

November 2022



# SHOALS TECHNOLOGIES GROUP, INC.

Q3 2022 Investor Presentation

# DISCLAIMER

## Forward-Looking Statements and Other Information

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 growth than anticipated in demand for solar energy projects and EV charging infrastructure; existing governmental policies and regulations, and any subsequent changes, which may present technical, regulatory and economic barriers; macroeconomic events, including heightened inflation, rise in interest rates and a potential recession; changes in the United States trade environment, including the imposition of import tariffs and antidumping and countervailing duties; our failure to, or incurrence of significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights; 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, 2021. 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.

The following is a summary of some of the material risks and uncertainties that could materially adversely affect Shoals Technologies Group, Inc.'s (the "Company's") business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained in the Company's Annual Report on Form 10-K and, if applicable, any in the latest Form 10-Q: (i) if demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, our business will suffer; (ii) existing electric utility industry policies and regulations, and any subsequent changes, may 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; (iii) our industry has historically been cyclical and experienced periodic downturns; (iv) if we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights, our business and results of operations could be materially harmed; (v) if we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed; (vi) acquisitions, joint ventures and/or investments, including our most recent acquisition of ConnectPV, and the failure to integrate acquired businesses, could disrupt our business and/or dilute or adversely affect the price of our common stock; (vii) if our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest, and our competitive position may be harmed; (viii) we may experience delays, disruptions or quality control problems in our manufacturing operations in part due to vendor concentration; (ix) the interruption of the flow of components and materials from international vendors could disrupt our supply chain, including as a result of the imposition of additional duties, tariffs and other charges on imports and exports; (x) changes in the United States trade environment, including the imposition of import tariffs and antidumping and countervailing duties, could adversely affect the amount or timing of our revenue, results of operations or cash flows; (xi) we face risks related to actual or threatened health epidemics, such as the COVID-19 pandemic, and other outbreaks, which could significantly disrupt our manufacturing and operations; (xii) our future growth in the EV charging market is highly dependent on the demand for, and consumers' willingness to adopt, EVs; (xiii) the reduction, elimination or expiration of government incentives for, or regulations mandating the use of, renewable energy and solar energy specifically could reduce demand for solar energy systems and harm our business; (xiv) a drop in the price of electricity sold may harm our business, financial condition, results of operations and prospects; (xv) an increase in interest rates, or a reduction in the availability of tax equity or project debt capital in the global financial markets could make it difficult for end customers to finance the cost of a solar energy system and could reduce the demand for our products; (xvi) defects or performance problems in our products could result in loss of customers, reputational damage and decreased revenue, and we may face warranty, indemnity and product liability claims arising from defective products; (xvii) our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our Class A common stock; (xviii) compromises, interruptions or shutdowns of our 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; (xix) our planned expansion could subject us to additional business, financial, regulatory and competitive risks; (xx) our indebtedness could adversely affect our financial flexibility and our competitive position; (xxi) our indebtedness may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations; (xxii) developments in alternative technologies may have a material adverse effect on demand for our offerings; (xxiii) we are a holding company and our principal asset is our interest in Shoals Parent and, accordingly, we are dependent upon Shoals Parent and its consolidated subsidiaries for our results of operations, cash flows and distributions; (xxiv) we are required to make payments under the Tax Receivable Agreement ("TRA") and the amounts of such payments will be significant; (xxv) we will not be reimbursed for any payments made to the beneficiaries under the TRA in the event that any purported tax benefits are subsequently disallowed by the IRS; (xxvi) as an emerging growth company within the meaning of the Securities Act, we may utilize certain modified disclosure requirements, and we cannot be certain if these reduced requirements could make our Class A common stock less attractive to investors; (xxvii) provisions in our certificate of incorporation and our bylaws may have the effect of delaying or preventing a change of control or changes in our management; (xxviii) our certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees; (xxix) future sales of our Class A common stock, or the perception that such sales may occur, could depress our Class A common stock price; and (xxx) if we fail to implement and maintain effective internal controls over financial reporting, we may be unable to accurately or timely report our financial condition or results of operations, which may adversely affect our business.

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.

# 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.

The Company defines Adjusted EBITDA as net income (loss) plus (i) interest expense, net, (ii) income tax expense, (iii) depreciation expense, (iv) amortization of intangibles, (v) payable pursuant to the TRA adjustment, (vi) loss on debt repayment, (vii) equity-based compensation, (viii) acquisition-related expenses, (ix) COVID-19 expenses and (x) non-recurring and other expenses. The Company defines Adjusted Net Income as net income (loss) attributable to Shoals Technologies Group, Inc. plus (i) net income impact from pro forma conversion of Class B common stock to Class A common stock, (ii) amortization of intangibles, (iii) payable pursuant to the TRA liability adjustment, (iv) loss on debt repayment, (v) amortization of deferred financing costs, (vi) equity-based compensation, (vii) acquisition-related expenses, (viii) COVID-19 expenses and (ix) non-recurring and other expenses, all net of applicable income taxes.

The Company presents non-GAAP measures 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 and Adjusted Net Income: (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 and Adjusted Net Income to measure our compliance with certain covenants. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported 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.



# AGENDA



**01**

Company Overview

**02**

Technology and Value Proposition

**03**

Growth Strategy

**04**

Financial Overview and Business Update



# COMPANY OVERVIEW

# WHO WE ARE

## Leading Provider of Electrical Balance of System (“EBOS”) solutions for solar energy

- Products used on approximately **50% of all U.S. solar capacity** installed in 2021<sup>(1)</sup>
- Significantly larger than next largest competitor
- Growing rapidly and taking share ⇒ **22% CAGR in revenues** from 2019-2021

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

- Install faster ⇒ **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

- **73% of revenues from “system solutions”** that include multiple products<sup>(2)</sup>
- Each system is **custom designed** for the customer’s project
- Highly consultative sales process that creates **12+ months of visibility**

(1) Estimated based on 11.1 GWs of products shipped for the year ended December 31, 2021 and an estimate of 20.6 GWs of total utility scale solar installations over the same period per IHS Markit PV Installations Tracker Q1-2022, March 2022.

(2) For the twelve months ended December 31, 2021.



# OUR PRODUCTS

## MISSION CRITICAL EBOS COMPONENTS



**WIRELESS  
MONITORING**



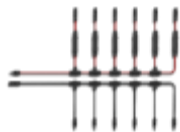
**JUNCTION  
BOXES**



**RECOMBINERS**



**INLINE  
FUSES**



**CABLE  
ASSEMBLIES**



**SPLICE  
BOX**



**COMBINERS**



**DISCONNECTS**



**TRANSITION  
BOX**

 **AC HIGH VOLTAGE<sup>(1)</sup>**  
 **DC FEEDER CABLE<sup>(1)</sup>**

<sup>(1)</sup> EBOS products not currently offered by Shoals.

# EBOS IS AN ATTRACTIVE SEGMENT...

## Must Have Product...

EBOS is required for every solar project regardless of size, location or technology

## ...That's Technology Agnostic...

EBOS works with all types of panels, mounting systems and inverters

## ...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...

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...



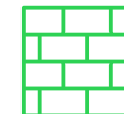
Low technology risk



Strong preference for incumbent suppliers



Low price pressure



Barriers to entry



# ...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.

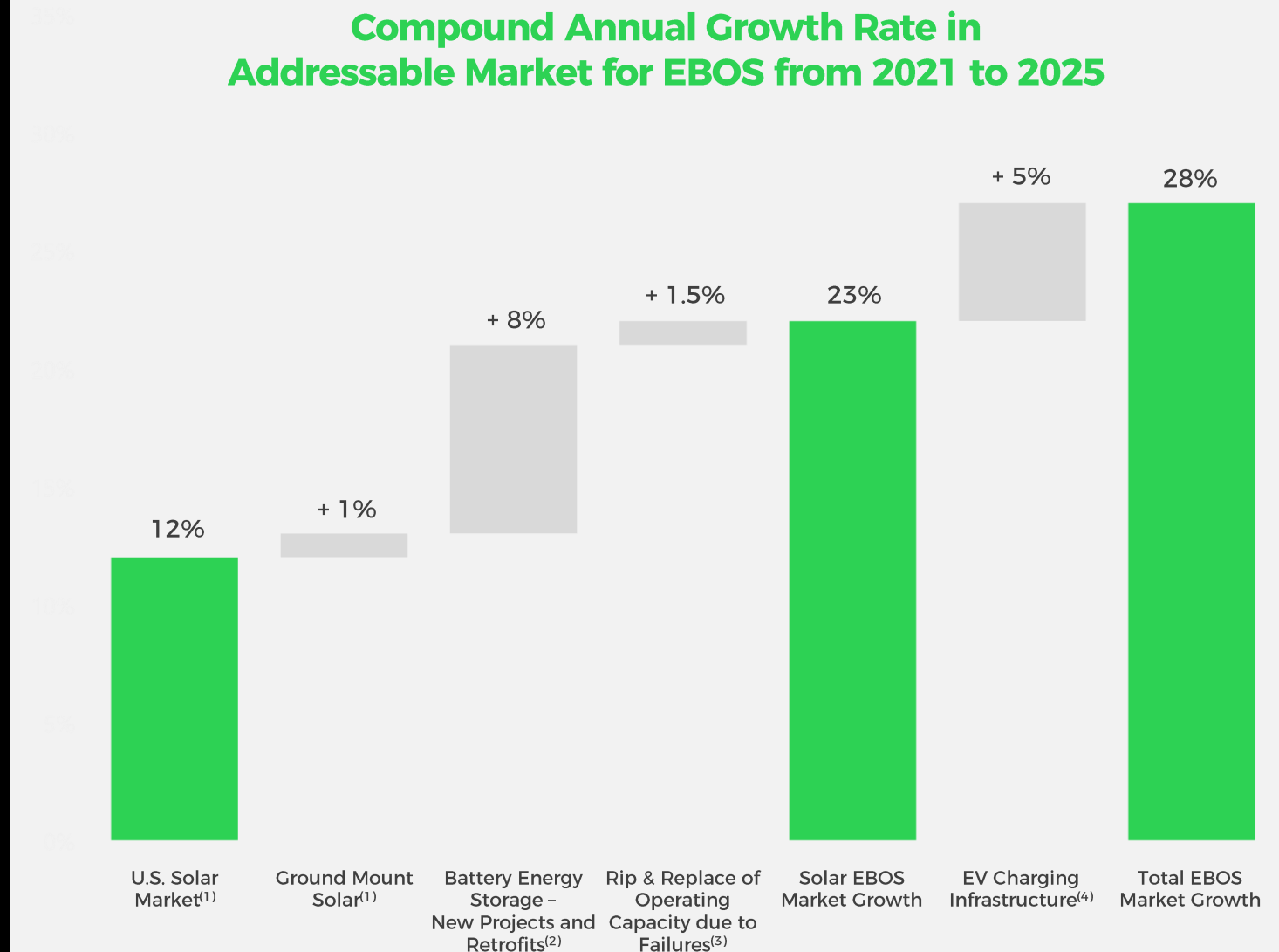
(3) Assumes 5% of the utility scale solar fleet in operation at the end of 2020 (60.1 GW) is replaced with new EBOS in 2025 at an average cost of 3.5¢ per watt.

(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



# **WE HAVE A SIMPLE MISSION**

**01**

**Create products that can be installed by anyone**

**02**

**Move assembly from the field to the factory**

**03**

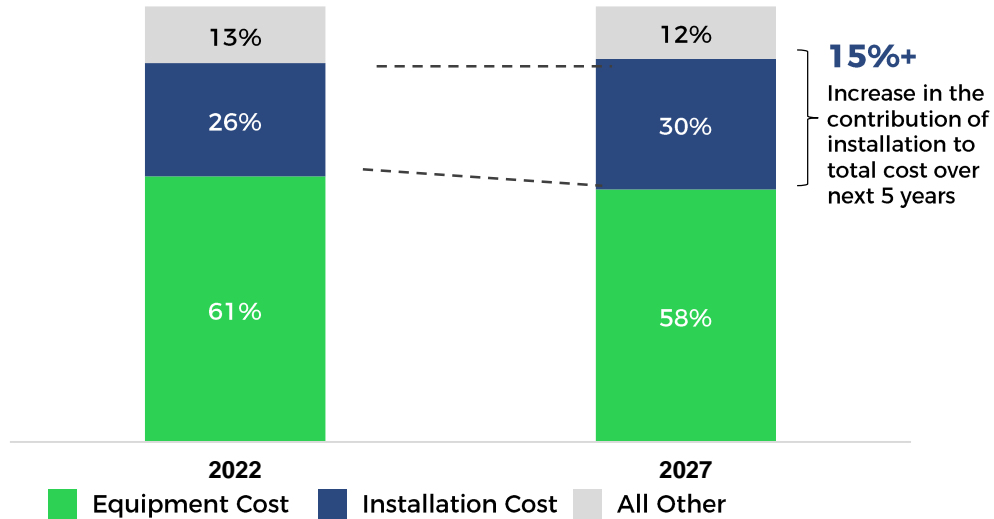
**Leverage the factory environment to produce products with superior quality, reliability and safety**



# REDUCING INSTALLATION COST IS CRITICAL

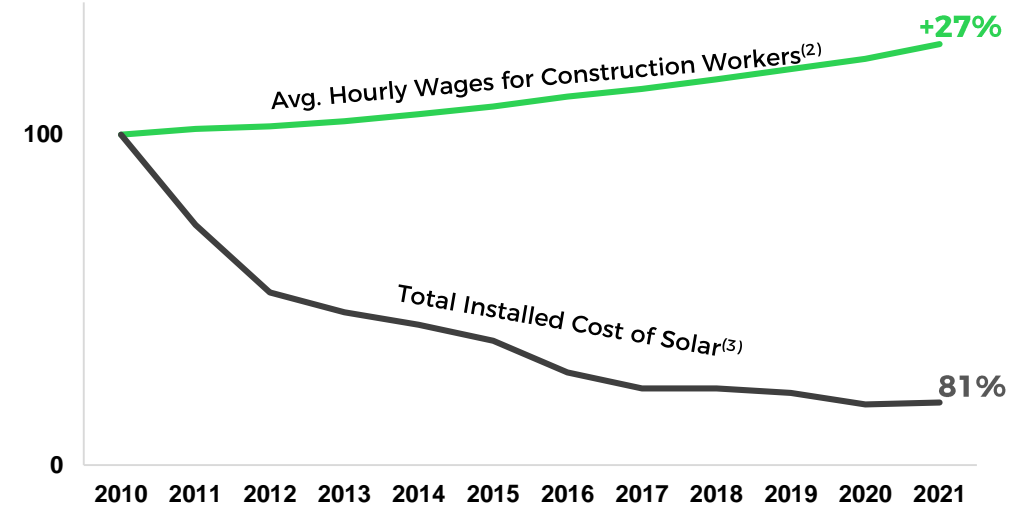
## FOR CONTINUED COST REDUCTION IN SOLAR

**Contribution of Equipment vs. Installation to the Cost of a Solar Energy Project<sup>(1)</sup>**



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**

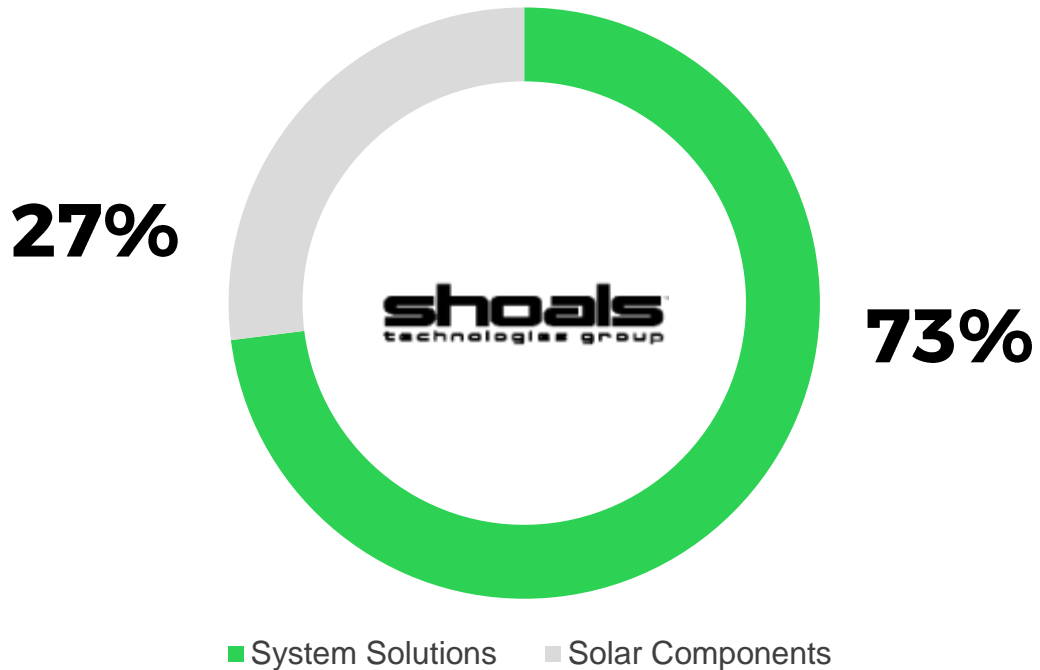


...and hourly wages for construction workers are only rising

- (1) Wood Mackenzie H1 2020 U.S. Solar PV System Pricing, June 2020. 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 2022 U.S. Renewable Energy Market Outlook, April 2022.

# WE FOCUS ON CUSTOM “SYSTEM SOLUTIONS”

Revenue Mix For the Year  
Ended December 31, 2021



## System Solutions bundle...

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

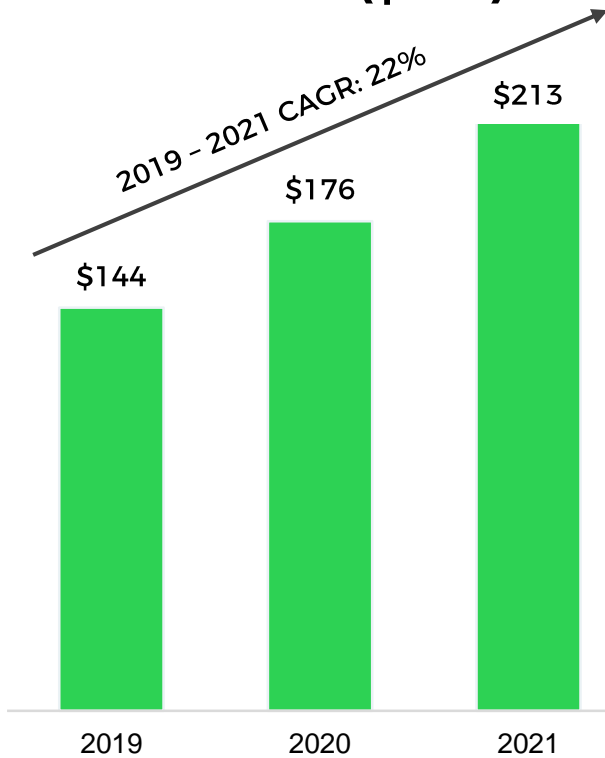
## System Solutions create...

- 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

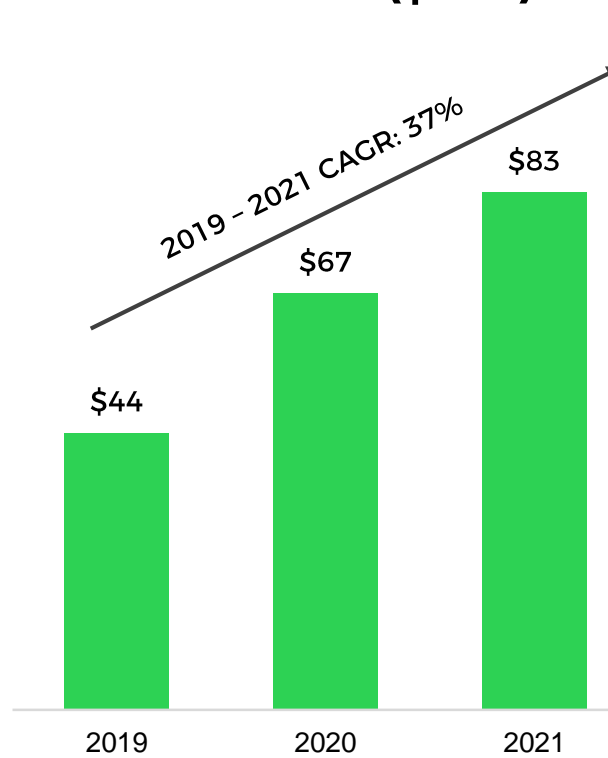


# PROVEN FINANCIAL PERFORMANCE

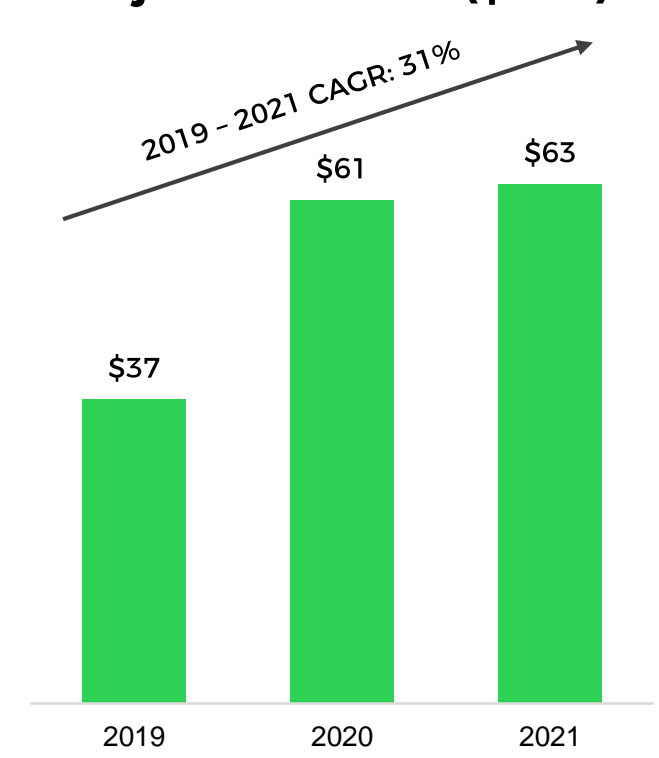
**Revenues (\$mm)**



**Gross Profit (\$mm)**



**Adjusted EBITDA (\$mm)**



Note: See Appendix for reconciliation of non-GAAP measures.

# OUR COMMITMENT TO ESG

## U.S. solar projects shipped since 2020 that use our products will annually offset...<sup>(1)</sup>

- CO<sub>2</sub>: 109.6 million MT
- NO<sub>x</sub>: 56,166 MT
- SO<sub>2</sub>: 59,243 MT
- Particulate: 6,155 MT

### Greenhouse Gas Emissions Reduction

Water Withdrawals Reduction<sup>(1)</sup>  
14.7 trillion gallons

**Safety is Our First Priority**  
Proactive safety environment reflected in FY 2020 TRIR of 0.88

**ISO 9001:2015**  
Certified to rigorous quality management standards

**Shoals Commitment to Responsible Business Principles**

## Respect for our customers, employees and the communities where we operate is core to our culture

- Mandatory onboarding for all employees to company business principles
- Strong governance for pay equity across roles, with third party review



**Recycling**  
Recycling program includes substantially all waste from manufacturing inputs

✓ As a public company, we will report ESG metrics using the SASB framework

(1) Annual offsets estimated based on the emissions avoided by generating electricity with solar PV projects with cumulative capacity equivalent to Shoals' shipments of solar products and solutions from January 1, 2020 through December 31, 2021 as follows: (i) CO<sub>2</sub>, sulfur dioxide, nitrogen oxides, and particulate matter from 2021 national emission factors in EPA AVERT v3.2 Avoided Emission Factors 2017-2021 (March 2022); (ii) water withdrawals of solar PV compared to the weighted average of median natural gas and coal withdrawals per EIA 2019 data and "Operational Water Consumption and Withdrawal Factors for Electricity Generating Technologies: A Review of Existing Literature," by Jordan Macknick et al., in Environmental Research Letters, Vol. 7, No. 4; December 20, 2012; and (iii) annual average capacity factor of 25.3% provided by EPA AVERT and 1.25 DC to AC conversion factor.

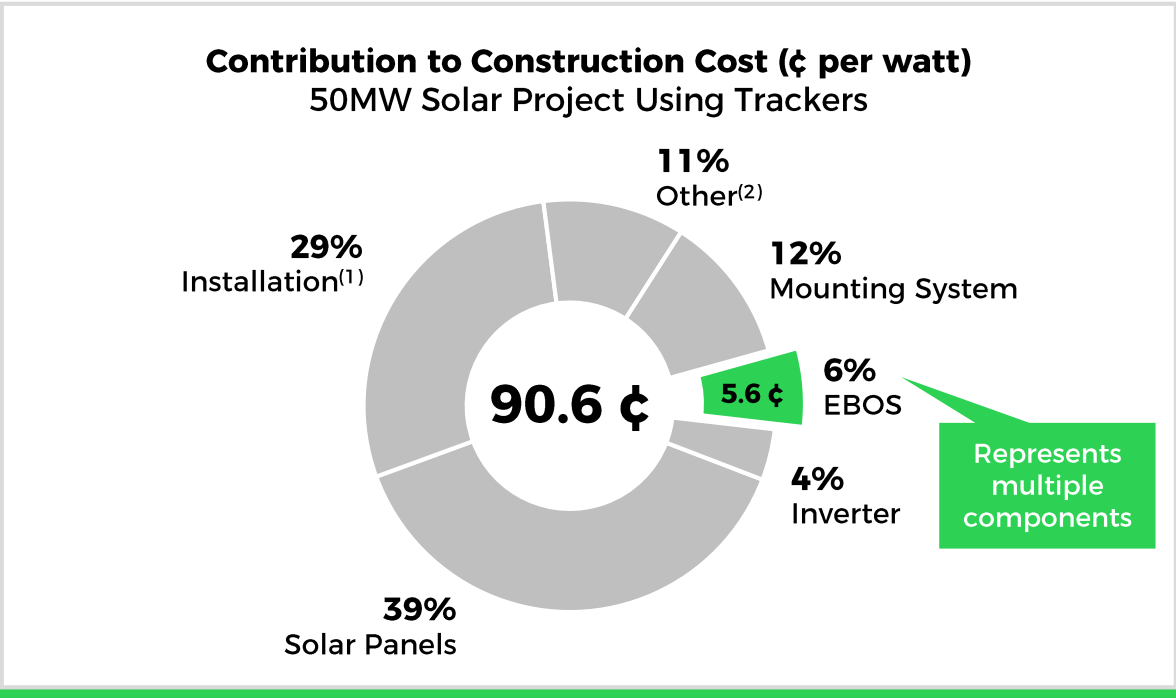




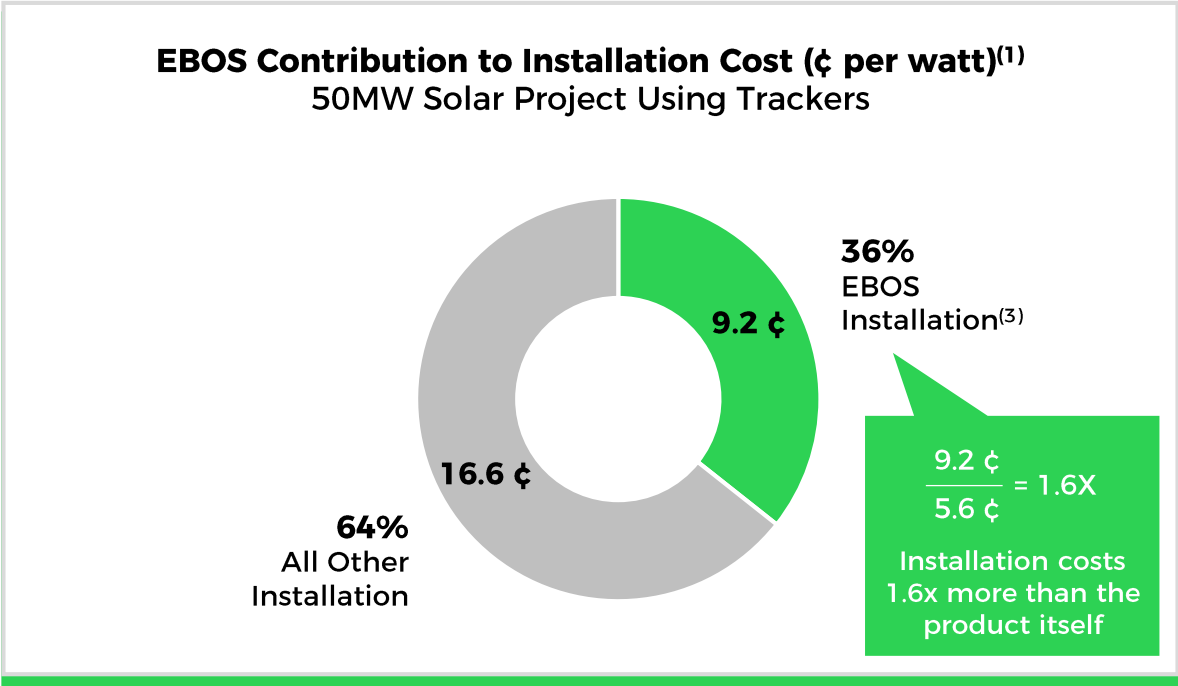
# TECHNOLOGY AND VALUE PROPOSITION

# EBOS IS A UNIQUE CATEGORY

Cheap to buy...



...but expensive to install



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 H1 2020 U.S. Solar PV System Pricing, June 2020. 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.

# CONVENTIONAL HOMERUN EBOS SYSTEMS HAVE THREE BIG ISSUES



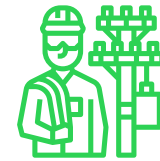
## Installation methods that **require electricians** and special tools

- 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**



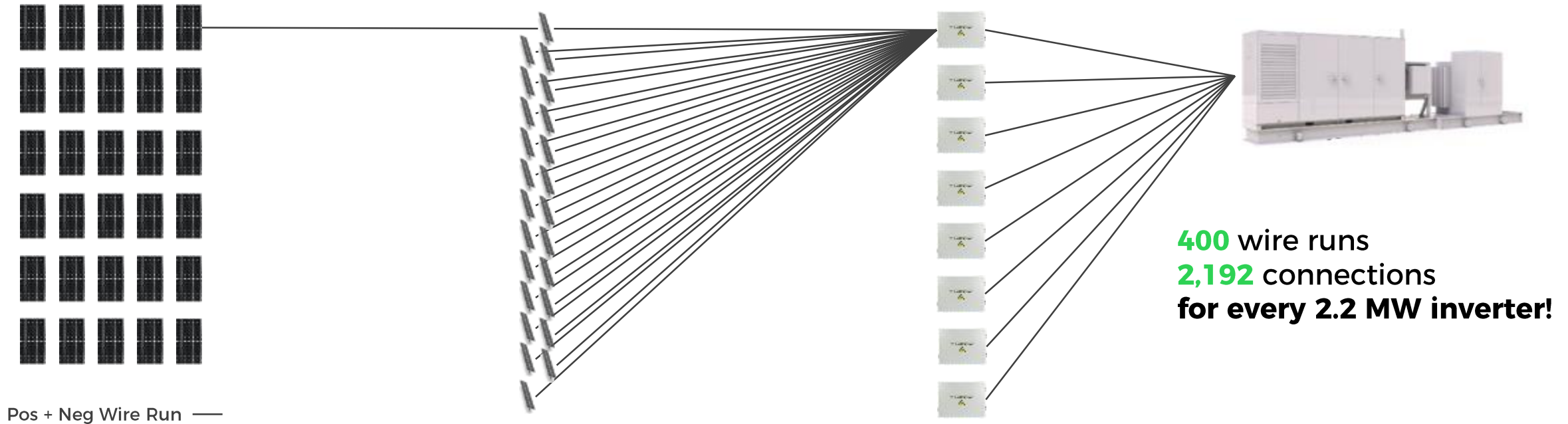
# CONVENTIONAL HOMERUN EBOS REQUIRES THOUSANDS OF WIRE RUNS & CONNECTIONS

**30** PANELS PER STRING

**24** STRINGS PER COMBINER

**8** COMBINERS PER INVERTER

**1** 2.2 MW INVERTER



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

# 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



# SHOALS' COMBINE-AS-YOU-GO SYSTEM

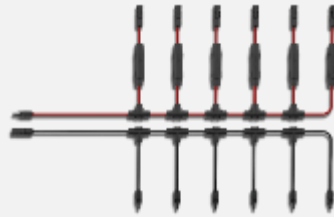
SOLVES THE ISSUES WITH CONVENTIONAL HOMERUN EBOS

## 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



# 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**

# WHAT THE INDUSTRY SAYS ABOUT US

## 43%

Lower Installation Cost<sup>(1)</sup>

## 20%

Lower Material Cost<sup>(1)</sup>

“ **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

# PATENTS, CONSULTATIVE SALES PROCESS AND PROPRIETARY MANUFACTURING CREATE A COMPETITIVE MOAT



**Patents** limit competitors' ability to develop products than can replicate the benefits that ours provide

- 57 Issued and pending patents
- Cover prerequisites for labor savings



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

- Each project is unique
- 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

- **750,000+** Parts per week
- **~450** Changeovers per week
- Specialized manufacturing equipment developed and built in-house

Note: Parts per week and changeovers are rounded based on data for year ended December 31, 2021.



# 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

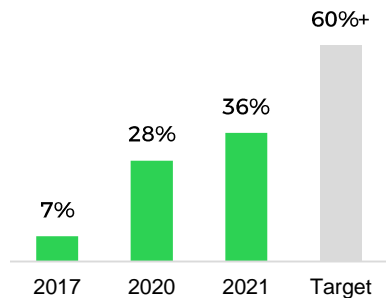
04

Expand  
Internationally

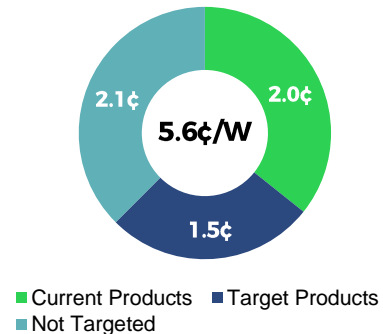
05

Introduce Time and Cost  
Saving Solutions for EV  
Charging Infrastructure

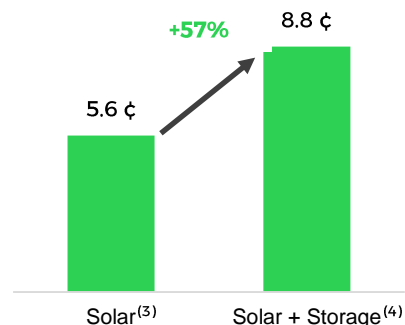
Estimated BLA Share  
in the U.S.<sup>(1) (2)</sup>



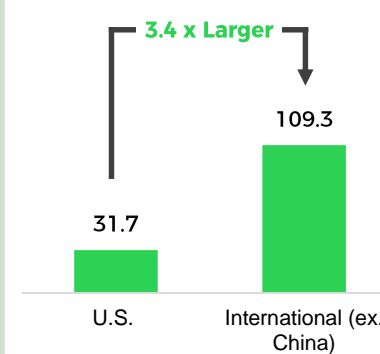
EBOS Customer  
“Wallet”<sup>(3)</sup>



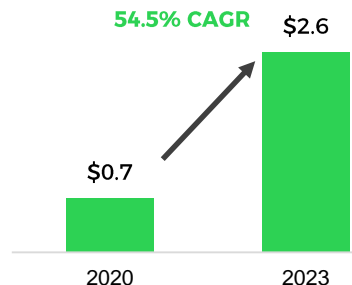
EBOS Spend per Watt



2024 Ground Mounted  
Installations (GW)<sup>(5)</sup>



U.S. Investment in  
EV Charging  
Infrastructure (\$B)<sup>(6)</sup>



(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 H1 2020 U.S. Solar PV System Pricing, June 2020, and management estimates. Estimate for 50 MW site using single-axis trackers.

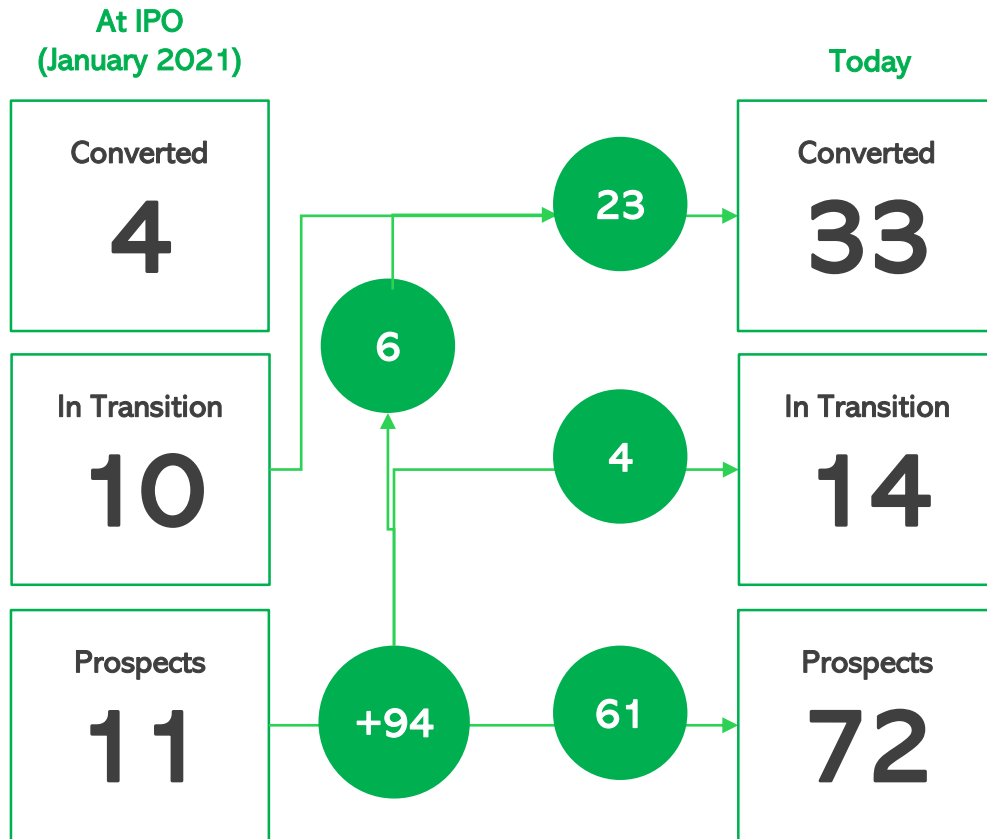
(4) NREL 2021 U.S. Solar Photovoltaic System and Energy Storage Cost Benchmarks (p. 36). Based on average of NREL estimates for EBOS cost for two- and four-hour duration 60 MW battery storage systems. Assumes 1 MW of battery capacity for every 4 MW of solar capacity.

(5) Based on MWs of ground-mount solar installed in 2024 per IHS Markit PV Installations Tracker Q2-2022, June 2022.

(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.

# BLA CONTINUES TO GAIN SHARE

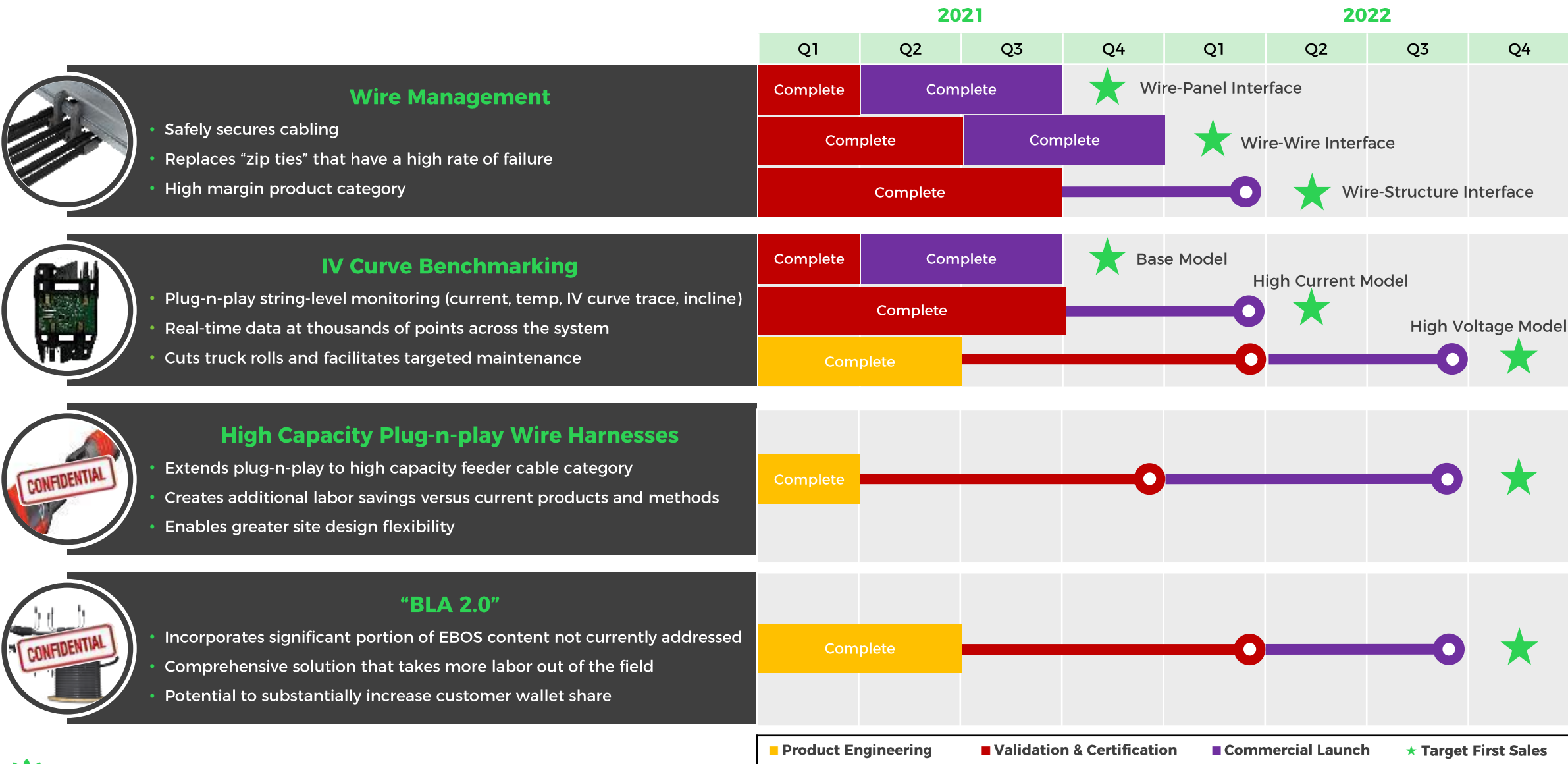
## EPCs and Developers



## Highlights

- 8X number of EPC and developer converted since IPO.
- 4 additional customers converted to BLA in Q3 2022
- ~40% increase in prospects, in transition, and converted since Q4 2021 demonstrates robust demand for BLA as labor rates and general inflation continue to rise.
- International BLA prospects has doubled since 12/31/2021 as we gain stronger footing internationally

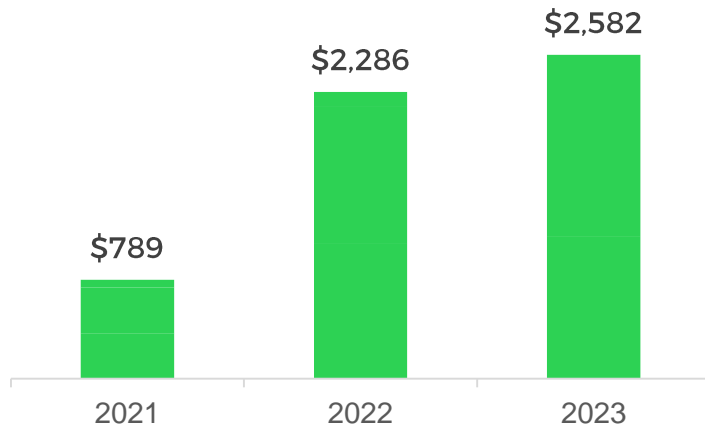
# NEW PRODUCT INTRODUCTIONS ARE ON SCHEDULE



# EV CHARGING IS AN ATTRACTIVE MARKET FOR SHOALS

## Rapidly Growing Demand

**Spending on Public & Commercial EV Charging Infrastructure**  
(\$ in millions)<sup>(1)</sup>



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<sup>(1)</sup>



More than half of the cost of an EV charging station is EBOS

## Inefficient Means & Methods

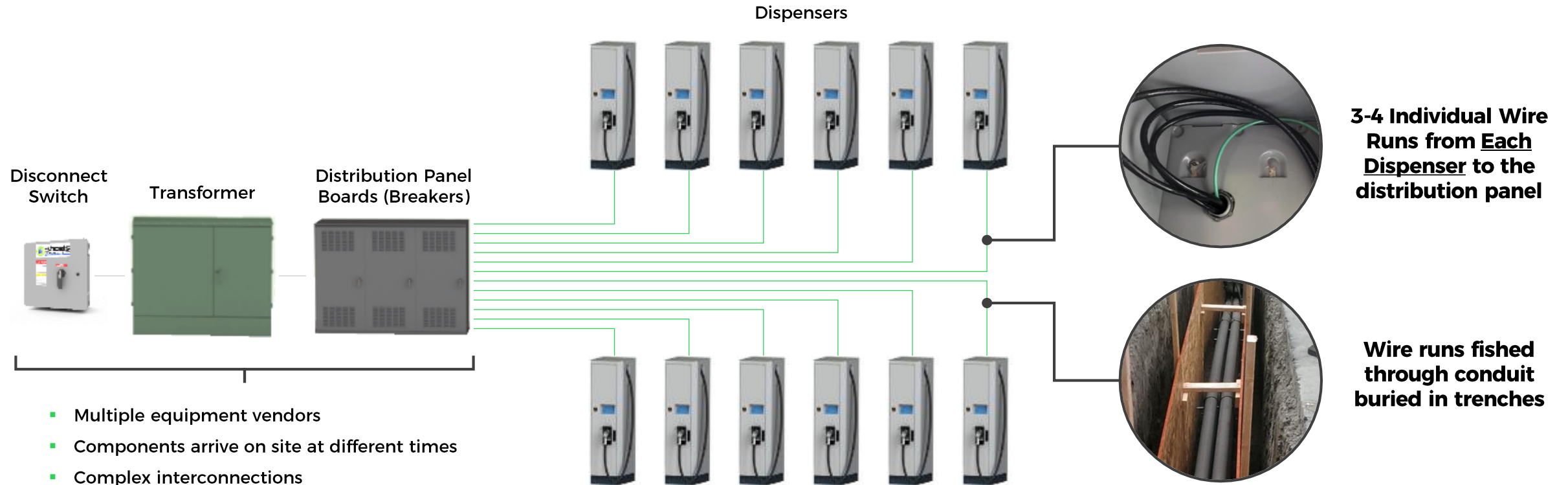
- Duplicative homeruns
- Expensive trenching / boring
- Wire run in underground conduit
- Fabrication of components in the field
- Complex interconnection of components
- Skilled labor and special tools

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.



# CONVENTIONAL EV CHARGING SYSTEMS



**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**

# SHOALS EV CHARGING SYSTEM SOLUTIONS

Shoals eMobility charging product focuses on four product families

## 01 Fuel Power Center

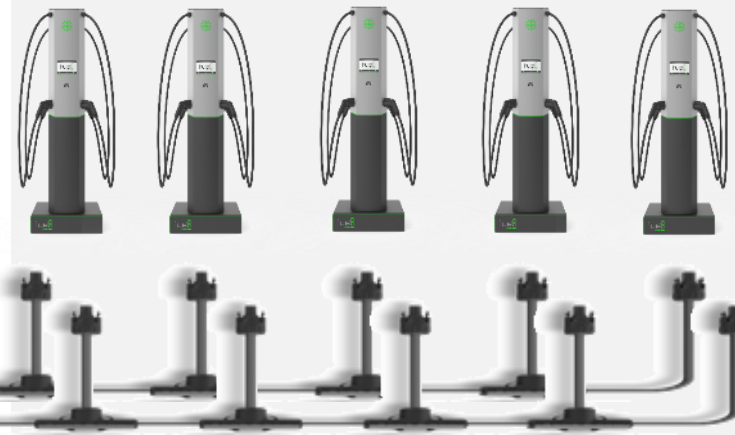


- Prefabricated plug-n-play EV power center
- All components installed in the factory
- Modular Interlocking system
- Reduce site disruption and overall time on site

## 02 Raceways



- Above-ground cable raceway that eliminates the need for trenching
- Compatible with both conventional cabling and EV-BLA
- Reduces cost of deployment and time on site by up to 40%



## 03 EV-BLA

- Patented trunk bus solution similar to solar BLA
- Eliminates individual homeruns from each dispenser. Reduces wire runs by up to 75%
- Capable of above-ground installation
- Utilizes plug-n-play connectors for rapid deployment
- Estimated total deployed cost reduction of 30-40%

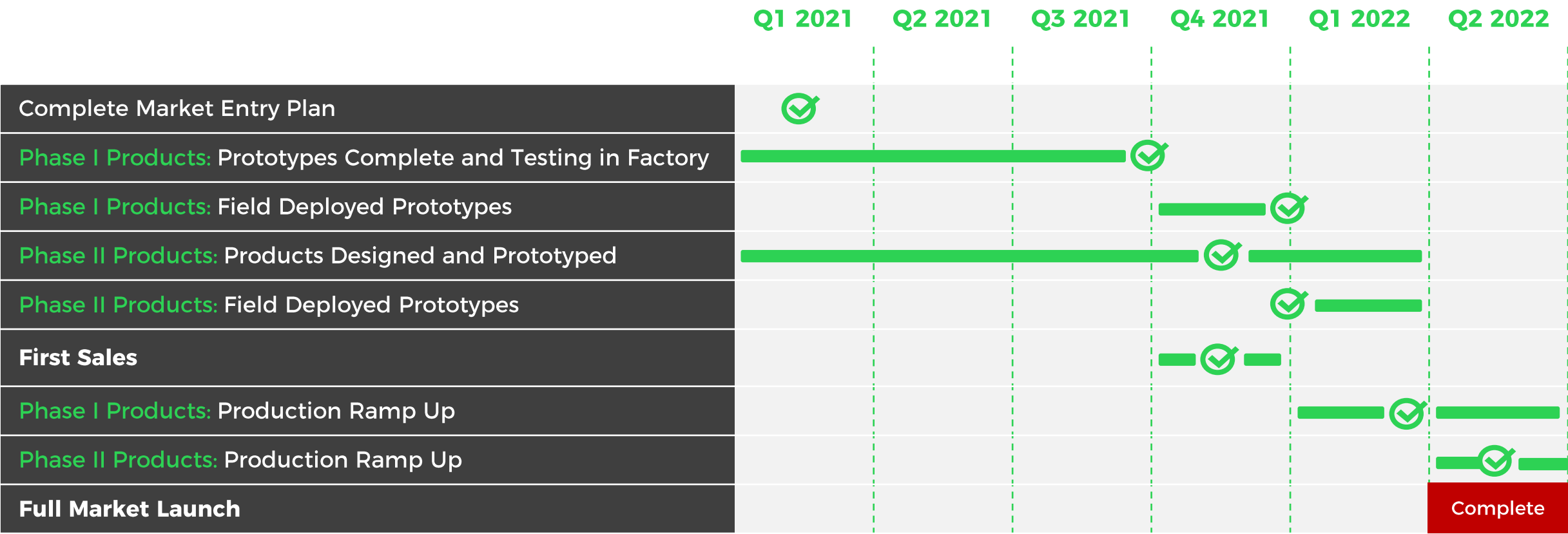


## 04 Quick Connect Bases for Chargers

- Prefabricated skidded dispenser with up to four Level 2 charge points
- Flexible choice of charger OEM
- Designed to install at the intersection of four parking spots
- Reduces placement (fewer pads), cabling and interconnection costs
- Ideal solution for fleets, retail, office and MUD

**Targeting 20-30% reduction in installed cost versus conventional solutions**

# EV BUSINESS MARKET ENTRY TIMELINE

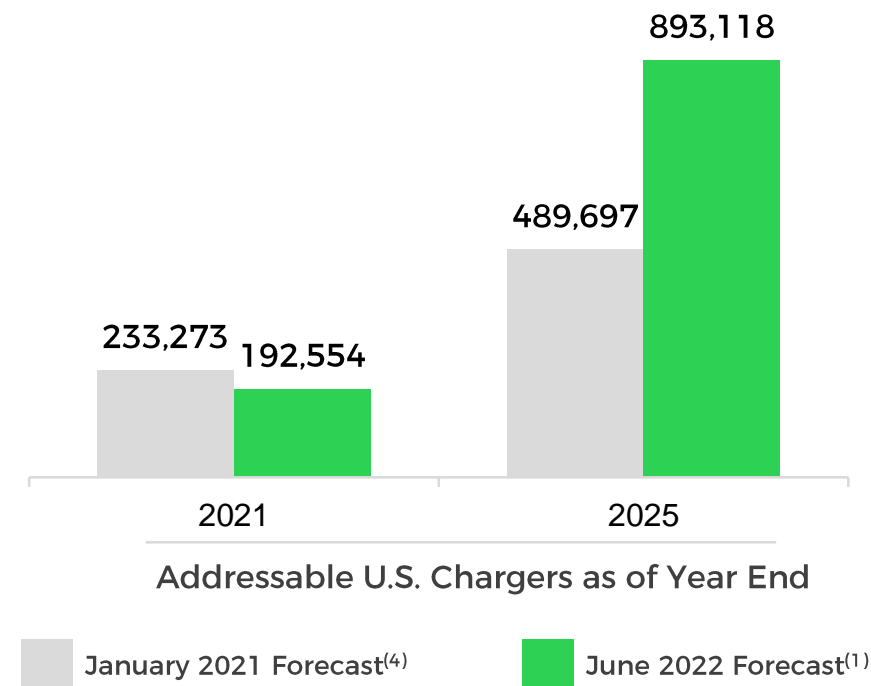


Orders Received for Full System Solution and Production Underway

# EV BUSINESS POTENTIAL

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

***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.<sup>(3)</sup> 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.





# 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

✓ 22% CAGR in revenues from 2019-2021

**Deliver 30%+  
EBITDA margins**

- Locate manufacturing in low-cost regions
- Use automation to reduce labor content
- Leverage growing volumes to reduce materials costs
- Tightly control factory overhead and SG&A

✓ ~400 bps increase in EBITDA margins from 2019-2021

✓ Direct labor <19% of COGS

✓ Factory overhead <7% of COGS

✓ SG&A <15% of revenues

**Minimize  
capital intensity**

- Customize manufacturing equipment in-house rather than purchase custom-built machines

✓ \$9.1 million of cumulative capex from 2019-2021 (~1.7% of sales over period)

# HIGH REVENUE VISIBILITY DRIVEN BY LONG PROJECT LEAD TIMES...



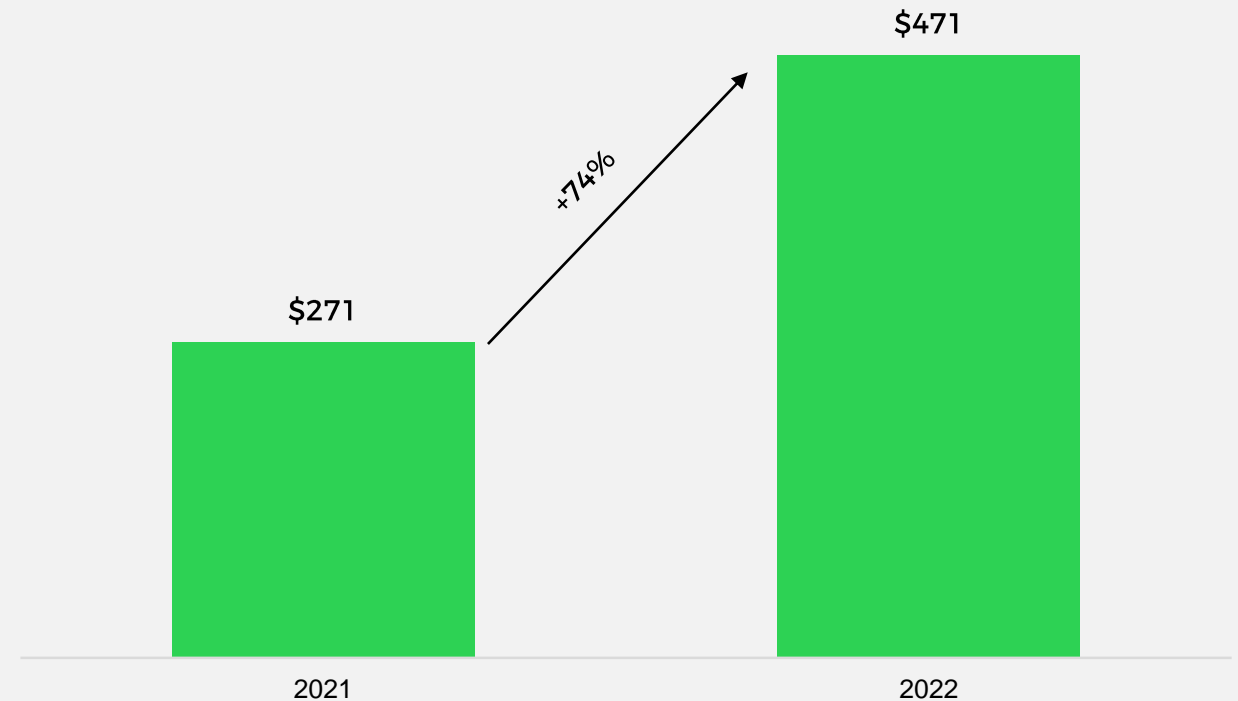
The procurement process typically gives us 12+ months of visibility on demand and many customers give us long-term forecasts with their needs, further enhancing our visibility

# ORDER BOOK CONTINUES TO GROW

Third quarter quotes **up 75%** year-over-year

Backlog and awarded orders **up 74%** from third quarter 2022

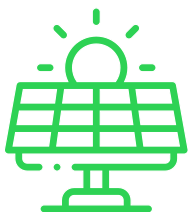
## Backlog and Awarded Orders as of Sep 30<sup>th</sup> (\$mm)<sup>(1)</sup>



(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.



# 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.<sup>(1)</sup>
- ✓ Utility-scale market is **over 6X the size of residential market**<sup>(2)</sup>
- ✓ 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 – international market is 4.0X size of U.S.<sup>(3)</sup>
- ✓ **Significant additional upside** from EV charging products



## ...And Deliver Strong Returns for Shareholders

- ✓ **20%+ top line growth**<sup>(4)</sup>
- ✓ **~30% EBITDA Margins**<sup>(4)</sup>
- ✓ **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) IHS Markit PV Installations Tracker Q2-2021, June 2021. Based on 2023 estimated market sizes. International market excludes China.

(4) Based on historical results for 2019, 2020 and 2021.



# APPENDIX

# RECONCILIATION OF NON-GAAP MEASURES

<b><u>Adjusted EBITDA</u></b> \$, millions	<b><u>3 Months Ended September 30,</u></b>		<b><u>9 Months Ended September 30,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Operating income	\$ 20.0	\$ 9.6	\$ 43.0	\$ 33.6
Depreciation expense	0.5	0.4	1.4	1.3
Amortization of intangibles	2.1	2.1	6.6	6.1
<b>EBITDA</b>	<b>22.6</b>	<b>12.1</b>	<b>51.0</b>	<b>40.9</b>
Equity-based compensation	4.0	2.7	11.9	6.9
Acquisition-related expenses	0.0	1.7	0.0	1.7
COVID-19 expenses <sup>(b)</sup>	-	0.1	-	0.3
Non-recurring and other expenses <sup>(c)</sup>	-	0.2	-	1.8
<b>Adjusted EBITDA</b>	<b>\$ 26.6</b>	<b>\$ 16.9</b>	<b>\$ 62.9</b>	<b>\$ 51.6</b>

<b><u>Adjusted Net Income</u></b> \$, millions	<b><u>3 Months Ended September 30,</u></b>		<b><u>9 Months Ended September 30,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Net income attributable to Shoals Technologies Group, Inc.</b>	<b>\$ 8.0</b>	<b>\$ 2.5</b>	<b>\$ 15.0</b>	<b>\$ 4.2</b>
Net income impact from pro forma conversion of Class B common stock to Class A common stock <sup>(d)</sup>	4.8	2.8	9.7	1.9
Adjustment to the provision for income tax <sup>(e)</sup>	(1.1)	(0.7)	(2.3)	(0.5)
<b>Tax effected net income</b>	<b>11.6</b>	<b>4.6</b>	<b>22.4</b>	<b>5.6</b>
Amortization of intangibles	2.1	2.1	6.6	6.1
Amortization of deferred financing costs	0.3	0.3	1.0	1.0
Tax receivable agreement liability adjustment <sup>(a)</sup>	-	2.0	-	3.7
Loss on debt repayment	-	-	-	16.0
EBITDA Adjustments <sup>(g)</sup>	4.0	4.8	11.9	10.7
Tax impact of adjustments <sup>(f)</sup>	(1.5)	(2.2)	(4.6)	(8.0)
<b>Adjusted Net Income</b>	<b>\$ 16.6</b>	<b>\$ 11.6</b>	<b>\$ 37.4</b>	<b>\$ 35.0</b>

(a) Represents an adjustment to eliminate the remeasurement of the payable pursuant to the TRA.

(b) Represents costs incurred as a direct impact from the COVID-19 pandemic, disinfecting and reconfiguration of facilities, medical professionals to conduct daily screenings of employees and direct legal costs associated with the pandemic.

(c) Represents certain costs associated with non-recurring professional services, our prior private equity owner's expenses and other costs.

(d) Reflects net income (loss) to Class A common shares from pro forma exchange of corresponding shares of our Class B common shares held by our Founder and management.

(e) 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 below, assuming Shoals Technologies Group, Inc. owns 100% of the units in Shoals Parent LLC.

(f) Represents the estimated tax impact of all Adjusted Net Income add-backs, excluding those which represent permanent differences between book versus tax.

(g) Represents the sum of equity-based compensation, acquisition-related expenses, COVID-19 expenses, and non-recurring and other expenses as seen in the reconciliation to Adjusted EBITDA above.