%
Operating Income	$93M	$128M	$155-180M
EP[illegible]	$2.65	[illegible]	$4.50-5.20
Implied Price (at 20x [illegible])	[illegible]	$73	$90-104

Consensus assumes no margin improvement: the 4 analysts covering XPEL require a confirmed [illegible] before publishing a defen[illegible] number. Our view assumes partial execution with meaningful upside even if X[illegible]EL is only partly successful. We are less bullish than management because manufacturing buildouts historically take longer than planned.

Management Historical Execution

2021
Reduce dependence on single film supplier
In 2022, terminates exclusive Entrotech supply agreement. By 2025, no supplier exceeds 25% of purchases.

2022-2024
Build direct presence in China (world's largest car market)
Acquired 76% stake in unnamed exclusive Chinese aftermarket distributor. China revenue +65% in 2025.

2018-2025
Grow service revenue as a share of total revenue every year
Service grew from 13.1% to 24.4% of total revenue. Never missed a single year.

Feb 2024
Full-year 2024 revenue growth of 15%
Cut to 8-10% on earnings call in May 2024. Final result: 6.1% growth. Stock fell approximately 39% that same day.

Nov 2025
Invest $75-150M in manufacturing & reach 52-54% GM by end of 2028
Q4 2025 call confirmed on track. April 2026 announcement not yet made as of today.

XPEL consistently delivers on execution-driven initiatives, with its only miss tied to external demand factors (Chinese distributor over-inventory, fast post-COVID normalization, & EV credit expirations). Manufacturing initiative is a controllable execution, backed by committed capital.

Sources: XPEL 10-K, XPEL Q4 2023 Earnings Call, XPEL Q1 2024 Earnings Press Release, XPEL Q3 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call, XPEL FY2024 Earnings Release, XPEL China Acquisition Press Release, XPEL Executive Management Page., AlukoVinyl PPF Pricing Guide, Colorful PPF Calculation Guide, Apex Auto Pros PPF Pricing Guide, Alta Fox Capital Research, Morningstar XPEL Fair Value, Leeder Capital XPEL Deep Dive

Thesis 3: *Per-Vehicle Unit Economics*

In our conservative 48% gross margin scenario (below management's 52-54%) the per-vehicle cost falls from $109 to $91, gross profit per vehicle rises from $86 to $104, and the annual impact across XPEL's 2025 product revenue base is $36.7M in additional gross profit, equivalent to 59% of current operating income.

XPEL: Per-Vehicle Unit Economics

	Today (2025)	Our View (48% GM)	Mgmt Target (52-54% GM)
	Actual 2025	Partial VI execution	Full VI as committed
Revenue			
Customer-facing installation price	$2,000	$2,000	$2,000
Film revenue to XPEL (installer wholesale purchase)	$175	$175	$175
DAP software / cutbank credit fee	$20	$20	$20
Total XPEL Revenue Per Vehicle	**$195**	**$195**	**$195**
Cost			
Product gross margin %	37.8%	48.0%	[illegible]
Cost XPEL pays for film (supplier / manufacturing)	[illegible]	$91	[illegible]
Total XPEL Cost Per Vehicle	[illegible]	**$91**	**$82**
Gross Profit Per Vehicle			
Gross profit (film)	[illegible]	[illegible]	[illegible]
Gross profit (DAP fee)	$20	$20	$20
Total Gross Profit Per Vehicle	**$86**	**$104**	**$113**
Gross margin %	**44.2%**	**53.3%**	**57.8%**
Annual Impact (on 2025 Product Revenue Base)			
2025 product revenue ($M)	$359.9	$359.9	$359.9
Additional gross profit per vehicle vs. today	$0	$18	$27
Annual gross profit gain ($M)	**$0.0**	**$36.7**	**$54.7**
Current Operating income ($M)	$62.6	$62.6	$62.6
GP gain as % of current operating income	**0%**	**59%**	**87%**

$2,000 is the midpoint of the full-front installation price range ($1,800-$3,000) documented in the Apex Auto Pros 2025 PPF Pricing Guide.

Derived from: 100-ft roll at $1,550 wholesale midpoint, divided by 100, multiplied by 11 feet per full-front job= $170-175.

XPEL's combined software & cutbank credit revenue was $25.2M, divided across an estimated annual job volume across 20,000 installers, implies $15-$25 per job.

[illegible] pricing in [illegible] integration because no sell-side analyst can model it until XPEL confirms the manufacturing structure in [illegible] must simultaneously update [illegible] Vertical integration eliminates the profit markup embedded in what XPEL pays its film suppliers. Today that markup costs XPEL approximately $18-$27 per vehicle. At 2025 volumes of $359.9M in product revenue, eliminating it adds $37-$55M of annual gross profit. We model $37M (48% GM) rather than management's $55M (52-54%) because manufacturing facilities tend to ramp slower than planned.

Sources: XPEL 10-K, XPEL Q4 2023 Earnings Call, XPEL Q1 2024 Earnings Press Release, XPEL Q3 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call, XPEL FY2024 Earnings Release, XPEL China Acquisition Press Release, XPEL Executive Management Page,, AlukoVinyl PPF Pricing Guide, Colorful PPF Calculation Guide, Apex Auto Pros PPF Pricing Guide, Alta Fox Capital Research, Morningstar XPEL Fair Value, Leeder Capital XPEL Deep Dive

XPEL

XPEL trades at a modest P/E premium to both peer groups (24.2x vs. 18-20x sector medians) yet grows revenue at 13.7% versus peer medians of 2-4% and carries superior gross margins.

Specialty Industrials captures companies that manufacture and sell specialty protective materials (the business XPEL is moving toward as it vertically integrates).

Auto & Industrial Tools captures companies in the automotive aftermarket and specialty tools space (the channel XPEL operates in today).

Ticker	Company	Market Cap	EV	EV / EBIT	EV / LTM EBITDA	P / E	Rev Growth	Gross Margin	EBITDA Margin	ROIC	Net Debt / EBITDA
Specialty Industrials											
CCF	Chase Corp	835	707	—	—	17.2x	11.0%	37.8%	22.4%	9.9%	(1.6x)
EMN	Eastman Chemical	8,490	12,960	12.9x	8.6x	15.3x	(12.0%)	21.1%	14.7%	4.8%	3.4x
RPM	RPM International	[illegible]	[illegible]	15.7x	13.0x	19.1x	8.9%	41.4%	14.2%	12.5%	2.4x
IBP	Installed Building Prod.	7,701	8,371	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.2x
High		[illegible]	16,542	[illegible]	[illegible]	[illegible]	[illegible]	41.4%	[illegible]	[illegible]	3.4x
Mean		7,741	[illegible]	16.2x	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.3x
Median		**8,096**	[illegible]	**15.7x**	**13.0x**	**18.1x**	**4.3%**	**35.9%**	**16.5%**	**11.2%**	**1.8x**
Low		[illegible]	[illegible]	12.9x	[illegible]	15.3x	[illegible]	[illegible]	[illegible]	4.8%	(1.6x)
XPEL	XPEL Inc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.2%	(0.4x)
Auto & Industrial Tools											
SNA	Snap-on	19,767	19,461	14.3x	—	20.1x	2.8%	51.7%	27.7%	14.0%	(0.2x)
DORM	Dorman Products	3,293	3,804	11.3x	8.9x	12.5x	0.8%	42.1%	16.9%	11.2%	1.4x
FOXF	Fox Factory	706	1,427	11.8x	6.5x	32.9x	2.3%	30.2%	(27.8%)	(31.2%)	—
High		19,767	19,461	17.2x	8.9x	32.9x	13.7%	51.7%	27.7%	18.2%	1.4x
Mean		5,174	5,330	13.5x	8.0x	21.0x	1.5%	37.5%	9.4%	3.4%	(0.2x)
Median		**1,272**	**1,427**	**12.9x**	**8.6x**	**20.1x**	**2.3%**	**42.1%**	**15.9%**	**11.2%**	**(0.3x)**
Low		706	707	11.3x	6.5x	12.5x	(12.0%)	21.1%	(27.8%)	(31.2%)	(1.6x)
XPEL	XPEL Inc	1,272	1,249	17.2x	—	24.2x	13.7%	42.2%	15.9%	18.2%	(0.4x)

Sources: Bloomberg

Valuation: *Discounted Cash Flow Analysis*

XPEL

Base Case	
Terminal Growth Rate	2.5%
Exit EV/EBITDA Multiple	13.0x
WACC	10.5%
Implied EV (Exit)	2,306
Implied EV (Perpetuity)	1,553
Net Debt ($M)	42.2
Diluted Shares (M)	27.7
Share Price (Exit)	**$81.71**
Current Share Price	$44.00
Implied Upside	85.7%

Bear Case	
Terminal Growth Rate	2.0%
Exit EV/EBITDA Multiple	5.0x
WACC	12.5%
Implied EV (Exit)	998
Implied EV (Perpetuity)	1,155
Net Debt ($M)	42.2
Diluted Shares (M)	27.7
Share Price (Exit)	**$34.51**
Current Share Price	$44.00
Implied Upside	(21.6%)

Bull Case	
Terminal Growth Rate	3.0%
Exit EV/EBITDA Multiple	15.0x
WACC	9.5%
Implied EV (Exit)	2,728
Implied EV (Perpetuity)	1,927
Net Debt ($M)	42.2
Diluted Shares (M)	27.7
Share Price (Exit)	**$96.97**
Current Share Price	$44.00
Implied Upside	120.4%

Base Case: PPF revenue growing [illegible] (vs. 8% Bear) reflects reinsurance and market share gains. Gross margin building from 41% (2026) to 48% (2028) to 54% (2030) reflects partial then near-full vertical integration. CapEx of 6.5% of revenue in 2026 (compared to consensus 2.5%) models the $75-150M manufacturing commitment that consensus ignores entirely.

Blended Price Target	
Prob. of Bull	30%
Prob. of Base	50%
Prob. of Bear	20%
Share Price of Bull	$96.97
Share Price of Base	$81.71
Share Price of Bear	$34.51
Blended Share Price	**$76.85**
Current Share Price	$44.00
Implied Upside	**74.7%**

Using a 5-year discounted cash flow model anchored to Freedom Broker's February 27, 2026 consensus estimates as the baseline, 3 scenarios are built around the degree to which XPEL's three thesis points execute. The Base case models moderate reinsurance enrollment, conservative mainstream penetration growth, and partial vertical integration reaching 48% gross margin by 2028. The Bear case assumes no thesis execution: flat 8% PPF growth, no margin improvement, and higher discount rate. The Bull case assumes full execution of all three thesis points: management's 52-54% GM, reinsurance at scale, mainstream penetration doubling. **This implies roughly a 4x Risk/Reward skew** (you risk 1x to make 4x).

Sources: XPEL Q4 2025 Earnings Press Release, XPEL 10-K, XPEL Q4 2025 Earnings Call Transcript, Alta Fox Capital XPEL Presentation March 2026, Freedom Broker XPEL Company Update February 27, 2026 (consensus basis), Fortune Business Insights PPF Market Report (PPF CAGR 6.2%), Urban Science 2025 Mid-Year Automotive Franchise Activity Report (dealer count), Brown and Brown American Adventure Acquisition Press Release February 17, 2026

Risks & Mitigants

Risk	Mitigant
Management has committed to growing gross margins from 42% to 52-54% and operating margins from 13% to 24-28% by 2028, both entirely dependent on successfully building their own film manufacturing facility. A delay, cost overrun, or quality issue puts those targets at risk.	XPEL has on its executive team a VP who spent 17 years at Entrotech, the company that was XPEL's exclusive film supplier for over a decades, holding roles including Director of Paint Protection Film, bringing direct technical expertise in PPF film to the manufacturing initiative. Acquiring a supplier outright remains a faster alternative if self-building proves too slow. The CEO owns $44 million of XPEL stock personally, tying his financial outcome directly to delivery.
PPF costs between $1,800 and $8,000 per vehicle and is not a necessity. In a genuine recession consumers cut exactly this kind of spending, and fewer new car purchases would simultaneously shrink the pool of vehicles available to receive PPF.	Because only 5% of new car buyers currently purchase PPF, XPEL's growth is driven by new adopters discovering the product, not mainly by total car-market growth. In Q4 2025, US car sales fell 5% while XPEL's US revenue still grew 11%. XPEL has substantial room to grow through broader adoption among mainstream buyers, not just through growth in total vehicle sales.
While XPEL builds its in-ho[illegible] capabilities, it remains dependent on third-party film [illegible] supplier disruption, unexpected cost increase, or qu[illegible]ing this transition could pressure margins or limit XPEL's ability to meet demand before internal production is operational.	This risk is materially reduced by supplier diversification: one supplier represented up to 88% of film purchases in 2021, versus no more than 15% today across six suppliers, making any single disruption manageable rather than existential.
Dealer adoption of XPEL's incentive-aligned protection programs may scale more slowly than expected, limiting attach-rate expansion and delaying growth from the dealership channel.	Dealer economics already favor protection products, with F&I gross profit per vehicle rising while front-end vehicle margins remain volatile, creating structural incentives for dealers to prioritize high-margin add-ons like PPF regardless of program rollout speed. Even if adoption is slower than expected, the underlying incentives still push dealers in that direction over time.

Sources: XPEL Q4 2025 Earnings Call Transcript, XPEL Q3 2025 Earnings Call Transcript, XPEL 10-K Annual Report, Alta Fox Capital XPEL Presentation March 2026

Over the next 6-12 months, we expect earnings normalization, margin expansion from vertical integration, and growing dealer reinsurance adoption to become visible in results and drive upside.

Most Likely — Least Likely

Q1 2026 Earnings Report: May 5, 2026

February selloff was driven by guidance coming in below expectations [illegible] temporary regional issues management confirmed would resolve by [illegible] gross margin recovery is credible [illegible] depends on elevated-cost China acquisition inventory rolling off the books as it sells through, a mechanical accounting process rather than a demand or pricing assumption. Meeting guidance alongside record gross margins in the same report forces analyst estimates upward (earnings normalize).

Vertical Integration Decision: Expected April 2026

Manufacturing their own film eliminates the supplier markup embedded in every dollar of product revenue and is how XPEL reaches its gross margin targets by 2028. Management committed to announcing the specific plan around April 2026. The entire margin expansion upside currently sits outside every official analyst estimate despite the analysis already existing. The announcement forces it to be priced in for the first time, driving estimate revisions and multiple expansion simultaneously.

Aggressive Attach Rate Expansion

Base case assumes mainstream PPF penetration increases conservatively from 1.7% to 3% by 2028. Adoption could accelerate if Brown & Brown's existing dealership network adopts protection products more quickly than expected, if PPF becomes further embedded in F&I offerings, or if dealer margin pressure increases reliance on high-margin add-ons. Faster attach rate expansion would provide incremental revenue upside beyond base assumptions.

Sources: XPEL Q4 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call Transcript, XPEL Q3 2025 Earnings Press Release, Cox Automotive December 2025 Sales Forecast, Alta Fox Capital XPEL Presentation March 2026

PHOENICIAN
INVESTMENT FUND

Appendix

Appendix: *Discounted Cash Flow Analysis*

XPEL Inc. Discounted Cash Flow Analysis

mm (USD)	FY2023	FY2024	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue ($M)								
Paint Protection Film	229.9	226.7	249.4	276.8	310.1	349.7	388.2	427.0
YoY Growth %	19.5%	(1.4%)	10.0%	11.0%	12.0%	12.8%	11.0%	10.0%
Total Window Film	68.0	77.7	94.5	114.7	138.7	167.7	201.2	239.5
YoY Growth %	25.0%	14.3%	21.6%	21.4%	20.9%	20.9%	20.0%	19.0%
Installation Labor	58.5	74.5	87.1	105.0	124.1	148.1	171.8	195.9
YoY Growth %	36.7%	27.4%	16.9%	20.6%	18.1%	19.4%	16.0%	14.0%
DAP Software + Cutbank Credits	24.1	25.1	25.2	29.0	31.9	37.6	42.9	48.1
YoY Growth %	12.1%	4.1%	0.4%	14.9%	10.0%	18.2%	14.0%	12.0%
All Other	15.9	16.5	19.9	20.9	21.9	23.0	24.2	25.4
YoY Growth %	23.3%	3.8%	20.6%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Revenue	396.4	420.5	476.1	546.4	626.6	726.2	828.4	935.8
Total YoY Growth %	22.3%	6.1%	13.2%	14.8%	14.7%	15.9%	14.1%	13.0%
Gross Profit	162.2	177.4	201	235.0	288.2	348.6	434.9	505.4
Gross Margin %	40.9%	[illegible]	[illegible]	[illegible]	46.0%	48.0%	52.5%	54.0%
Operating Income (loss)								
Operating Income (loss)	67.0	59.1	[illegible]	72.7	[illegible]	[illegible]	182.7	[illegible]
% of Revenue	16.9%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.1%	[illegible]
EBIT	67	59.1	[illegible]	[illegible]	[illegible]	[illegible]	182.7	[illegible]
EBIT Margin %	16.9%	[illegible]	[illegible]	[illegible]	16.1%	18.2%	22.1%	24.5%
Depreciation & Amortization								
Total D&A	9.6	11.7	[illegible]	[illegible]	18.0	[illegible]	[illegible]	[illegible]
% of Revenue	2.4%	2.8%	[illegible]	[illegible]	2.9%	[illegible]	2.5%	[illegible]
Total D&A	9.6	11.7	[illegible]	17.0	18.0	[illegible]	[illegible]	[illegible]
EBITDA	76.6	70.8	75.9	89.7	118.9	151.3	203.2	251.7
EBITDA Margin %	19.3%	[illegible]	[illegible]	[illegible]	19.0%	20.8%	24.5%	26.9%
EBIT	67	59.1	62.6	72.7	100.9	132.2	182.7	229.3
Effective Tax Rate	20.9%	21.5%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Tax-effected EBIT (NOPAT)	53.0	46.4	49.5	57.4	79.7	104.4	144.3	181.1
Plus:								
Depreciation & Amortization	9.6	11.7	13.3	17.0	18.0	19.2	20.5	22.5
D&A % of Revenue	2.4%	2.8%	2.8%	3.1%	2.9%	2.6%	2.5%	2.4%
Less:								
Capital Expenditures	(7.9)	(9.3)	(11.4)	(35.5)	(35.1)	(30.5)	(33.1)	(35.6)
CapEx % of Revenue	2.0%	2.2%	2.4%	6.5%	5.6%	4.2%	4.0%	3.8%
Less:								
Change in Net Working Capital	(5.2)	(2.9)	(3.8)	(5.5)	(6.3)	(7.3)	(8.3)	(9.4)
NWC % of Revenue	1.3%	0.7%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Unlevered Free Cash Flow	49.5	45.9	47.5	33.5	56.4	85.8	123.4	158.7

Catalysts should begin surfacing over the next 12 to 24 months, but the full realization of intrinsic value likely requires a longer 24 to 36 month underwriting window because the market needs time to see execution translate into reported financial outcomes.

The Base case reflects: $24.2M of incremental PPF film revenue and XPEL's mainstream share growth adding $15.6M by 2028, sustaining 12.8% PPF growth.

Gross ma[illegible] im[illegible]ed by [illegible]r per-[illegible]hicle u[illegible]mics [illegible]alysis. At 48% [illegible]ss margin, t[illegible] per-vehicle film cost drops from $109 to $91, eliminating approximately [illegible]18 of th[illegible] 18 [illegible] estimate[illegible] supplier m[illegible].

The consensus model does not account for the capex required to achieve the margin improvement it also does not model. In our model, the higher capex in 2026-2027 compresses near-term free cash flow but enables the margin improvement that drives dramatically higher cash flows from 2028 onward.

Terminal Value	**Perpetuity**	**Exit Multiple**
12.5%	1,541	1,259
10.5%	2,033	3,273
9.5%	2,514	3,776
Present Value of Terminal Value	**Perpetuity**	**Exit Multiple**
[illegible]	855	698
[illegible]	1,234	1,986
[illegible]	1,597	2,399
Enterprise Value	**Perpetuity**	**Exit Multiple**
12.5%	1,155	998
10.5%	1,553	2,306
9.5%	1,927	2,728
Equity Value	**Perpetuity**	**Exit Multiple**
12.5%	1,113	956
10.5%	1,511	2,263
9.5%	1,885	2,686
Share Price	**Perpetuity**	**Exit Multiple**
12.5%	**$40.18**	**$34.51**
10.5%	**$54.55**	**$81.71**
9.5%	**$68.04**	**$96.97**

Sources: XPEL Q4 2025 Earnings Press Release, XPEL 10-K, XPEL Q4 2025 Earnings Call Transcript, Alta Fox Capital XPEL Presentation March 2026, Freedom Broker XPEL Company Update February 27, 2026 (consensus basis), Fortune Business Insights PPF Market Report (PPF CAGR 6.2%), Urban Science 2025 Mid-Year Automotive Franchise Activity Report (dealer count), Brown and Brown American Adventure Acquisition Press Release February 17, 2026

XPEL

Across over 200 scenarios testing WACC, exit multiples, gross margin, and revenue growth no combination produces a share price at or below the current $44.

FY2030 Gross Margin % × Revenue CAGR Sensitivity

Gross Margin	10.0%	12.0%	14.0%	15.0%	15.5%	16.0%	18.0%
42.0%	$60.54	$66.11	$72.09	$75.23	$76.84	$78.48	$85.33
44.0%	$66.44	$72.52	$79.04	$82.47	$84.23	$86.02	$93.49
46.0%	$72.34	$78.93	$85.99	$89.71	$91.62	$93.56	$101.65
48.0%	$78.24	$85.34	$92.95	$96.95	$99.00	$101.09	$109.80
50.0%	$84.14	$91.75	$99.90	$104.19	$106.39	$108.63	$117.96
52.0%	$90.04	[illegible]	[illegible]	$111.43	$113.78	$116.16	$126.12
54.0%	$95.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GM represents Thesis 3 (vertical integration): 42% is today's actual margin with no manufacturing execution, 48% is our conservative partial execution view, and 54% is management's stated goal. The revenue CAGR represents Thesis 1 & 2: 10% represents no thesis revenue contribution and growth below current performance, while 15% is our base case CAGR implied by the DCF, where reinsurance dealers reach year 2 production and mainstream share gains add to PPF volume. The highlighted cell is our base case of partial vertical integrat[illegible]n execu[illegible]n com[illegible]ed w[illegible]th the thesis revenue from Thesis [illegible]nd Th[illegible], repr[illegible] 120% upside from today's $44

Exit EV/EBI[illegible]e Share Price Sensitivity

WACC	11.0x	[illegible]	13.0x	14.0x	15.0x
8.0%	$79.01	[illegible]	$91.38	$97.57	$103.75
9.0%	$75.54	[illegible]	$87.36	$93.26	$99.17
9.5%	$73.88	$79.65	$85.42	$91.20	$96.97
10.0%	$72.26	$77.90	$83.54	$89.19	$94.83
10.5%	$70.68	$76.20	$81.71	$87.23	$92.75
11.0%	$69.14	$74.54	$79.93	$85.32	$90.72
11.5%	$67.65	$72.92	$78.20	$83.47	$88.74
12.0%	$66.19	$71.35	$76.50	$81.66	$86.82
13.0%	$63.39	$68.32	$73.25	$78.19	$83.12

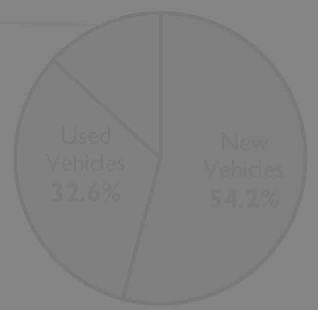
The highlighted cell at 10.5% WACC and 13x exit multiple is our base case. The 10.5% WACC reflects XPEL's cost of equity as a small-cap growth company at current interest rates. The 13x exit multiple is consistent with quality specialty industrial and automotive tools peers like RPM International and Dorman Products. The base case implies 86% upside from today's $44.

Sources: XPEL Q4 2025 Earnings Press Release, XPEL 10-K, XPEL Q4 2025 Earnings Call Transcript, Alta Fox Capital XPEL Presentation March 2026, Freedom Broker XPEL Company Update February 27, 2026 (consensus basis), Fortune Business Insights PPF Market Report (PPF CAGR 6.2%), Urban Science 2025 Mid-Year Automotive Franchise Activity Report (dealer count), Brown and Brown American Adventure Acquisition Press Release February 17, 2026

Appendix: *Industry Overview Continued*

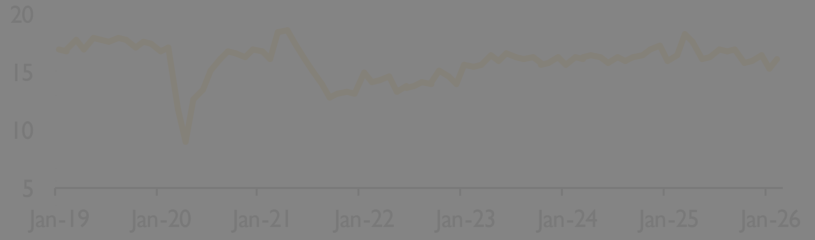
The market prices XPEL as a bet on auto sales volume, but XPEL's real growth engine is how much revenue it earns per vehicle relationship through stacked products, software, and services that expand regardless of whether new car sales go up or down.

Total Dealership Sales Breakdown



Dealership revenue is diversified across new vehicles, used vehicles, service, and F&I. XPEL sits inside the parts of [illegible] growin[illegible] not the parts tied to n[illegible]w vehicle unit [illegible]nts.

Total Vehicle Sales

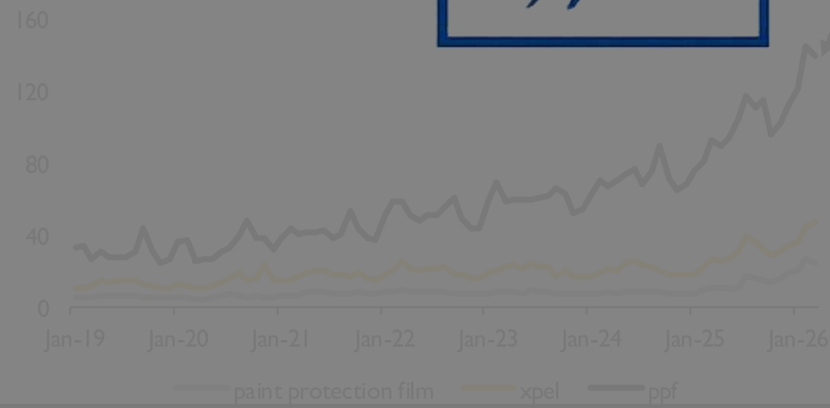


N[illegible] vehic[illegible] sal[illegible] have [illegible]ung ne[illegible]y 52[illegible] peak [illegible] since [illegible]019. If XP[illegible] were truly a[illegible]nit-vo[illegible]me st[illegible]y, its reven[illegible]e wo[illegible] mirr[illegible] this volatility.

Total Dealership Service and Parts Sales

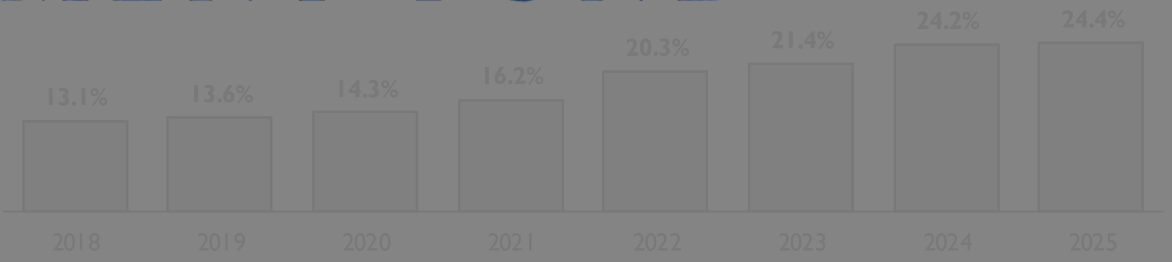
Dealership s[illegible]vice an[illegible]ts reve[illegible] grown from roughly $40B to over [illegible]81B [illegible]adily [illegible]ependently [illegible] new vehicle sales cycles, and XPEL is positioned inside this more resilient and growing pool.

Consum[illegible]est for PPF



Consumer search interest has grown continuously since 2019 and accelerated sharply through 2024 and 2025, reaching all-time highs as of early 2026. This growth in awareness is independent of car sales cycles and reflects a structural adoption curve that drives first-time buyers toward PPF regardless of whether the overall auto market is expanding or contracting.

XPEL S[illegible] Revenue



Service revenue has grown from 13.1% to 24.4% of total XPEL revenue every year since 2018, reflecting a consistent structural shift toward recurring higher-margin revenue that compounds independently of new vehicle unit sales.

Sources: XPEL 10-K Annual Report, XPEL Q4 2025 Earnings Press Release, XPEL Q4 2025 Earnings Call Transcript, Federal Reserve Economic Data — Total Vehicle Sales SAAR, NADA Annual Data 2025, S&P Global Mobility US Auto Sales, Google Trends United States 2019 to 2026, Cox Automotive December 2025 Sales Forecast

Appendix: *Channel Checks (mainstream)*

Channel checks across mainstream dealerships indicate that PPF demand is growing organically, but adoption remains highly inconsistent, with only a few dealerships fully integrating PPF into the sales process despite clear evidence of consumer demand and monetization opportunities.

Dealership	Protection Products Offered	Integration Level	Key Finding
Ford (Jacksonville, FL)	PPF offered and installed in-house; actively integrated into sales process	Very High	Rep rated PPF importance 9/10 and cited Florida climate (rain, pollen) as key demand drivers. Adoption described as "definitely increasing," suggesting PPF is becoming a near-essential add-on rather than optional upsell.
Kia (Carrollton, TX)	PPF [illegible] as defaul[illegible]dd-on	Very High	PPF included automatically unless customer requests removal through manager. Indicates forced adoption and revenue-maximizing bundled strat[illegible] stronge[illegible] exam[illegible]e of e[illegible]edded [illegible]ization.
Chevrolet (Chicago, IL)	PPF referen[illegible]-in d[illegible]	Low	[illegible]F used as negotiati[illegible]n to[illegible] rather [illegible]an proactively sold. Not positioned around long-term ownership or resale value. Minimal integration into sales process.
Honda (Seattle, WA)	PPF [illegible] environmental protection	Medium	Rep[illegible]ed environ[illegible]l ex[illegible]ure[illegible]s, tr[illegible]s, nature and r[illegible]ale value benefits. Product awareness exists, but dealership not aggressively tracking adoption trends.
Hyundai (Orlando, FL)	PPF available as in-house add-on ($800)	Low-Medium	Rep said PPF is popular and recommended it, but dealership does not factor PPF into trade-in value. Indicates consumer demand exists but dealership not fully monetizing long-term value.
Nissan (Pennsylvania)	Third-party referral only	Low	PPF only mentioned if customer asks. No in-house installation and no revenue capture. Very passive approach with minimal integration.
Toyota (Las Vegas, NV)	Occasionally recommended; no formal provider	Low	Demand lower due to used-car customer base. Buyers less focused on preservation. Lack of partnerships or structured offering limits adoption.

Overall, channel checks suggest that whil[illegible]ness and consumer interest in P[illegible]resent across mainstream dea[illegible]ships, adoption and monetization remain inconsistent and largely dependent on dealership execution, with only a few locations fully integrating PPF into the sales process, highlighting a fragmented market and potential opportunity for increased penetration over time.

Sources: XPEL Investor Presentation June 2025, Vestrule XPEL Research 2022, All Florida Tinting Co. Window Tint History, Tintfit Window Films History, APS Rust and Tint Window Tinting Evolution, Channel checks conducted Q1 2026

Appendix: *Channel Checks (luxury)*

XPEL

Channel checks conducted across five luxury dealerships in Q1 2026 reveal that PPF has already completed the transition from optional add-on to standard purchase conversation at the premium level, with trade-in value and resale now cited as primary drivers of adoption.

Dealership	Brand	PPF Partner	Integration Level	Key Finding
BMW Los Angeles	BMW	Third party (unnamed)	Low (external only)	PPF not actively pushed
Tesla Beverly Hills	Tesla	XPEL	Medium	XPEL partnership confirmed; push intensity unclear
Porsche North Houston	Porsche	XPEL	High	PPF included in sales conversation
Mercedes-Benz Boston	Mercedes	XPEL	High	Heavily pushed; first trade-in question is PPF status
Lamborghini Miami	Lamborghini	Non-XPEL competitor	Very High	100% of new buyers get PPF

★ At the luxury end of the market, PPF has already completed its transition. It is standard at Lamborghini price points, actively sold at Porsche and Mercedes, and beginning to influence trade-in valuations directly. The mainstream segment is where that transition has not yet happened. Window tint followed this same path. In the late 1970s, tinted windows were a limousine and luxury vehicle feature. By the early 1980s states were writing laws to regulate how dark car windows could be, which only happens when something is widespread enough to create public safety concerns. Today tint is in roughly [illegible]0% of US vehicles.

Heavily pushes PPF during the sales process and reports that customers regularly follow the recommendation. Adoption has increased meaningfully over the last few years. When appraising trade-ins, one of the first questions asked is whether the vehicle has PPF.

100% of new buyers at this location receive PPF. On trade-ins, the value difference between a car with PPF and one without ranges from $5,000 to $20,000 depending on paint condition. When asked to rate the importance of PPF on a trade-in from 1 to 10, the representative said 10 without hesitation.

Sources: XPEL Investor Presentation June 2025, Vestrule XPEL Research 2022, All Florida Tinting Co. Window Tint History, Tintfit Window Films History, APS Rust and Tint Window Tinting Evolution, Channel checks conducted Q1 2026

Appendix: *Channel Checks (CarMax)*

XPEL

Channel checks across 7 CarMax locations in Florida, Georgia, and Ohio show that protection product offerings vary significantly within the same brand, from locations with no protection products at all to locations actively selling bundled warranty plans. Only 1/7 locations confirmed PPF specifically.

Dealership	Protection Products Offered	Integration Level	Key Finding
CarMax Doral (FL)	Warranties; some vehicles include 90-day factory coverage	Low	Offers warranties reactively; no mention of PPF or ceramic specifically
CarMax Pompano Beach (FL)	None	None	Cars processed through CarMax reconditioning program and sold as-is; no protection products offered separately
CarMax Naples (FL)	30-day warran[illegible]	Low	Basic warranty only; identical to standard offering at other locations
CarMax Columbus (GA)	Full wa[illegible] entire vehicle	High	Rep proactively tried to sell protection plan without being asked
CarMax Miami Lakes (FL)	PPF, ceramic, paint correction; confirmed across EVs	Medium	Actively sells full protection suite including PPF; EV owners specifically targeted
CarMax Columbus (OH)	Protection sold separately from car sale	Low	Available but separated from transaction; no bundling or financing integration
CarMax Akron (OH)	Full warranty covering paint, interior, engine	Medium	Comprehensive system in place; high uptake observed on newer cars

Of 7 CarMax locations reached, only one confirmed PPF specifically. The remaining locations offering financial coverage plans that are not the same as physical paint protection film applied to the vehicle. Warranty contracts require no installation infrastructure and are added directly into the customer's financing, which is why mainstream dealers default to them. The absence of PPF at most CarMax locations is not a demand problem, but an infrastructure and incentive problem. The reinsurance program is designed to make the financial case for building that infrastructure.

Rep proactively tried to sell the protection plan to the caller without being asked. The product confirmed was a warranty contract, not PPF. This is the exact behavior the reinsurance program is designed to replicate specifically for PPF across every transaction.

The only CarMax location to confirm PPF by name and the only one to reference electric vehicles as a demand driver. PPF adoption on EVs is consistent with XPEL's strong attach rates at the premium level and signals the same dynamic emerging in the used car channel.

Sources: XPEL Investor Presentation June 2025, Vestrule XPEL Research 2022, All Florida Tinting Co. Window Tint History, Tintfit Window Films History, APS Rust and Tint Window Tinting Evolution, Channel checks conducted Q1 2026

Appendix: *Thesis I Reinsurance Mechanics*

Customer buys protection at dealership
pays approximately $1,500 for PPF or ceramic coating

XPEL gets paid
for the film, coating and software immediately

Dealer keeps F&I cut
roughly $200 to $400 earned immediately at sale

Reserve set aside
remainder held to cover future customer claims

No claim
product worked, reserve grows

Claim happens
customer had damage reserve pays repair

Dealer earns reserve profit over time
paid periodically through the reinsurance entity

If the customer never makes a claim, which happens frequently because protection products actually prevent the damage, the unused reserve accumulates inside the reinsurance entity and is periodically paid back to the dealer as profit. This creates a direct and ongoing financial incentive to sell more protection products consistently. Brown & Brown earns fees for managing the reinsurance entity and administering the reserve pool. XPEL's benefit is entirely indirect, because a dealer who co-owns the economics of protection products will push them far more aggressively than a dealer earning a one-time margin, which means more XPEL product ordered, installed, and generating revenue.

Sources: XPEL NADA 2026 Podcast, XPEL Q4 2025 Earnings Call Transcript, XPEL Q3 2025 Earnings Press Release

Appendix: *Revenue Composition - The Mix Is Shifting*

Revenue streams show a business whose growth is becoming broader and less dependent on any single driver, including new car sales.

Paint Protection Film Revenue

PPF grew 125% from 2020 to 2025 d[illegible]spite a [illegible] Canada weakness and China inventory timing, [illegible] US PPF revenue grew throughout. With only 5% o[illegible]ed, the majority of the growth curv[illegible]

Window Film Revenue

Windo[illegible] film [illegible]ew 35[illegible] from 2020 t[illegible] 2025, consistently outpac[illegible]g PPF, because tint is already a familiar product to consumers. This is exactly the adoption curve PPF is expected to follow. Both scale [illegible] the same installer network.

Service Revenue

Serv[illegible]e rev[illegible]nue gr[illegible]w [illegible]% fro[illegible] 202[illegible] to 2025 without a single down year through COVID, rate hikes, and auto market contractions. Proof the business does not run on car sales volume. As the reinsurance [illegible] scale, this line accelerates further.

Installation Labor Revenue

Nearly 8x growth from 2020 to 2025, driven by expansion of XPEL's 34 company-owned installation centers where XPEL employs the installers directly and captures the full economics of every job.

Revenue Mix by Segment

The market interprets declining PPF share as core business deterioration. The more precise interpretation is that window film and services are growing on top of a growing PPF base, with service revenue doing so every single year without a single exception through every macro environment since 2018.

Appendix: *Revenue Growth by Business Segment*

Taken together these charts show a business that is broader, more durable, and growing faster than its 2024 credibility discount implies.

PPF Revenue Growth

XPEL's largest segment and the one the market watches most closely. After the 2024 miss (-1.4%) that caused the 39% stock drop, it recovered to 10.0% growth. Consensus holds 10% going forward, modeling no change.

Window Film Revenue Growth

Window film used to be the afterthought segment. It no longer is. Our base case holds stability going forward supported by the same enrolled dealers who sell PPF also presenting window film in the same protection menu conversation.

Installation Labor Revenue Growth

What XPEL earns when affiliated installers apply film to vehicles at company-owned and managed centers. It kept growing in 2024 even as PPF film revenue fell, meaning the service business has its own momentum. Management highlights it in every quarterly release as the clearest signal of dealership channel health.

DAP Software & Cutbank Revenue Growth

Cutbank is the per-cut fees XPEL charges each time an installer cuts a vehicle template through DAP. The base case projects both lines recovering in 2026 as the reinsurance program expands the installer base and drives more total pattern cuts (dealerships enrolling require their local installers to use the platform to process jobs).

Sources: XPEL 10-K, XPEL Q1 2025 Earnings Press Release, XPEL Q3 2025 Earnings Press Release, Vestrule XPEL Deep Dive 2022

Appendix: *XPEL Product & Market Ecosystem*

XPEL brands, cuts, and distributes surface protection products across three end markets by sourcing raw materials from suppliers, converting them using proprietary software, and selling through 20,000+ certified independent installers and 34 company-owned locations worldwide.

Automotive

Protective Film

A clear or colored film applied over a car's painted surfaces to prevent rock chips, scratches, UV damage, and paint fade. Cut to the exact shape of each vehicle using XPEL's proprietary DAP software. Installed by certified XPEL dealers or at company-owned locations.

Window Tint

Blocks UV rays that fade interior [illegible] rejects infrared heat that builds up [illegible] reduces glare. Sourced from suppliers [illegible] using DAP software, installed by the same certified dealer network.

Ceramic Coating

A liquid applied directly to painted surfaces that chemically bonds with the paint and dries into a hard, glass-like invisible layer. Makes the surface water-repellent, easier to clean, and resistant to bird droppings and tree sap. Does not absorb physical impacts (complements PPF)

Marine

Protective Film

The same technology as automotive PPF adapted for boats. Applied to fiberglass hulls, gel coat surfaces, and stainless steel hardware. Boat surfaces face saltwater corrosion, constant full UV exposure, and physical abrasion that make protection more necessary than in automotive.

Window Tint

Applied to boat windshields and port windows. Requires saltwater-resistant adhesive chemistry.

Ceramic Coating

Adapted for marine conditions. Protects hull and hardware from salt, UV, and biological fouling.

Home & Office

Architectural Window Film

The same window film technology applied to commercial and residential buildings instead of cars. Blocks solar heat entering through glass (reducing energy costs), blocks UV rays that fade furniture and flooring, and in safety-grade versions holds broken glass together after impact. Sold to architects, energy engineers, construction professionals, schools, and commercial building owners (longer sales cycles and larger per-project revenues).

PPF is 52% of revenue growing at roughly 10% annually. Window film is nearly 20% of revenue growing at twice that rate, 27% in Q2 2025 and 22% in Q3 2025, sold through the exact same installer network with no additional channel investment. The reason window film grows faster is that it is already a product consumers know and ask for (60% of US vehicles already have tint compared to only 5 to 7% with PPF). PPF is where window tint was decades ago, and window tint's trajectory is what XPEL is betting PPF will follow.

Sources: XPEL 10-K FY2025 (SEC EDGAR), XPEL Q2 2025 Earnings Release, Vestrule XPEL Research 2022

Appendix: *Management & Company Timeline*

XPEL

Ryan Pape	Barry Wood	Duane Gotro

CEO & Chairman	SVP & CFO	VP of Services
Joined XPEL in 2004. CEO si[illegible] 2009. Grew revenue from $3M to $476M o[illegible]er his [illegible] [illegible]cted the DAP software platform, led the 20[illegible] [illegible]listing, and oversaw expansion into 80[illegible] co[illegible] [illegible]wns 3.93% of shares [illegible]ut[illegible]	[illegible]O si[illegible] [illegible]e 20[illegible] Car[illegible]r beg[illegible] EY a[illegible] Mana[illegible]er. Has o[illegible]se[illegible] XPEL [illegible] fin[illegible]cial o[illegible]rations [illegible]oug[illegible] grow[illegible] from approximately $50M to $476M in annual revenue. Leads financial reporting, acquisition strategy and investor [illegible]ations.	Join[illegible]d X[illegible]EL in 2[illegible] Spen[illegible] 17 [illegible]rs at Entrotech (primary supplier) as Director of OEM (Original Equipment Manufacturer) Integration and PPF. Now, oversees [illegible]ealership, re[illegible]il, OEM, [illegible]esign, and training operations.

1997	2004	2007	2019	Today
Founded in San Antonio as a software company designing digital cutting patterns for PPF (not yet a film company).	. DAP launched (proprietary digital cutting platform that locks installers into ecosystem). Ryan Pape joins	Begins selling physical PPF film for the first time. Pivots from pure software to product distribution	Nasdaq uplisting. Stock at approximately $4-6.	$476M revenue. 20,000+ installers. 80+ countries. $1.2B market cap. Stock at approximately $44

Sources: XPEL Company Website

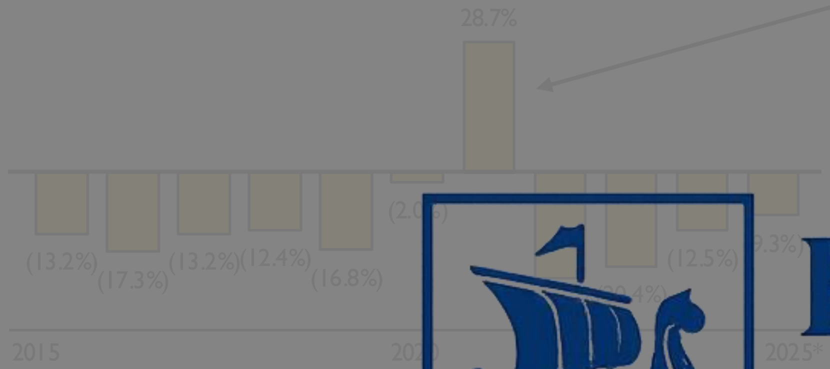
Appendix: *Geographic Breakdown*

Sources: XPEL 10-K Annual Reports 2021 through 2025, Fortune Business Insights 2025, Straits Research 2024

Appendix: *Supplementary Data*

The market prices XPEL as a bet on auto sales volume, but XPEL's real growth engine is how much revenue it earns per vehicle relationship through stacked products, software, and services that expand regardless of whether new car sales go up or down.

Used Vehicle Depreciation

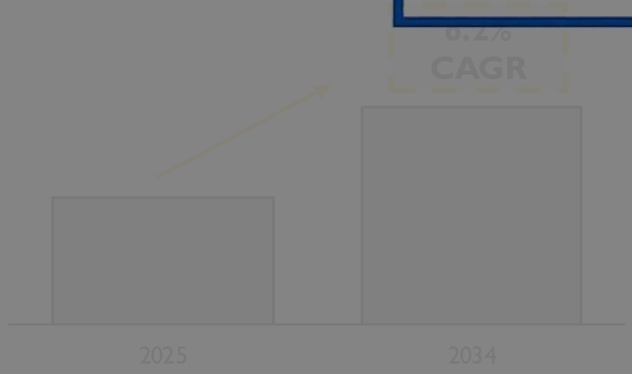


In 2021, a chip shortage made new cars nearly impossible to find, forcing buyers into the used market and driving used vehicle values up 28.7% in a single year. When supply normalized, values fell as sharply as 20%. Consumers who lived through this swing became more aware of how their car's resale value could change, increasing interest in products that protect it.

US New Vehicle Sales Pace

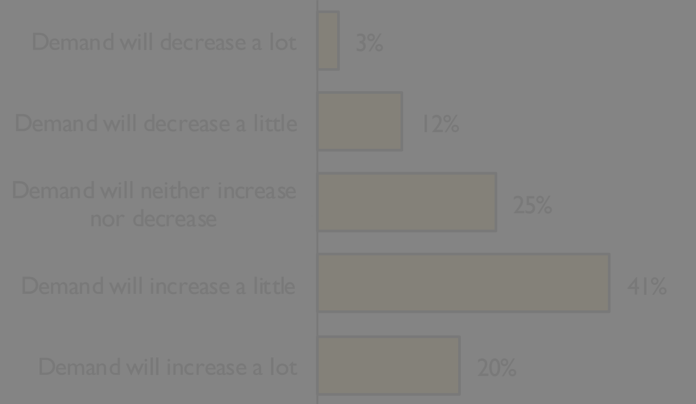
The US new vehicle sales pace decline was driven by a pull-forward effect: a federal EV tax credit worth $7,500 expired on September 30 2025, causing hundreds of thousands of EV buyers to rush their purchases into Q3 to capture the savings before the deadline, leaving Q4 with significantly fewer sales than normal. XPEL's US revenue grew 11% in the same quarter.

Global PPF Market ... Today, $1.1B by 2034



The global PPF market is projected to grow at 6.2% CAGR through 2034, reaching $1.1B , yet penetration remains below 5% of new vehicles sold in the US, indicating the majority of growth is still ahead. Source: Fortune Business Insights 2025.

Automotive Aftermarket Demand Expectations for 2026



60% automotive businesses expect aftermarket demand to grow in 2026, driven primarily by rising new vehicle prices that are causing consumers to keep their existing vehicles longer and spend more on maintenance and protection rather than trading up. This structural dynamic directly expands the pool of vehicle owners who are financially motivated to protect the cars they already own.

Sources: Black Book and Fitch Ratings Vehicle Depreciation Report 2025, Federal Reserve Economic Data — Total Vehicle Sales SAAR, Cox Automotive December 2025 Sales Forecast, AAPEX 2026 State of the Automotive Aftermarket Survey Report, Fortune Business Insights 2025

Appendix: *PPF Consumer Awareness Is Rising (thesis 2)*

Window tint has averaged a search interest score of 52 out of 100 since 2004 and has been essentially flat for 2 decades. PPF averages 9 over the same period and is rising sharply through 2025 and into 2026. These two lines tell the story of where PPF is in its adoption curve and where it is going.

Consumer Search Interest Over Time (2004 to 2026)

Window tint averages a search interest score of 52 out of 100 since 2004. The flat, seasonal pattern reflects a product that consumers already know, already buy, and no longer need to discover. It is present on over 60% of US vehicles today.

PPF averages 9 and is at its highest recorded level as of 2025 and 2026. Near zero through 201[illegible] rising steadily since 2019 as car prices climbed, EV adoption grew, and dealers began actively selling it. Currently on 5 to 7% of US vehicles.

Window tint took 10–15 years to move from a luxury feature to mainstream adoption and ultimately reached over 60% of US vehicles after states began regulating it in the early 1980s. Paint protection film penetration is estimated at 5 to 7% today with meaningful awareness only beginning around 2019, suggesting significant runway. Adoption may accelerate faster than tint due to social media driving approximately 40% of PPF shop leads, a stronger financial case as average vehicle prices reached 50k+ in December 2025, and growing dealer channel support expanding awareness beyond luxury vehicles into mainstream markets.

Sources: Google Trends United States 2004 to 2026, WifiTalents PPF Industry Statistics 2026, Kelley Blue Book via Cox Automotive December 2025 ATP Report, The Shop Magazine PPF Market Analysis January 2026, Vestrule XPEL Research 2022, All Florida Tinting Co. Window Tint History, APS Rust and Tint Window Tinting Evolution, XPEL Investor Presentation June 2025

Appendix: *Thesis 2 (+ supplementary charts)*

Rising vehicle costs and growing diminished value risk are making protection products economically rational for mainstream and mid-market buyers, not just luxury and enthusiast segments, expanding XPEL's addressable market well beyond what the market currently models.

Average Diminished Value Impact by Segment

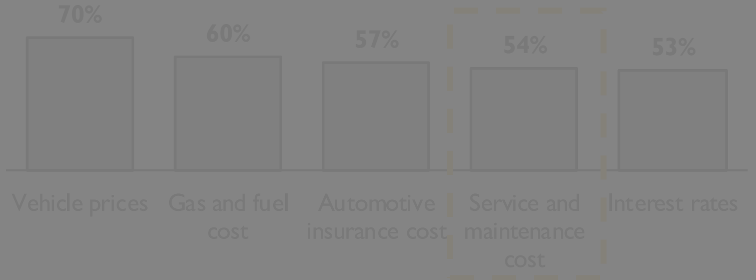
Vehicle Segment	Typical DV Loss Range (2026)	Market Sensitivity
Compact / Economy Cars	6% – 10%	Moderate
Mid-Size Sedans	8% – 14%	Moderate
Luxury Sedans	15% – 25%	High
Premium SUVs	12% – 2[illegible]	High

Cosmetic damage reduces resale value across every vehicle segment, with even compact and economy cars facing a 6 to 10% diminished value loss, making the economic justification for protection products extend well into the mainstream market.

Annual Depreciation rates by Automobile Age

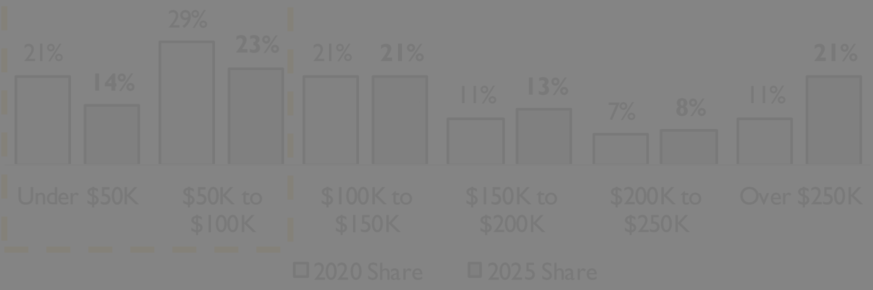
Vehicle depreciation is most severe in the first three years of ownership, concentrating consumer financial exposure precisely at the point of purchase (when protection products are most accessible and when the math of preserving residual value is most compelling).

Factors Driving Rising Vehicle Ownership Costs



62% of consumers say vehicle ownership has become too expensive, making an environment where protecting and preserving an existing vehicle becomes an increasingly rational financial decision across all buyer segments.

New Vehicle Buyer Income Distribution: 2020 vs. 2025



Buyers earning 150k+ have grown from 29% - 42% of new vehicle sales since 2020, while the mid-market segment below 100k remains 37% of buyers and represents the primary untapped adoption opportunity.

Sources: Appraisal Engine — Diminished Value Loss by Vehicle Segment 2026, Black Book and Fitch Ratings Vehicle Depreciation Report 2025, Deloitte 2026 Global Automotive Consumer Study, Cox Automotive 2025 Car Buyer Journey Study Summary