May 2023



# SHOALS TECHNOLOGIES GROUP, INC.

## Q1 2023 Investor Presentation

# 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, business strategies, technology developments, financing and investment plans, dividend policy, competitive position, industry and regulatory environment, potential growth opportunities and the effects of competition. 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, among others, lower than anticipated growth in demand for solar energy projects and EV charging infrastructure; macroeconomic events, including heightened inflation, rises in interest rates and a potential recession; defects or performance problems in our products or their parts, including those manufactured by third parties, and related warranty claims; supply chain challenges, including as a result of additional duties and charges on imports and exports; our failure to, or incurrence of significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights; governmental policies and regulations, and any subsequent changes, which may present technical, regulatory and economic barriers; changes in the United States trade environment; failure to integrate acquired businesses, and delays, disruptions or quality control problems in our manufacturing operations in part due to vendor concentration.

Other risks and uncertainties are described in the section entitled "Item 1A. Risk Factors" of our periodic reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2022 and our Quarterly Report on Form 10-Q. 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 EBITDA and Adjusted Net Income (which are shown in the reconciliations set forth in the Appendix hereto), 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 and Adjusted net income guidance, which are forward-looking measures that are not prepared in accordance with GAAP, to the most directly comparable GAAP financial measures, 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 and Adjusted net income. 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 EBITDA, Adjusted Net Income and Adjusted Diluted Earnings per Share ("EPS")**

We define Adjusted EBITDA as net income (loss) plus (i) interest expense, net, (ii) income tax expense, (iii) depreciation expense, (iv) amortization of intangibles and (v) equity-based compensation. We define Adjusted Net Income as net income attributable to Shoals Technologies Group, Inc. plus (i) net income impact from assumed exchange of Class B common stock to Class A common stock as of the beginning of the earliest period presented, (ii) amortization of intangibles, (iii) amortization of deferred financing costs and (iv) equity-based compensation, 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, which assumes the exchange of all outstanding Class B common stock for Class A common stock as of the beginning of the earliest period presented.

Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS are intended as supplemental measures of performance that are neither required by, nor presented in accordance with, GAAP. We present Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS 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 EBITDA, Adjusted Net Income and Adjusted Diluted EPS: (i) as factors in evaluating management's performance when determining incentive compensation; (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 EBITDA, Adjusted Net Income and Adjusted Diluted EPS 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 EBITDA, Adjusted Net Income and Adjusted Diluted EPS should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP.

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 Company Overview

02 Technology and Value Proposition

03 Growth Strategy

04 Financial Overview and Business Update

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# COMPANY OVERVIEW

# WHO WE ARE

### Leading Provider of Electrical Balance of System ("EBOS") solutions for renewable energy

- Products used on more than **50% of all U.S.-based solar projects** installed in 2022[1]
- Growing rapidly and taking share ⇒ **36% CAGR in revenues** from 2020-2022
- EBOS solutions for **rapidly growing** EV Charging and energy storage segments

### Sell patented products that are less costly to install and more reliable than competing solutions

- Install faster ⇒ less time and **fewer labor hours** than conventional products
- Without licensed electricians ⇒ designed to be **installed by general labor**
- With **greater reliability** ⇒ fewer connections and pre-terminated "plug-n-play" connectors

### Focus on selling complete systems rather than individual components

- **78% of revenues from "system solutions"** that include multiple products[2]
- Each system is **custom designed** for the customer's project
- Highly consultative sales process that creates **12+ months of visibility**

(1) Estimated based 16.4GWs of total utility scale solar installations in the United States in 2022 per IHS Markit PV Installations Tracker Q4-2022, December 2022.
(2) For the twelve months ended December 31, 2022.


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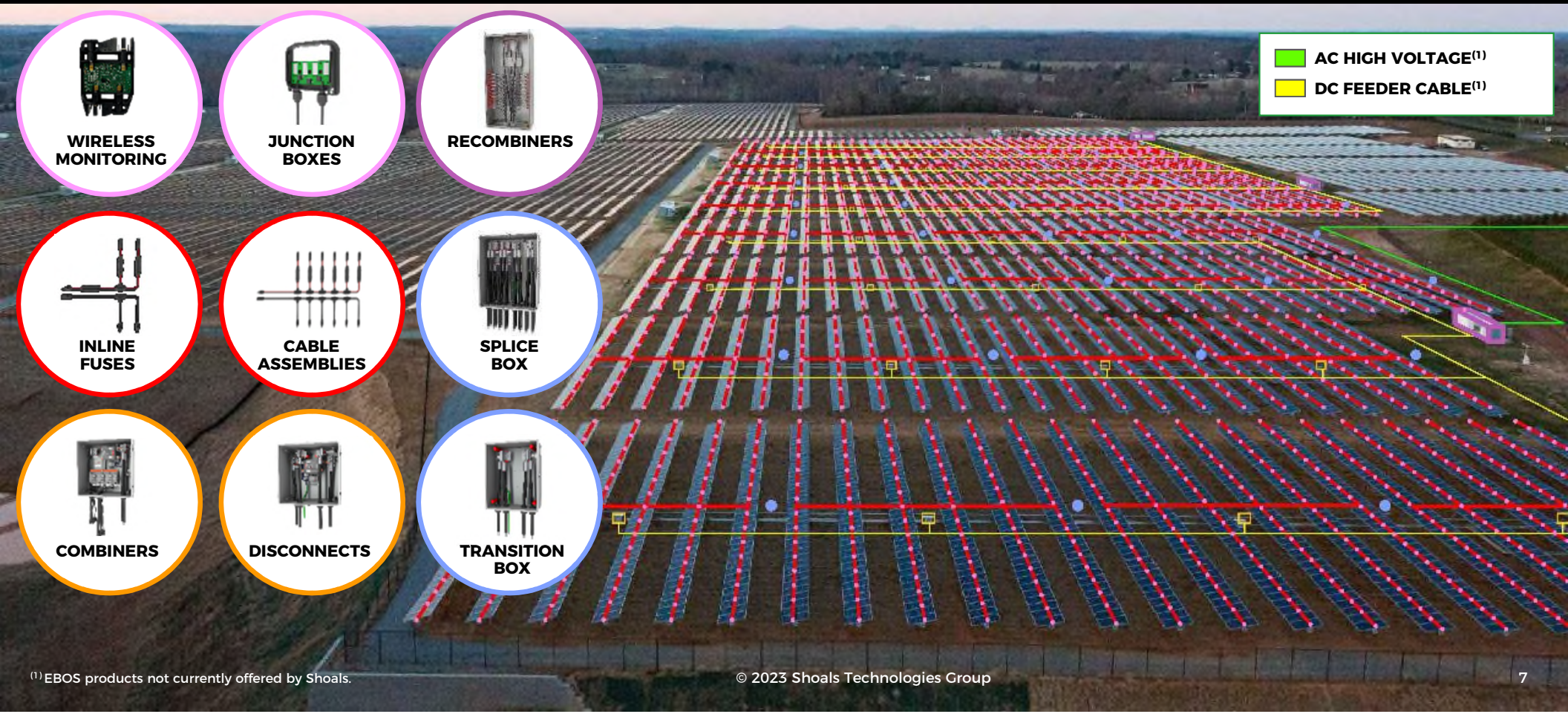
# OUR PRODUCTS

## MISSION CRITICAL EBOS COMPONENTS




(1) EBOS products not currently offered by Shoals.

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# EBOS IS AN ATTRACTIVE SEGMENT…

| | |
|---|---|
| **Must Have Product…** | EBOS is required for every solar, EV Charging or Energy Storage project regardless of size, location or technology |
| **…That's Technology Agnostic…** | EBOS works with all types of panels, mounting systems, inverters and chargers |
| **…With a High Consequence of Failure…** | Failures can have major consequences including lost revenue, equipment damage, fire damage, injury or death |
| **…Where Price Isn't the Focus…** | Solar EBOS is 6% of total project cost and single components are <1% |
| **…and Requires a High Level of Customization** | Each EBOS system is unique to project and requires significant upfront engineering |

**Creates…**



Low technology risk



Strong preference for incumbent suppliers



Low price pressure



Barriers to entry

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## ...THAT'S

# GROWING FASTER

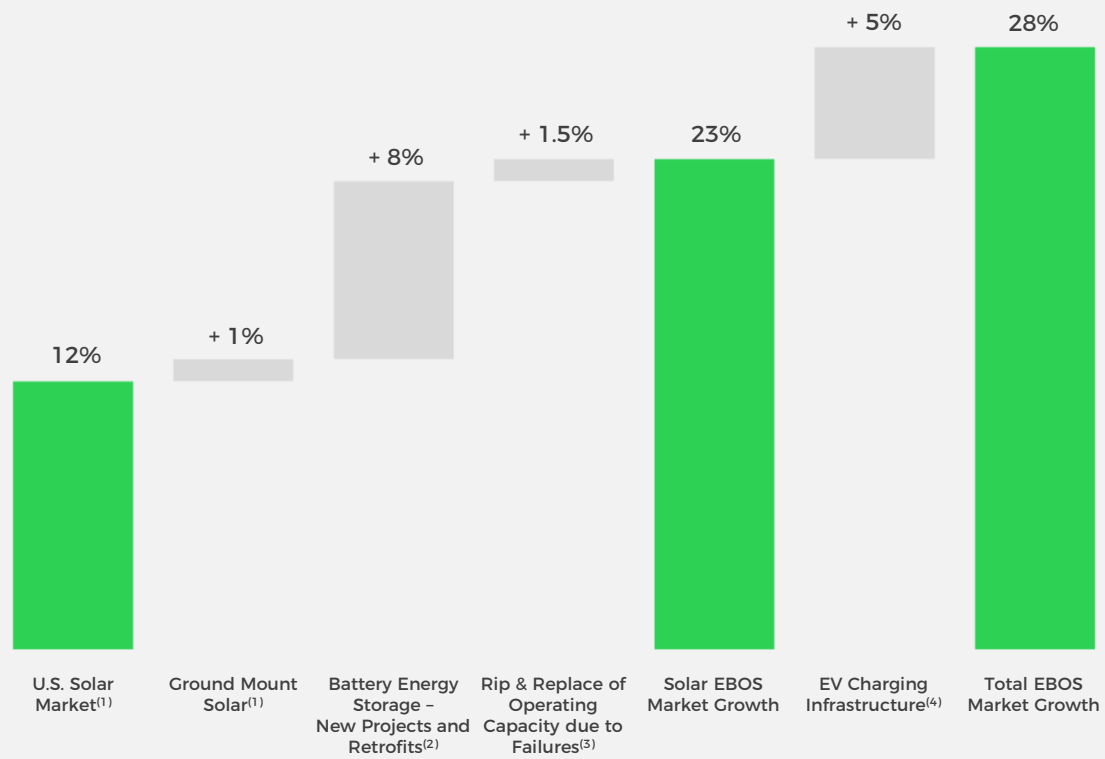
## THAN THE OVERALL SOLAR MARKET

### EBOS market has several growth accelerants

- Primarily ground mount, which is growing faster than the overall market
- Beneficiary of battery energy storage – both new and retrofits
- Rip and replace of existing solar fleet
- EBOS for emerging EV charging market

(1) Based on IHS Solar Market Tracker – North America: Second half 2022.
(2) Based on Lawrence Berkeley National Laboratory Hybrid Power Plants: Status of Operating and Proposed Plants, August 2022. Assumes EBOS for solar + storage requires an additional 3¢ per watt of solar capacity. Includes 2025 solar + storage projects which have interconnection agreements executed or in progress.
(3) Assumes 5% of the utility scale solar fleet in operation at the end of 2020 (60.1 GW) is replaced with new EBOS in 2025 at an average cost of 3.5¢ per watt.
(4) Based on BloombergNEF Charging Infrastructure Forecast Model (CIFM), June 2022. Assumes none of "Hardware" spending was addressable in 2021 and 30% of "Hardware" spending is addressable in 2025.
Note: Assumes constant ASPs.

### Compound Annual Growth Rate in Addressable Market for EBOS from 2021 to 2025

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# WE HAVE A SIMPLE MISSION

| | |
|---|---|
| 01 | **Create products that can be installed by anyone** |
| 02 | **Move assembly from the field to the factory** |
| 03 | **Leverage the factory environment to produce products with superior quality, reliability and safety** |


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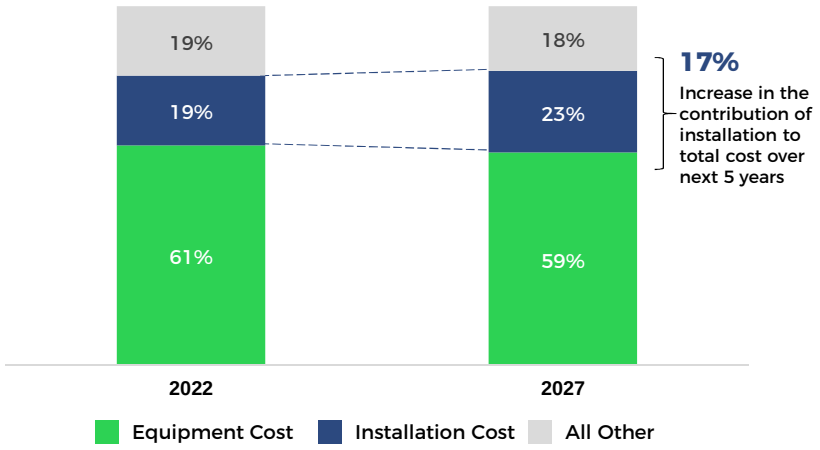
# REDUCING INSTALLATION COST IS CRITICAL

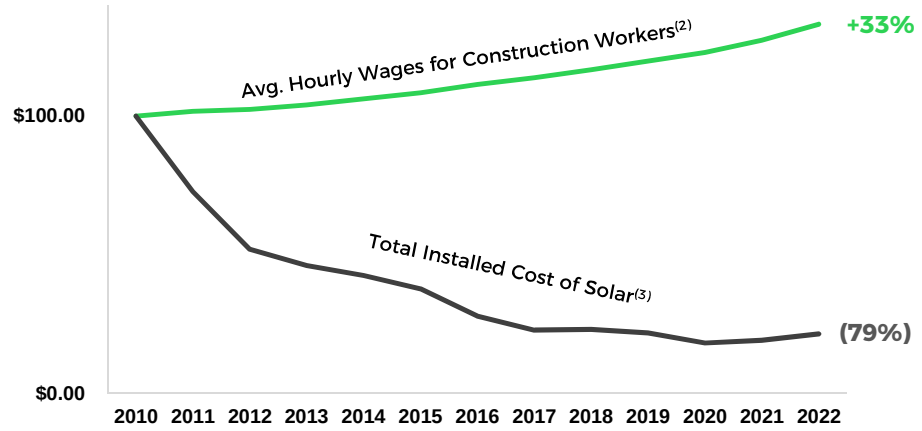
## FOR CONTINUED COST REDUCTION IN SOLAR

### Contribution of Equipment vs. Installation to the Cost of a Solar Energy Project[1]




Field labor has become one of the largest contributors to the cost of building a solar energy project...

### Hourly Wages For Field Labor vs. Total Installed Cost of Utility Scale Solar




...and hourly wages for construction workers are only rising

(1) Wood Mackenzie Interactive US Solar PV System Cost Model (H2 2022). Based on average construction cost for a 50 MW ground-mounted solar energy project using single-axis trackers in the U.S. Installation cost includes labor, civil and EPC overhead and margin categories. Equipment costs include modules, inverter, mounting system and EBOS categories.
(2) Based on Bureau of Labor Statistics, Department of Labor annual mean wage data for 47-0000 Construction and Extraction Occupations.
(3) Installed cost of utility-scale solar using single-axis trackers per BloombergNEF 1H 2023 U.S. Clean Energy Market Outlook, April 2023.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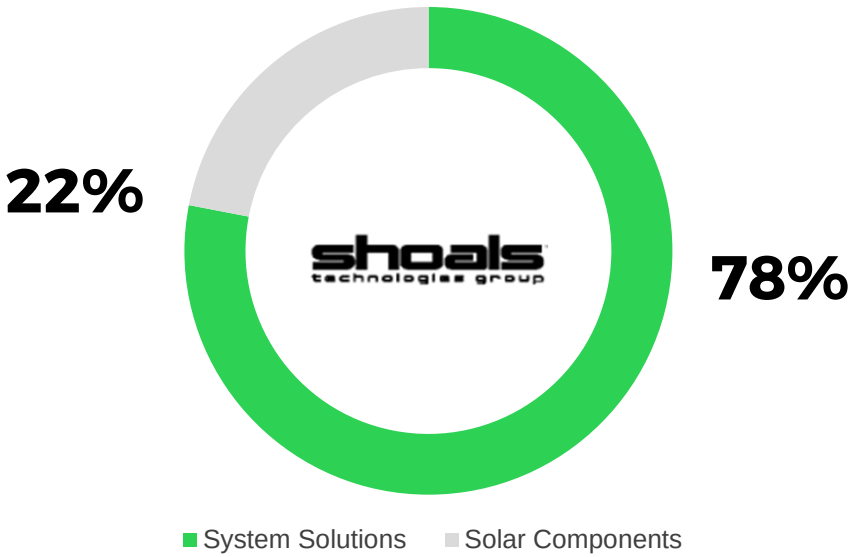
# WE FOCUS ON CUSTOM "SYSTEM SOLUTIONS"

**Revenue Mix For the Year Ended December 31, 2022**




**System Solutions bundle…**

- Proprietary components
- Pre-construction design and engineering, including specifying and optimizing the system
- Proprietary installation methods
- Technical support

**System Solutions create…**

- High customer engagement through a consultative sales process
- Revenue visibility ⇒ 12 months of lead time on most orders
- Higher margins
- Barriers to entry for competitors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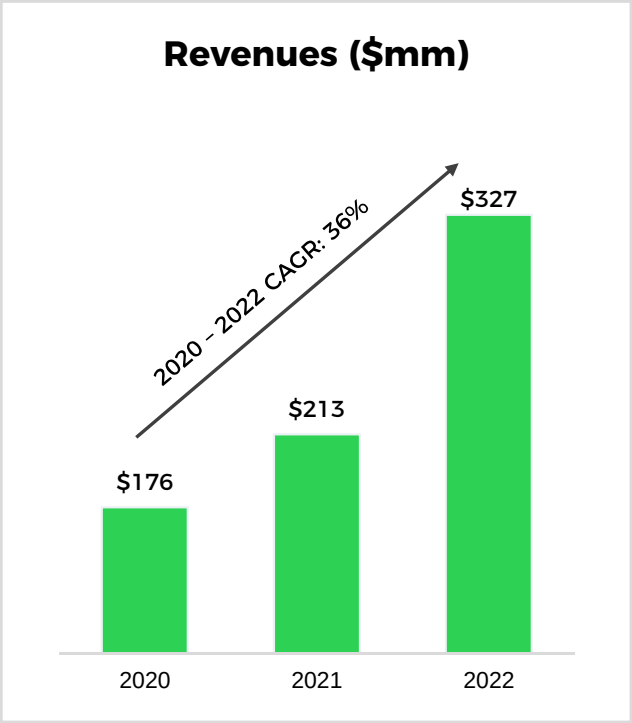
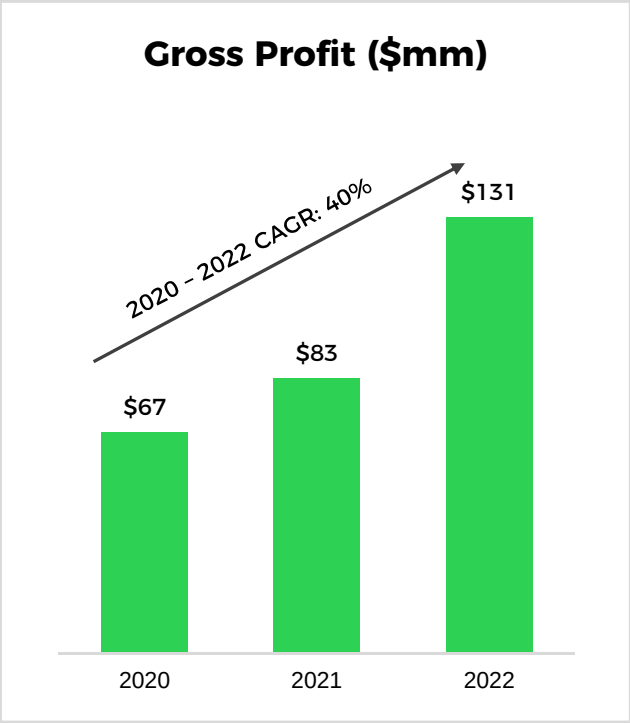
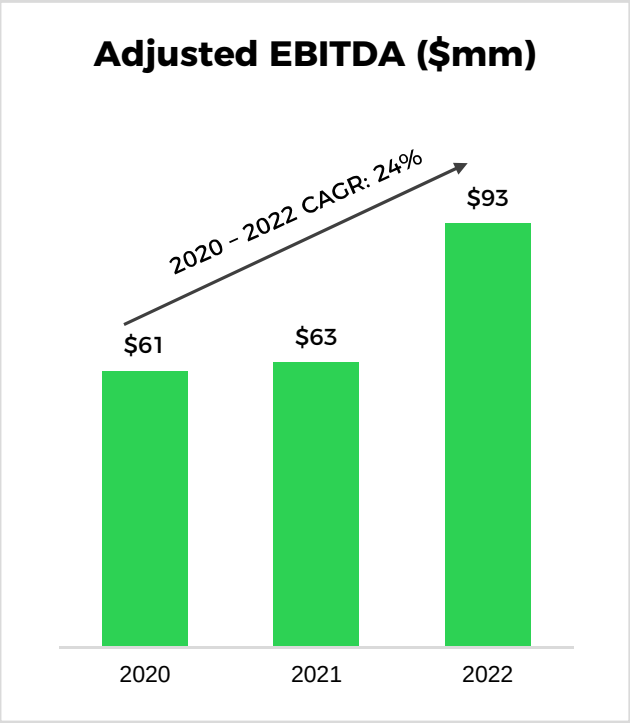
# PROVEN FINANCIAL PERFORMANCE




Note: See Appendix for reconciliation of non-GAAP measures.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# OUR COMMITMENT TO ESG

**At Shoals, we challenge and support each other to design, develop, and deliver solutions that have the potential to change the world. In 2021, we published our inaugural ESG report and look forward to sharing future progress and disclosure enhancements.**

## Environmental Stewardship

We are building **quality, innovative, and simple solutions** for an electrified future, with a focus on solving problems that **promote the adoption of solar energy and energy delivery**.

We are committed to **protecting public health and the planet** by working to operate in an environmentally responsible manner that is aligned with our mission.

**40+**
Gigawatt Under Contract

**ISO 9001:2015**
Certified Quality Management

## Social Commitments

We have been operating in the U.S. for more than a quarter century, **supporting communities** from which we have grown.

As we continue to support the world's transition to a brighter energy future, we are shining the light on ourselves, **building a stronger, safer, and an ever more cohesive** network where everyone may thrive.

**~700**
Employees

**0.44**
Total Recordable Incident Rate

## Governance Responsibilities

From the automotive industry to electrified technology, we are known as a company **dedicated to ingenuity and integrity**.

Our actions are aimed to **uphold and deliver on our common set of values and Code of Ethics**. Through our inspired and principled approach, we are and will continue to be a leading trusted EBOS solutions partner.

**20**
Cumulative Issued Patents

**75%**
Independent Directors

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Note: This slide reflects the Shoals 2021 ESG report.

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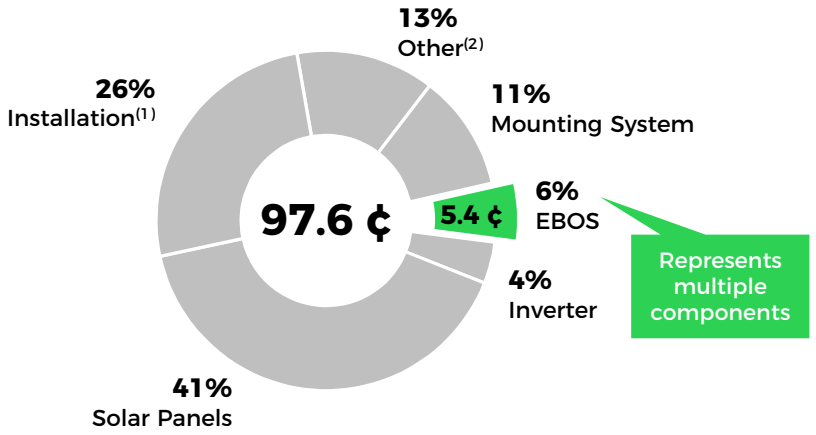
# TECHNOLOGY AND VALUE PROPOSITION

# EBOS IS A UNIQUE CATEGORY

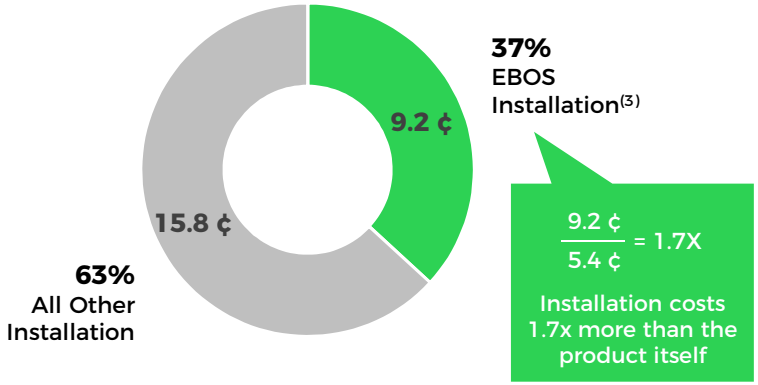
**Cheap to buy...**

**Contribution to Construction Cost (¢ per watt)**
50MW Solar Project Using Trackers




**...but expensive to install**

**EBOS Contribution to Installation Cost (¢ per watt)(1)**
50MW Solar Project Using Trackers




**The cost of installing an EBOS component can be equal to, or in excess of, the cost of the product itself, which creates opportunities for high value innovation in product design and installation methods**

Source: Wood Mackenzie Interactive US Solar PV System Cost Model (H2 2022). Estimate for 50 MW site using single-axis trackers. Figures do not sum to 100% due to rounding.
(1) Includes labor, civil, and EPC overhead & margin categories.
(2) Includes design & engineering, permitting, logistics and taxes categories.
(3) Management estimates based on feedback from Tier 1 EPCs.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## CONVENTIONAL HOMERUN EBOS SYSTEMS HAVE

# THREE BIG ISSUES



**Installation methods that require electricians and special tools**

- Trenching
- Underground conduit
- Six step process for every connection
- Complex wiring architecture



**Redundant wiring that wastes time and material**

- Every string requires two wire runs
- Same distances covered multiple times
- Multiple intermediate interconnection points (combiner boxes)



**Too much work done in the field where it's hard to control quality**

- Every connector fabricated onsite
- "Crimped" connections prone to faults
- Systems vulnerable to human error
- Significant rework

**Result = High installation costs and low reliability**


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CONVENTIONAL HOMERUN EBOS REQUIRES

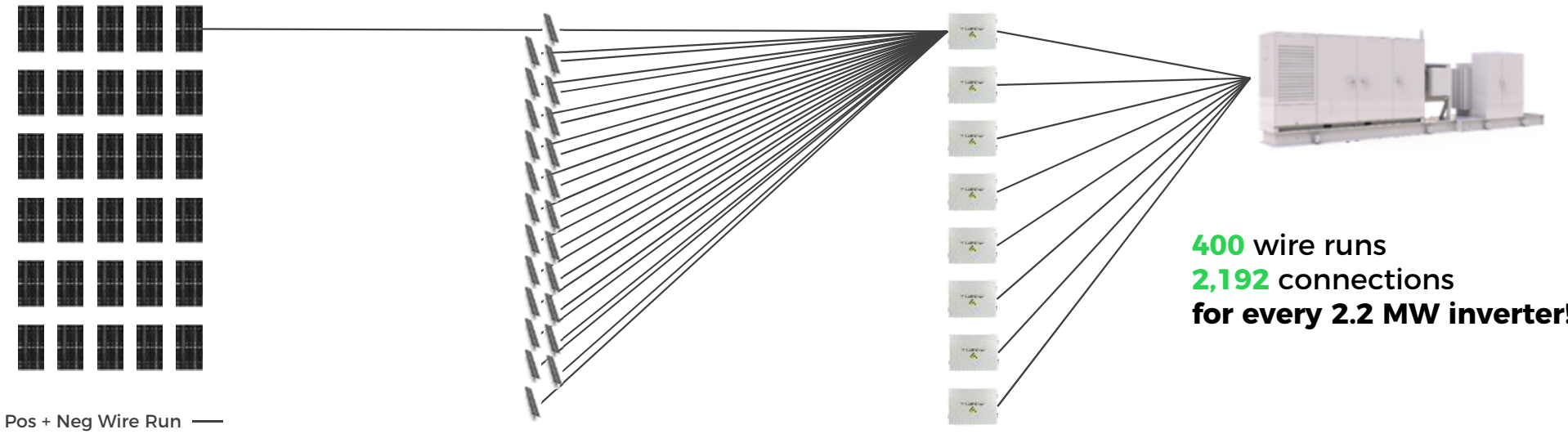
# THOUSANDS OF WIRE RUNS & CONNECTIONS

**30** PANELS PER STRING

**24** STRINGS PER COMBINER

**8** COMBINERS PER INVERTER

**1** 2.2 MW INVERTER



Pos + Neg Wire Run

**400** wire runs
**2,192** connections
**for every 2.2 MW inverter!**

**A 100 MW solar project using conventional homerun EBOS will require approximately**
**18,000 individual wire runs and 100,000 connections**

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## INSTALLING CONVENTIONAL HOMERUN EBOS REQUIRES

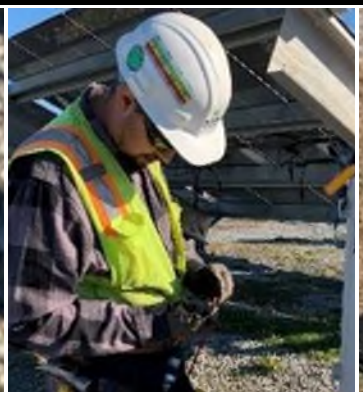
# LICENSED ELECTRICIANS



**LAY**
Lay the wire out to cut the wire to length



**MEASURE**
Measure out the appropriate length to expose the copper wire



**STRIP**
Strip the cable jacket



**CRIMP**
Crimp on the appropriate end (either positive or negative)



**INSPECT**
Inspect work for any defects



**INSTALL**
Install the finished product down the row and into the combiner box

Conventional Homerun EBOS requires a large number of **time consuming, manual operations** that need to be performed in the field using licensed electricians with special tools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# SHOALS' COMBINE-AS-YOU-GO SYSTEM

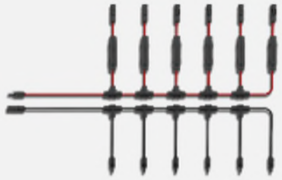
## SOLVES THE ISSUES WITH CONVENTIONAL HOMERUN EBOS

### Big Lead Assembly ("BLA")



Proprietary above ground feeder cable **eliminates underground conduits and combiner boxes** and installs using general labor

### Interconnect Harness



Pre-fabricated wire harnesses with inline fuses eliminate measuring, cutting and crimping in the field and **reduce individual wire runs**

### Plug-n-Play Connectors



Simple push connectors speed installation, reduce errors and make the system **installable by general labor** rather than requiring licensed electricians

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# THE SIX ADVANTAGES

## OF SHOALS' COMBINE-AS-YOU-GO SYSTEM

### 01 Can be installed by anyone

- Plug-n-play push connectors
- Installable by general labor
- No electricians required

LOWER LABOR RATES AND FEWER LABOR HOURS

### 02 Enables above-ground installation

- Hung from mounting structure
- No trenching or buried conduit
- No wire fishing

NO EXCAVATION

### 03 Reduces wire runs dramatically

- Strings combined in the row
- 67% Fewer string runs
- 95% Fewer inverter runs

FEWER LABOR HOURS AND LESS MATERIAL

### 04 Eliminates combiner boxes

- Direct connections between components
- Inline fusing
- No complex wiring

LOWER LABOR RATES, FEWER LABOR HOURS AND LESS MATERIAL

### 05 Increases safety and reliability

- Pre-terminated connectors
- Factory rather than field fabricated
- Fewer failure points

LESS POTENTIAL FOR FAILURE

### 06 Reduces maintenance requirements

- Everything above ground
- Less potential for installation errors
- 83% Fewer connection points to maintain

LOWER ONGOING MAINTENANCE EXPENSE


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# WHAT THE INDUSTRY SAYS ABOUT US

**43%**

**Lower Installation Cost** (1)

**20%**

**Lower Material Cost** (1)

(1) Cost savings and customer feedback based on GRAPH survey of 120 solar industry participants. Figures represent median of responses.

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> "**Shoals has the better mousetrap**... You don't need licensed electricians which is huge"
>
> – Project Manager, Solar Developer

> "On projects of 100MW, it's a **seven-figure swing** [versus homerun]. I really can't think of a reason we wouldn't use BLA"
>
> – Director of Construction, EPC/Developer

> "The BLA is **driving costs out and improving reliability** – it's the big players that are leading the charge, switching to BLA, and more people seem to be doing it all the time"
>
> – Vice President, Major Solar EPC

> "I've been to [Shoals'] facility and they're **incredible from a manufacturing standpoint**... I think they actually exceed six sigma"
>
> – Engineer, EPC

> "I deal with 100 vendors and **Shoals has to be the top 5%**. They provide really good technical service"
>
> – Site Operations, Public Utility

> "I honestly have not seen a **single competitor come close to Shoals**"
>
> – Director of Construction, Major EPC and Developer

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## PATENTS, CONSULTATIVE SALES PROCESS AND PROPRIETARY MANUFACTURING

# CREATE A COMPETITIVE MOAT



**Patents limit competitors' ability to develop products that can replicate the benefits provided by Shoals**

- 66 Issued and pending patents
- Known as the standard bearers of EBOS innovation
- EBOS related IP in place or in process for domestic and select foreign markets



**Most of what we sell are custom solutions that require a highly consultative sales process**

- 9 of top 10 top EPCs are existing Shoals customers
- Deep subject matter expertise required to design, specify and optimize each system
- Requires customer-facing applications engineering capabilities



**Proprietary manufacturing process that enables high customization with very high throughput**

- All projects are unique and custom
- Processes, systems and equipment designed for high mix – high volume
- Manufactured in the USA, more important now than ever with IRA and Infrastructure Bill


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# GROWTH STRATEGY

# OUR GROWTH STRATEGY

**01** Win the Customer and Take Share with BLA

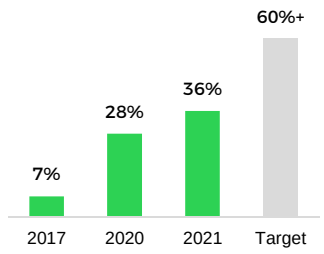
**02** Grow Wallet Share with Complementary Solar Products

**03** Grow Wallet Size with Battery Storage Products

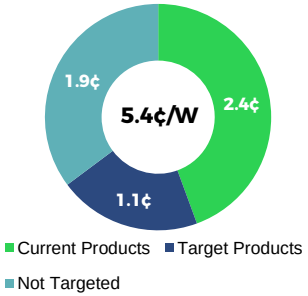
**04** Expand Internationally

**05** Introduce Time and Cost Saving Solutions for EV Charging Infrastructure

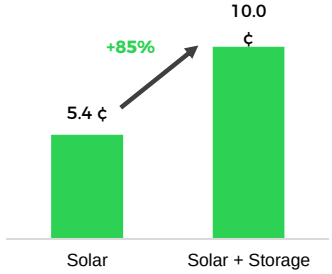
### Estimated BLA Share in the U.S.(1) (2)



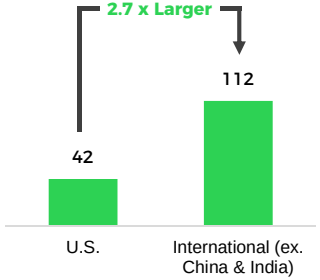

### EBOS Customer "Wallet"(3)



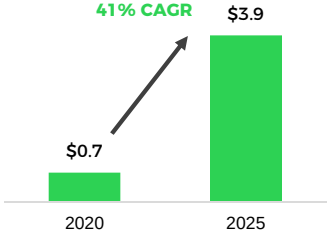

### EBOS Spend per Watt(4)




### 2025 Ground Mounted Installations (GW)(5)




### U.S. Investment in EV Charging Infrastructure ($B)(6)




(1) Based on the total MWs of BLA products shipped in the period compared to the total MWs of ground mounted solar installed over the same period per Wood Mackenzie US Solar Capacity Data: Q2 2022.
(2) For the years ended December 31, 2017, 2020 and 2021.
(3) Based on Wood Mackenzie Interactive US Solar PV System Cost Model (H2 2022), and management estimates. Estimate for 50 MW site using single-axis trackers.
(4) Based on Wood Mackenzie Interactive US Solar PV System Cost Model (H2 2022) and NREL 2022 U.S. Solar Photovoltaic System and Energy Storage Cost Benchmarks (p. 46). Based on NREL estimate for EBOS cost for a four-hour duration 60 MW battery storage system. Assumes 1 MW of battery capacity for every 4 MW of solar capacity.
(5) Based on MWs of ground-mount solar installed in 2025 per IHS Markit PV Installations Tracker Q1-2023.
(6) Estimated annual public and commercial EV charging infrastructure investment in the U.S. for hardware, installation and O&M as per BloombergNEF Charging Infrastructure Forecast Model (CIFM), June 2022.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# BLA CONTINUES TO GAIN SHARE

## EPCs and Developers

| 1Q 2022 | 4Q 2022 | Today |
|---|---|---|
| Converted 8 | Converted 36 | Converted 42 |
| In Transition 11 | In Transition 14 | In Transition 15 |
| Prospects 27 | Prospects 72 | Prospects 83 |

## Highlights

- 10X number of EPC and developers converted since IPO, including 4 international customers.
- 6 additional customers converted to BLA in Q1 2023
- ~40% increase in prospects, in transition, and converted since Q1 2022 demonstrates continued robust demand for BLA as labor rates and general inflation continue to rise.


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# NEW PRODUCT STATUS

| | Product Development | Commercial Status | Revenue Timing |
|---|---|---|---|
|  **Wire Management**<br>• Safely secures cabling<br>• Replaces "zip ties" that have a high rate of failure<br>• High margin product category | • Launched | • Quoting globally | • 4Q 2022 |
|  **"BLA+"**<br>• Incorporates EBOS content not currently offered by Shoals<br>• Comprehensive solution that takes more labor out of the field<br>• Increases customer wallet share | • Launched | • Quoting globally<br>• First customer PO in 1Q 23 | • 2Q 2023 |
|  **IV Curve Benchmarking**<br>• Plug-n-play string-level monitoring (current, temp, IV curve trace, incline)<br>• Real-time data at thousands of points across the system<br>• Cuts truck rolls and facilitates targeted maintenance | • Beta units deployed in 2Q<br>• Adding beta customers | • Commercial release 2Q2023<br>• Target base customers and new accounts | • 2H 2023 |
|  **High Capacity Plug-n-play Wire Harnesses**<br>• Extends plug-n-play to high capacity feeder cable category<br>• Creates additional labor savings versus current products and methods<br>• Enables greater site design flexibility | • UL certification of connectors in progress<br>• Expect completion early 3Q | • Commercial launch concurrent with UL certification<br>• ID of alpha customers underway | • 4Q 2023 |


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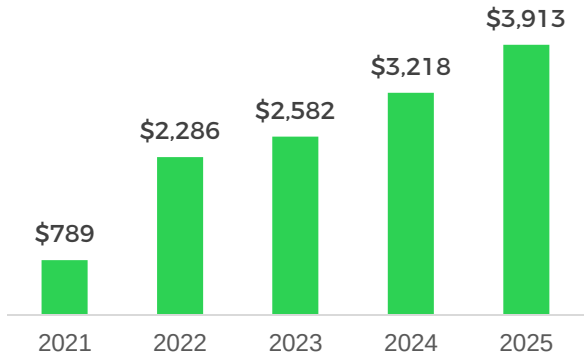
# EV CHARGING IS AN ATTRACTIVE MARKET FOR SHOALS

## Rapidly Growing Demand

**Spending on Public & Commercial EV Charging Infrastructure**
($ in millions)[1]




Spend on EV charging stations is forecast to more than triple from 2021 to 2023

## High Labor Content

**Public & Commercial EV Charging Infrastructure**
% of spend by cost category[1]




EBOS and install are more than half the cost of an EV charging deployment

## Inefficient Means & Methods

- Duplicative homeruns
- Expensive trenching / boring
- Wire run in underground conduit
- Fabrication of components in the field
- Complex interconnection of components
- Skilled labor and special tools

Time consuming and costly means and methods that require skilled labor

(1) Estimated annual public and commercial EV charging infrastructure investment in the U.S. for hardware, installation and O&M as per BloombergNEF Charging Infrastructure Forecast Model (CIFM), June 2022.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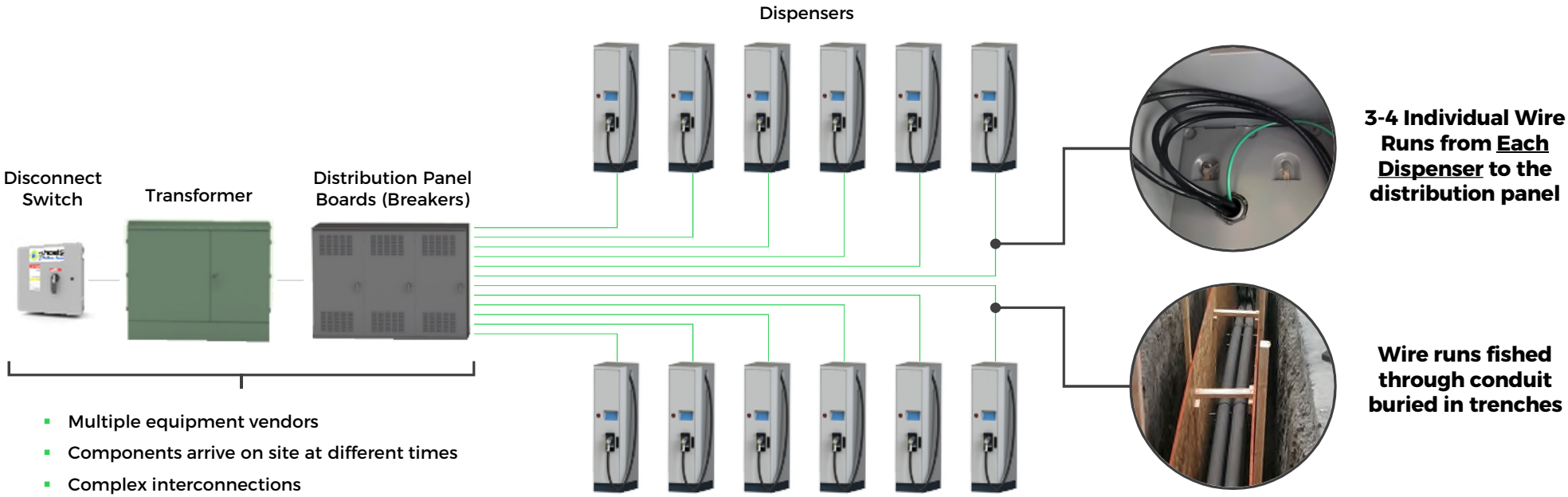
# CONVENTIONAL EV CHARGING SYSTEMS




- Multiple equipment vendors
- Components arrive on site at different times
- Complex interconnections



**3-4 Individual Wire Runs from <u>Each</u> <u>Dispenser</u> to the distribution panel**



**Wire runs fished through conduit buried in trenches**

**Commercial EV chargers require multiple components, often from different suppliers**

**Every dispenser is individually connected to the distribution panel with three to four homeruns**

**Wire runs are made through underground conduit that requires trenching across the site**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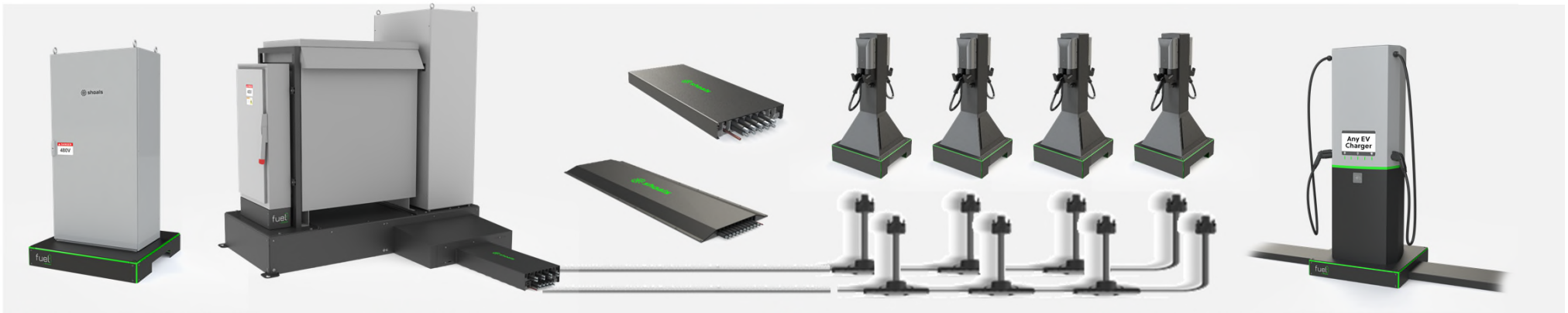
# SHOALS EMOBILITY CHARGING SYSTEM

## Shoals eMobility charging system focuses on four product families




### 01 Fuel Power Center

- Prefabricated plug-n-play EV power center for Level 2 chargers
- 480V Panel for DCFC projects
- All components installed in the factory
- Reduce site disruption and overall time on site

### 02 EV-BLA

- Patented Solar BLA cable-bus solution capable of above-ground installation
- Eliminates individual homeruns from each dispenser. Reduces wire runs by up to 75%
- Utilizes plug-n-play connectors for rapid deployment

### 03 Raceways

- Above-ground cable raceway that eliminates the need for trenching
- Compatible with both conventional cabling and EV-BLA

### 04 Quick Connect Bases

- Prefabricated skidded dispenser with up to four Level 2 charge points
- Single DCFC version
- Designed to install at the intersection of four parking spots
- Reduces placement (fewer pads), cabling and interconnection costs

**Modular above ground deployments provide a cost effective and efficient installation**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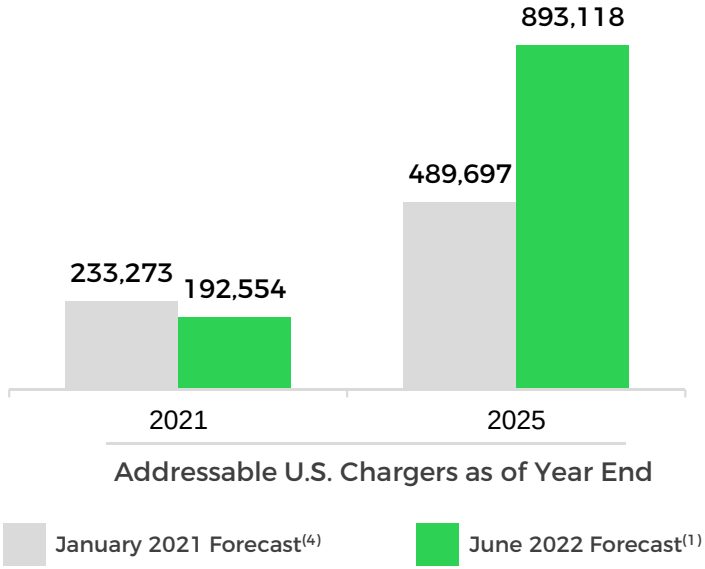
# EV BUSINESS POTENTIAL

| | YE2021 | YE2025 |
|---|---|---|
| Number of Addressable Chargers in the U.S. (Points)[1] | 192,554 | 893,118 |
| Points Added in the U.S. During 2022 Through 2025[1] | | 700,564 |
| Average Shoals Addressable Spend per Point[2] | | $5,000 |
| **Implied 2022-2025 U.S. Market Opportunity** | | **$3.5B** |

***Following announcements by the Biden Administration and automakers of new incentives for EVs and EV Infrastructure, BNEF has nearly tripled their estimate for 2021 to 2025 charge point additions.[3] These figures do not include additional upside from the Inflation Reduction Act.***




**EV Charging solutions can be a significant business for Shoals**

(1) Based on BloombergNEF Charging Infrastructure Forecast Model (CIFM 3.0.1), June 2022. Assumes all U.S. chargers except Home chargers are addressable by Shoals equipment.
(2) Shoals management estimate.
(3) Based on BloombergNEF Charging Infrastructure Forecast Model (CIFM 1.0.1), January 2021 of 256,424 points added in the U.S. during 2022 through 2025, compared with 700,564 points added in the U.S. during 2022 through 2025 in BloombergNEF Charging Infrastructure Forecast Model (CIFM 3.0.1), June 2022.
(4) Based on BloombergNEF Charging Infrastructure Forecast Model (CIFM 1.0.1), January 2021. Assumes all U.S. chargers except Home chargers are addressable by Shoals equipment.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# FINANCIAL OVERVIEW AND BUSINESS UPDATE

# SIMPLE MODEL THAT DELIVERS
## STRONG FINANCIAL RESULTS

| Core Objectives | Tactics | Results |
|---|---|---|
| **Grow faster than the market** | • Take market share with disruptive products<br>• Increase number of projects within base customers | ✓ 36% CAGR in revenues from 2020-2022 |
| **Deliver 30%+ EBITDA margins** | • Locate manufacturing in low-cost regions | ✓ ~225 bps increase in Gross Margin from 2020-2022 |
| | • Use automation to reduce labor content | ✓ Direct labor <17% of COGS |
| | • Leverage growing volumes to reduce materials costs | ✓ Factory overhead <7% of COGS |
| | • Tightly control factory overhead and SG&A | ✓ SG&A <18% of revenues |
| **Minimize capital intensity** | • Customize manufacturing equipment in-house rather than purchase custom-built machines | ✓ $10.5 million of cumulative capex from 2020-2022 (~1.5% of sales over period) |


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# HIGH REVENUE VISIBILITY DRIVEN BY LONG PROJECT LEAD TIMES…

**Project Identified**
Shoals receives preliminary design drawings
(Pipeline)

**EPC Award**
Shoals receives verbal award
(Awarded Order)

**Shoals Purchase Order**
Shoals receives binding purchase order
(Backlog)




| 6+ months | 3-6 months | 3-4 months | 2-3 months |
|---|---|---|---|
| • EPC advances preliminary engineering and design<br>• Shoals prepares preliminary design, layout, and pricing | • EPC completes final design<br>• Shoals completes final design, layout, and pricing<br>• Final Quote 7 days before PO | • EPC completes pre-EBOS construction activities<br>• Shoals production lead time | • Shoals delivers system |

**The procurement process typically gives us 12+ months of visibility on demand and many customers give us long-term forecasts with their needs, further enhancing our visibility**


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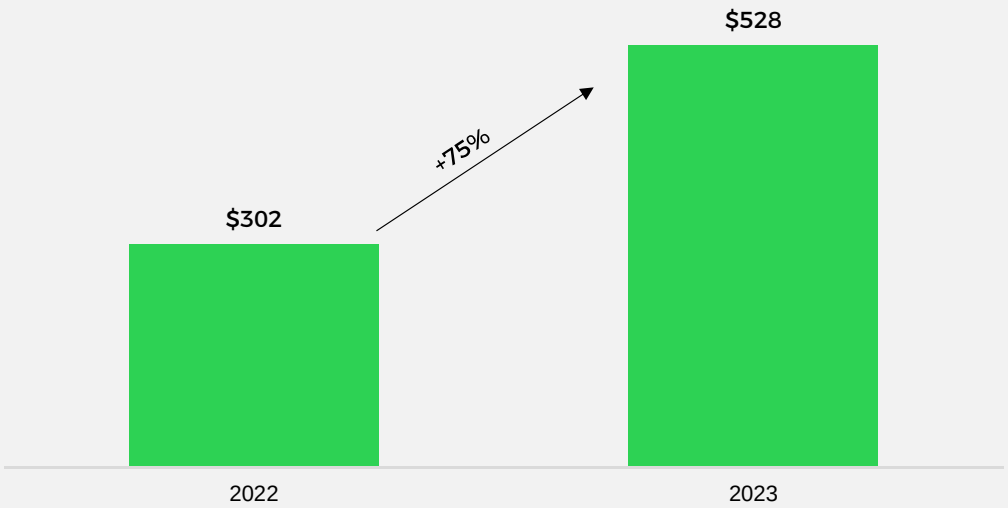
# ORDER BOOK CONTINUES TO GROW

**First quarter quotes up 56% year-over-year**

**Backlog and awarded orders up 75% from first quarter 2022**

## Backlog and Awarded Orders as of March 31st ($mm)(1)




(1) Backlog defined as signed purchase orders and take or pay contracts with volume commitments. Awarded orders defined as orders where we are in the process of documenting a contract but for which a contract has not yet been signed.

shoals

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# THREE SIMPLE REASONS TO INVEST IN SHOALS



### Gain Exposure to the Largest Part of the Solar Market...

- Ground mount solar is the **fastest growing source of new generation** in the U.S.(1)
- Utility-scale market is **over 6X the size of residential market**(2)
- EBOS is **required for every project**
- EBOS is **less exposed to price pressure** than other equipment categories



### ...With a Company that Can Grow Faster Than the Market...

- **"Category killer product"** that's gaining share from conventional solutions
- **Increasing wallet share** with new products
- **Growing wallet size** with energy storage
- **Large overseas growth** opportunity
- **Significant additional upside** from EV charging products



### ...And Deliver Strong Returns for Shareholders

- **~40%** top line growth(3)
- **~30%** EBITDA Margins(3)
- **Strong free cash flow** generation
- Self-funding – **no new equity capital** required to grow the business

(1) Comparison of generation growth based on FERC data for new generation with capacities in excess of 1 MW placed in service between 2015 and 2020.
(2) IHS Markit Solar Market Tracker – North America: First Half 2021.
(3) Based on historical results for 2020, 2021 and 2022.


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# APPENDIX

# RECONCILIATION OF NON-GAAP MEASURES

| Reconciliation of Net Income to Adjusted EBITDA (in thousands): | 3 Months Ended March 31, 2023 | 2022 |
|---|---|---|
| Net Income | $ 16,983 | $ 4,649 |
| Interest expense, net | 5,996 | 3,836 |
| Income tax expense | 3,121 | 1,522 |
| Depreciation expense | 484 | 424 |
| Amortization of intangibles | 2,022 | 2,270 |
| Equity-based compensation | 7,523 | 3,831 |
| **Adjusted EBITDA** | **$ 36,129** | **$ 16,532** |


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# RECONCILIATION OF NON-GAAP MEASURES

| Reconciliation of Net Income Attributable to Shoals Technologies Group, Inc. to Adjusted Net Income (in thousands): | 3 Months Ended March 31, 2023 | 2022 |
|---|---|---|
| Net income attributable to Shoals Technologies Group, Inc. | $ 14,296 | $ 2,640 |
| Net income impact from assumed exchange of Class B common stock to Class A common stock [(a)] | 2,687 | 2,009 |
| Adjustment to the provision for income tax [(b)] | (653) | (475) |
| Tax effected net income | 16,330 | 4,174 |
| Amortization of intangibles | 2,022 | 2,270 |
| Amortization of deferred financing costs | 350 | 276 |
| Equity-based compensation | 7,523 | 3,831 |
| Tax impact of adjustments [(c)] | (2,404) | (1,508) |
| **Adjusted Net Income** | **$ 23,821** | **$ 9,043** |

(a) Reflects net income to Class A common stock from assumed exchange of corresponding shares of our Class B common stock held by the Founder and management.
(b) Shoals Technologies Group, Inc. is subject to U.S. Federal income taxes, in addition to state and local taxes with respect to its allocable share of any net taxable income of Shoals Parent LLC. The adjustment to the provision for income tax reflects the effective tax rates, assuming Shoals Technologies Group, Inc. owns 100% of the units in Shoals Parent LLC.
(c) 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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