shoals
INVENTING SIMPLE®

# Q1 EARNINGS REPORT

May 2025



## Disclaimer

### Forward-Looking Statements

This presentation contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations; including our financial guidance for the second quarter of 2025 and for the full year ending December 31, 2025; expectations regarding the utility scale solar market and our share thereof; project delays; regulatory environment; the effects of strategic pricing actions, volume discounts, and customer and product mix within our key markets; pipeline and orders; expectations and plans regarding our long-term financial goals; business strategies; technology developments; financing and investment plans, including our share repurchase program; warranty, litigation and liability accruals and estimates of loss or gains; litigation strategy and expected benefits or results from the current intellectual property and wire insulation shrinkback litigation; and potential growth opportunities, including international growth, production and capacity at our plants. Forward-looking statements include statements that are not historical facts and can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," "would" or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the key factors that could cause actual results to differ from our expectations include the following: If demand for solar energy projects diminishes, we may not be able to grow; if we fail to accurately estimate the potential losses related to the wire insulation shrinkback matter, or fail to recover the costs and expenses incurred by us from the supplier; the interruption of the flow of raw materials from international vendors has disrupted our supply chain, including as a result of the imposition of additional duties, tariffs, and other charges on imports and exports; the imposition of trade restrictions, import tariffs, anti-dumping, and countervailing duties; we have modified, and in the future may modify, our business strategy to abandon lines of business or implement new lines of business, and modifying our business strategy could have an adverse effect on our business and financial results; amounts included in our backlog and awarded orders may not result in actual revenue or translate into profits; defects or performance problems in our products or their parts, whether due to manufacturing, installation, or use, including those related to the wire insulation shrinkback matter, have a high consequence of failure and can lead to equipment and systems failure, physical injury or death; we have experienced, and may experience in the future, delays, disruptions, quality control, or reputational problems in our manufacturing operations in part due to our vendor concentration; if we fail to retain our key personnel and attract additional qualified personnel; our products are primarily manufactured and shipped from our production facilities in Tennessee, and any damage or disruption at these facilities may harm our business; we may face difficulties with respect to the planned consolidation and relocation of our Tennessee-based manufacturing and distribution operations, and may not realize the benefits thereof; safety issues may subject us to penalties, negatively impact customer relationships, result in higher operating costs, and negatively impact employee morale and turnover; the market for our products is competitive, and we face increased competition as new and existing competitors introduce EBOS system solutions and components; macroeconomic conditions, including high inflation, high interest rates, and geopolitical instability, impact our business and financial results; we are subject to risks associated with the patent infringement complaints that we filed with the U.S. International Trade Commission ("ITC") and District Courts; if we fail to, or incur significant costs in order to obtain, maintain, protect, defend, or enforce our intellectual property portfolio and other proprietary rights, including the patents we are asserting in ongoing patent infringement litigation; acquisitions, joint ventures, and/or investments and the failure to integrate acquired businesses could disrupt our business; a loss of one or more of our significant customers, their inability to perform under their contracts, or their default in payment could harm our business; a significant drop in the price of electricity may harm our business; the unauthorized access to our information technology systems or the disclosure of personal or sensitive data or confidential information, whether through a breach of our computer system or otherwise, could severely disrupt our business; failure of our information technology systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our results of operations; our expansion outside the U.S. could subject us to additional business, financial, regulatory, and competitive risks; our indebtedness could adversely affect our financial flexibility, restrict our current and future operations, and our competitive position; existing electric utility industry, federal, state, and municipal renewable energy and solar energy policies and regulations, including zoning and siting laws, and any subsequent changes, present technical, regulatory, and economic barriers to the purchase and use of solar energy systems that may significantly reduce demand for our products or harm our ability to compete; changes in tax laws or regulations that are applied adversely to us, or our customers could materially adversely affect our business, financial condition, results of operations, and prospects; and the market price of our Class A common stock may decline and may continue to be subject to significant volatility.

These and other important risk factors are described more fully in the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and other documents filed with the Securities and Exchange Commission and could cause actual results to vary from expectations. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this report. You should read this report with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.



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## Disclaimer

**Non-GAAP Financial Information**

This presentation includes Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted Earnings per Share ("EPS") and Net Debt, which are unaudited financial measures that exclude items and therefore are not in accordance with U.S. generally accepted accounting principles ("GAAP"). These are presented as supplemental measures of the Company's performance.

A reconciliation of Adjusted EBITDA guidance, which is a forward-looking measure that is a non-GAAP measures, to the most closely comparable GAAP measure is not provided because we are unable to provide such reconciliation without unreasonable effort. The inability to provide a quantitative reconciliation is due to the uncertainty and inherent difficulty in predicting the occurrence, the financial impact and the periods in which the components of the applicable GAAP measure and non-GAAP adjustments may be recognized. The GAAP measure may include the impact of such items as non-cash share-based compensation, amortization of intangible assets and the tax effect of such items, in addition to other items we have historically excluded from Adjusted EBITDA. We expect to continue to exclude these items in future disclosures of these non-GAAP measures and may also exclude other similar items that may arise in the future.

**Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Net Debt**

We define Adjusted Gross Profit as gross profit plus wire insulation shrinkback expenses. We define Adjusted Gross Profit Percentage as Adjusted Gross Profit divided by revenue. We define Adjusted EBITDA as net income (loss) plus/(minus) (i) interest expense, (ii) interest income, (iii) income tax expense, (iv) depreciation expense, (v) amortization of intangibles, (vi) equity-based compensation, (vii) wire insulation shrinkback expenses, and (viii) wire insulation shrinkback litigation expenses. We define Adjusted Net Income as net income (loss) plus (i) amortization of intangibles, (ii) amortization / write-off of deferred financing costs, (iii) equity-based compensation, (iv) wire insulation shrinkback expenses, and (v) wire insulation shrinkback litigation expenses, all net of applicable income taxes. We define Adjusted Diluted EPS as Adjusted Net Income divided by the diluted weighted average shares of Class A common stock outstanding for the applicable period. We define Net Debt as Total Long-Term Debt minus Cash and Cash Equivalents.

Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Net Debt are intended as supplemental measures of performance that are neither required by, nor presented in accordance with, GAAP. We present Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Net Debt because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS: (i) as factors in evaluating management's performance when determining incentive compensation, as applicable; (ii) to evaluate the effectiveness of our business strategies; and (iii) because our credit agreement uses measures similar to Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS to measure our compliance with certain covenants.

Among other limitations, Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Net Debt do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments; do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and may be calculated by other companies in our industry differently than we do or not at all, which may limit their usefulness as comparative measures.

Because of these limitations, Adjusted Gross Profit, Adjusted Gross Profit Percentage, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Net Debt should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP. You should review the reconciliation of gross profit to Adjusted Gross Profit and Adjusted Gross Profit Percentage, net income to Adjusted EBITDA, and net income attributable to Shoals Technologies Group, Inc. to Adjusted Net Income and Adjusted Diluted EPS and Net Debt to Total Long-Term Debt below and not rely on any single financial measure to evaluate our business.

Please see the Appendix for the reconciliations of certain non-GAAP financial measures to the comparable GAAP measures.

**Market and Industry Data**

This presentation also contains information regarding the Company's market and industry that is derived from third-party research and publications. That information may rely upon a number of assumptions and limitations, and the Company has not independently verified its accuracy or completeness.

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# Agenda

01 First Quarter Highlights

02 Current Events & Market Environment

03 U.S. Utility Scale Solar

04 Growth Initiatives (International, CC&I, OEM, & BESS)

05 Financial Overview

# QUARTERLY HIGHLIGHTS

Above High End of Q1 2025 Guidance Range

**$80.4M**
Revenue

**$12.8M**
Adjusted EBITDA[1]

Within Q1 2025 Guidance Range

Strategic initiatives driving key results, with $500M containing shipment dates in upcoming four quarters

**$645.1M**
BLAO

**$1.13**
Book-to-Bill

Strong demand for Shoals products, continued growth and diversified customer base in new bookings

[1]*See Appendix for reconciliation of Non-GAAP measures.*

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# CURRENT EVENTS & MARKET ENVIRONMENT

## Tariffs

- Limited *direct* exposure to tariffs in the near term
- Supply chain with strong domestic partners
- Closely working with customers to identify and navigate tariff impact on projects

## Strategy

- Committed to U.S. domestic manufacturing
- High-quality products and exceptional support are bringing customers back
- New, innovative products are solving real business problems for customers
- Strong balance sheet and attractive levels of free cash flow

## Market

- Increasing electricity demand and load growth
- Energy sources are limited and costly
- Solar energy is best positioned to deliver energy to the power grid in an efficient, cost-effective manner

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# U.S. UTILITY SCALE SOLAR

*"Customers' 2025 construction calendars are full, and projects are moving forward as scheduled."*

New **state-of-the art** manufacturing facility

World class **customer care team**

**CUSTOMER** FOCUSED

Cultivating relationships with **new EPCs**

**More than 15%** of BLAO includes projects with at least one new product



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# GROWTH INITIATIVES & NEW MARKETS

## International

- Signed a Memorandum of Understanding (MOU) with UGT Renewables / Sun Africa to help deliver up to 12GW of international solar power in the coming years

## CC&I

- Strong quoting activity
- Short sales cycles and attractive margin profile
- Value proposition resonating with customers
- Wood Mackenzie recently increased their estimate of growth within the Commercial market

## OEM

- Continued partnership with First Solar, Inc. announced, showing our commitment to the reshoring of U.S. domestic supply chains
- First Solar, Inc. growth supports Shoals OEM growth

## BESS

- Three paths to market: (1) Traditional solar EPCs, (2) Providers of prefabricated storage solutions, & (3) Data center owners / developers
- Projects won with a large hyperscaler and a large U.S. prefabricated storage solution provider
- BESS TAM massive in size and growing at a fast pace










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# First Quarter Financial Snapshot

| $ Thousands (except for EPS) | Q1 2025 | Q1 2024 | $ Change YoY | % Change YoY |
|---|---|---|---|---|
| **Revenue** | **$ 80,361** | **$ 90,807** | **$ (10,446)** | **(11.5)%** |
| Cost of Goods Sold | 52,221 | 54,347 | $ (2,126) | (3.9)% |
| **Gross Profit** | **28,140** | **36,460** | **$ (8,320)** | **(22.8)%** |
| Gross Profit % | 35.0 % | 40.2 % | | (12.8)% |
| Wire Insulation Shrinkback Expense | — | — | — | — % |
| **Adjusted Gross Profit** | **$ 28,140** | **$ 36,460** | **$ (8,320)** | **(22.8)%** |
| Adjusted Gross Profit % | 35.0 % | 40.2 % | | (12.8)% |
| **Adjusted EBITDA** | **$ 12,789** | **$ 20,458** | **$ (7,669)** | **(37.5)%** |
| Adj EBITDA % | 15.9 % | 22.5 % | | (29.4)% |
| **Adjusted Net Income** | **$ 5,193** | **$ 12,621** | **$ (7,428)** | **(58.9)%** |
| Adj. Net Income % | 6.5 % | 13.9 % | | (53.5)% |
| **Adjusted Diluted EPS** | **$ 0.03** | **$ 0.07** | **$ (0.04)** | **(58.0)%** |

*[1]See Appendix for reconciliation of Non-GAAP measures.*

$80.4M

**Q1 Revenue**

35%

**Q1 Adjusted Gross Profit %[1]**

$28.1M

**Q1 Adjusted Gross Profit[1]**

$12.8M

**Q1 Adjusted EBITDA[1], 15.9% Adjusted EBITDA Margin[1]**

$21.7M

**Q1 SG&A Expenses**

$5.2M

**Q1 Adjusted Net Income[1]**

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# Q1 Cash Flow

**$15.6M**

**Q1 Cash Flow From Operations**

**$3.2M**

**Q1 Capital Expenditures**

**$12.4M**

**Q1 Free Cash Flow**

*(Includes $9.5M & $2.5M of shrinkback remediation and legal costs, respectively)*



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# Update on 1500 Shoals Way Facility & Shoals Innovation Field

Construction on our 1500 Shoals Way facility is progressing well and on time. Planning to begin moving in during 2H 2025.

We recently completed building our Shoals Innovation Field adjacent to 1500 Shoals Way for customers and employees.











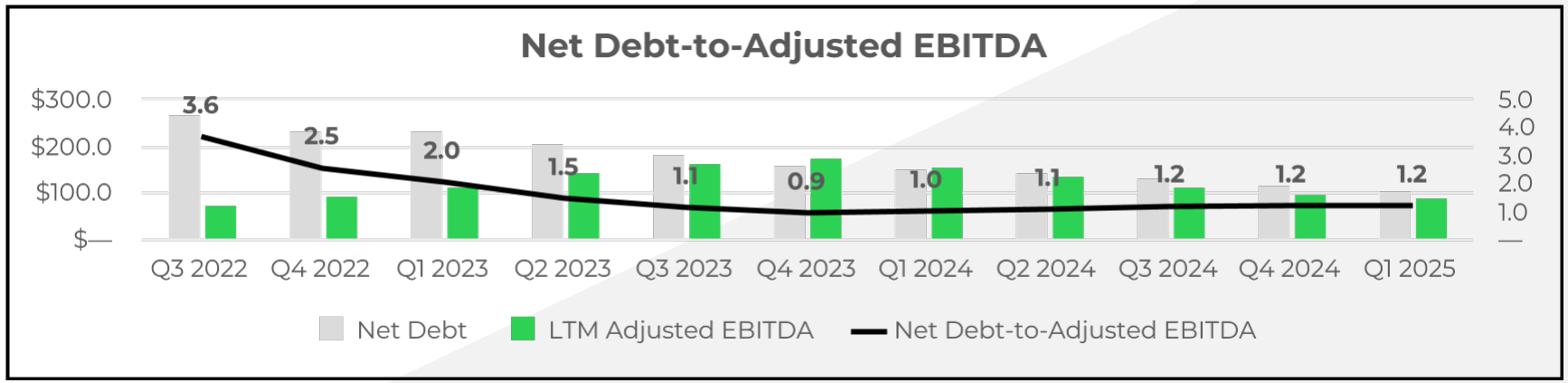






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| | Q1 2024 | Q4 2024 | Q1 2025 |
|---|---|---|---|
| Cash & Cash Equivalents | $15.2 | $23.5 | $35.6 |
| Total Long-term Debt | $168.8 | $141.8 | $141.8 |
| Less: Cash & Cash Equivalents | $15.2 | $23.5 | $35.6 |
| Net Debt | $153.6 | $118.2 | $106.1 |
| Adjusted EBITDA | $20.5 | $26.4 | $12.8 |
| LTM Adjusted EBITDA | $155.7 | $99.1 | $91.4 |
| **Total Long-term Debt-to-Adjusted EBITDA** | **1.1** | **1.4** | **1.6** |
| **Net Debt-to-Adjusted EBITDA** | **1.0** | **1.2** | **1.2** |
| **Total Liquidity** | **$46.4** | **$81.8** | **$93.9** |




[1] *Net Debt equals Total Long-Term Debt minus Cash and Cash Equivalents*
[2] *Total Liquidity equals Cash and Cash Equivalents plus available borrowing capacity on Revolving Credit Facility minus Letters of Credit*

"**Lowest Net Debt** since becoming a public company."

1.2X

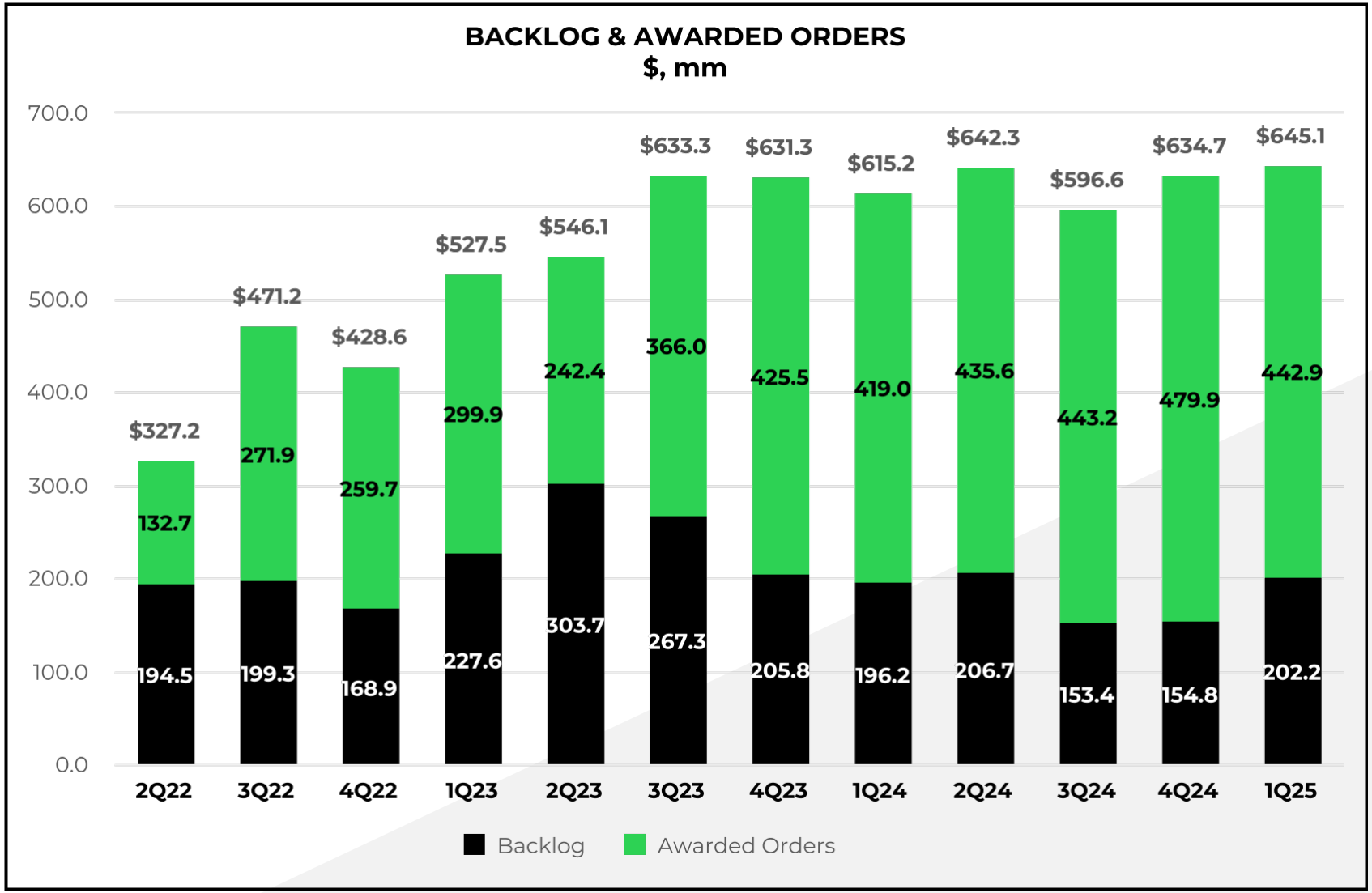
**Net Debt-to-Adjusted EBITDA**

Compared to

**3.6X**

in Q3 2022

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**$645M**

**As of March 31, 2025 in backlog & awarded orders**

**An increase of**

**1.6% QoQ**

**With Approximately**

**$500M**

**to deliver in FFQ**

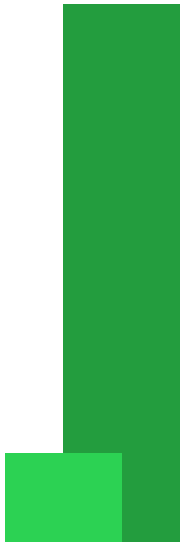
**$145M**

**Beyond Q1 2026**

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**2025 Revenue**

$410-450M



$100 – 110M

**Q2 - 2025 Revenue**

**2025 Adj. EBITDA[1]**

$100-115M



$20-25M

**Q2 - 2025 Adj. EBITDA[1]**

**Full year 2025 expectations:**

$410-450M

**2025 Full Yr Revenue**

$100-115M

**2025 Adj. EBITDA[1]**

$30-45M

**2025 Full Yr Operating Cash Flow**

$8-12M

**2025 Interest Expense**

$25-35M

**2025 Capital Expenditures**

[1]A reconciliation of Adjusted EBITDA guidance which is a forward-looking measure that is non-GAAP, to the most closely comparable GAAP measure is not provided because we are unable to provide such reconciliation without unreasonable effort. The inability to provide a quantitative reconciliation is due to the uncertainty and inherent difficulty in predicting the occurrence, the financial impact and the periods in which the components of the applicable GAAP measures and non-GAAP adjustments may be recognized. The GAAP measures may include the impact of such items as non-cash share-based compensation, amortization of intangible assets and the tax effect of such items, in addition to other items we have historically excluded from Adjusted EBITDA. We expect to continue to exclude these items in future disclosures of these non-GAAP measures and may also exclude other similar items that may arise in the future.

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"The changes we are making and the team we have in place positions us exceptionally well."

**Focusing on what we can control and influence:**

+ Improving the resiliency of our supply chain
+ Exceeding customer service requirements
+ Hitting delivery timelines
+ Providing exceptional quality
+ Solving real business problems with new products

"We want to thank our shareholders and customers for their continued trust, and our employees for their hard work and dedication."

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# Q&A

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# Appendix



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# Non-GAAP Reconciliations, Adjusted Gross Profit

| Adjusted Gross Profit | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Revenue | $ 80,361 | $ 90,807 |
| Cost of revenue | 52,221 | 54,347 |
| Gross profit | $ 28,140 | $ 36,460 |
| Gross profit percentage | 35.0% | 40.2% |
| | | |
| Wire insulation shrinkback expenses [(a)] | — | — |
| Adjusted gross profit | $ 28,140 | $ 36,460 |
| Adjusted gross profit percentage | 35.0% | 40.2% |

(a) For the three months ended March 31, 2025 and 2024, there were no expenses related to warranty for wire insulation shrinkback relating to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, We consider expenses incurred in connection with the identification, repair and replacement of the impacted wire harnesses distinct from normal, ongoing service identification, repair and replacement expenses that would be reflected under ongoing warranty expenses within the operation of our business, which we do not exclude from our non-GAAP measures. In the future, we also intend to exclude from our non-GAAP measures the benefit of liability releases, if any. We believe excluding expenses from these discrete liability events provides investors with a better view of the operating performance of our business and allows for comparability through periods.

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# Non-GAAP Reconciliations, Adjusted EBITDA

| Adjusted EBITDA | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Net income (loss) | $ (282) | $ 4,774 |
| Interest expense | 2,415 | 4,475 |
| Interest income | (118) | (113) |
| Income tax expense | 2,297 | 2,448 |
| Depreciation expense | 1,391 | 1,106 |
| Amortization of intangibles | 1,896 | 1,896 |
| Equity-based compensation | 2,661 | 5,023 |
| Shrinkback related expenses [(a)] | — | — |
| Shrinkback litigation expenses [(b)] | 2,529 | 849 |
| Adjusted EBITDA | $ 12,789 | $ 20,458 |

(a) For the three months ended March 31, 2025 and 2024, there were no expenses related to warranty for wire insulation shrinkback relating to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, We consider expenses incurred in connection with the identification, repair and replacement of the impacted wire harnesses distinct from normal, ongoing service identification, repair and replacement expenses that would be reflected under ongoing warranty expenses within the operation of our business, which we do not exclude from our non-GAAP measures. In the future, we also intend to exclude from our non-GAAP measures the benefit of liability releases, if any. We believe excluding expenses from these discrete liability events provides investors with a better view of the operating performance of our business and allows for comparability through periods.

(b) For the three months ended March 31, 2025 and 2024, represents $2.5 million and $0.8 million, respectively, of expenses incurred in connection with the lawsuit initiated by the Company against the supplier of the defective wire. We consider this litigation distinct from ordinary course legal matters given the expected magnitude of the expenses, the nature of the allegations in the Company's complaint, the amount of damages sought, and the impact of the matter underlying the litigation on the Company's financial results. In the future, we also intend to exclude from our non-GAAP measures the benefit of recovery, if any. We believe excluding expenses from these discrete litigation events provides investors with a better view of the operating performance of our business and allows for comparability through periods.

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# Non-GAAP Reconciliations, Adjusted Net Income

| Adjusted Net Income | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Net income (loss) | $ (282) | $ 4,774 |
| Amortization of intangibles | 1,896 | 1,896 |
| Amortization / write-off of deferred financing costs | 156 | 2,626 |
| Equity-based compensation | 2,661 | 5,023 |
| Wire insulation shrinkback expenses[a] | — | — |
| Wire insulation shrinkback litigation expenses [b] | 2,529 | 849 |
| Tax impact of adjustments [c] | (1,767) | (2,547) |
| Adjusted Net Income | $ 5,193 | $ 12,621 |

(a) For the three months ended March 31, 2025 and 2024, there were no expenses related to warranty for wire insulation shrinkback relating to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, We consider expenses incurred in connection with the identification, repair and replacement of the impacted wire harnesses distinct from normal, ongoing service identification, repair and replacement expenses that would be reflected under ongoing warranty expenses within the operation of our business, which we do not exclude from our non-GAAP measures. In the future, we also intend to exclude from our non-GAAP measures the benefit of liability releases, if any. We believe excluding expenses from these discrete liability events provides investors with a better view of the operating performance of our business and allows for comparability through periods.

(b) For the three months ended March 31, 2025 and 2024, represents $2.5 million and $0.8 million, respectively, of expenses incurred in connection with the lawsuit initiated by the Company against the supplier of the defective wire. We consider this litigation distinct from ordinary course legal matters given the expected magnitude of the expenses, the nature of the allegations in the Company's complaint, the amount of damages sought, and the impact of the matter underlying the litigation on the Company's financial results. In the future, we also intend to exclude from our non-GAAP measures the benefit of recovery, if any. We believe excluding expenses from these discrete litigation events provides investors with a better view of the operating performance of our business and allows for comparability through periods.

(c) Shoals Technologies Group, Inc. is subject to U.S. Federal income taxes, in addition to state and local taxes. Represents the estimated tax impact of all Adjusted Net Income add-backs, excluding those which represent permanent differences between book versus tax.

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# Non-GAAP Reconciliations, Adjusted Diluted EPS

| Adjusted Diluted EPS | Three Months Ended March 31, | |
|---|---|---|
| | 2025 | 2024 |
| Adjusted diluted weighted average shares outstanding | 166,960 | 170,514 |
| | | |
| Adjusted Net Income | $ 5,193 | $ 12,621 |
| Adjusted Diluted EPS | $ 0.03 | $ 0.07 |

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# THANK YOU!

Please reach out to investors@shoals.com with any further questions.

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