



Q3 EARNINGS REPORT

NOV 2024



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 fourth quarter of 2024 and for the full year ending December 31, 2024; expectations regarding the utility scale solar market and our share thereof; project delays; regulatory environment; the effects of competitive dynamics, volume discounts, and customer 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, among others, if demand for solar energy projects does not continue to grow or grows at a slower rate than we anticipate, including as a result of industry project delays, we may not be able to achieve our anticipated level of growth and our business will suffer; 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, our profit margins, financial results, business and prospects could be materially adversely impacted; defects or performance problems in our products or their parts, including those related to the wire insulation shrinkback matter, could result in loss of customers, reputational damage and decreased revenue, and may have a material adverse effect on our business, financial condition and results of operations; current macroeconomic events, including high inflation, high interest rates, a potential recession, uncertainty surrounding the impact of the election cycle and geopolitical instability could impact our business and financial results; a further increase in interest rates or a reduction in the availability of tax incentives 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; existing electric utility industry, renewable energy and solar energy 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; changes in the U.S. trade environment, including the imposition of trade restrictions, import tariffs, anti-dumping and countervailing duties could adversely affect the amount or timing of our revenue, results of operations or cash flows; we may experience delays, disruptions, quality control or reputational problems in our manufacturing operations in part due to our vendor concentration; if we or our suppliers face disputes with labor unions, we may not be able to achieve our anticipated level of growth and our business could suffer; if we fail to retain our key personnel and attract additional qualified personnel, our business strategy and prospects could suffer; 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; unsatisfactory safety performance 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 may face increased competition as new and existing competitors introduce EBOS system solutions and components, which could negatively affect our results of operations and market share; our industry has historically been cyclical and experienced periodic downturns; 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; we are subject to risks associated with legal proceedings and claims, including the patent infringement complaints that we filed with the U.S. International Trade Commission (the "ITC") and two District Courts, the securities and derivative litigation initiated in 2024, and other legal proceedings and claims, which may or may not arise in the normal course of our business; if we fail to, or incur significant costs in order to, obtain, maintain, protect, defend or enforce our intellectual property and other proprietary rights, including those that are subject to the patent infringement complaints we filed with the ITC and two District Courts, our business and results of operations could be materially harmed; 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 and negatively impact revenue, results of operations, and cash flow; we may not repurchase all shares authorized for repurchase under our share Repurchase Program, we cannot guarantee that the Repurchase Program will enhance long-term stockholder value, and share repurchases could increase the volatility of the price of our Class A common stock; and our expansion outside the U.S. could subject us to additional business, financial, regulatory and competitive risks.

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, if new information becomes available in the future.





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 and Adjusted net income guidance, which are forward-looking measures that are non-GAAP measures, to the most closely comparable GAAP 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 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 (i) interest expense, net, (ii) income tax benefit (expense), (iii) depreciation expense, (iv) amortization of intangibles, (v) equity-based compensation, (vi) wire insulation shrinkback expenses, and (vii) wire insulation shrinkback litigation expenses. We define Adjusted Net Income as net income (loss) attributable to Shoals Technologies Group, Inc. plus (i) net income (loss) impact from assumed exchange of Class B common stock to Class A common stock as of the beginning of the earliest period presented, (ii) adjustment to the provision for income tax, (iii) amortization of intangibles, (iv) amortization / write-off of deferred financing costs, (v) equity-based compensation, (vi) wire insulation shrinkback expenses, and (vii) 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, 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. 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.

Agenda

- 01 Current Events & Market Environment
- 02 Third Quarter Financial Highlights
- 03 Customer Momentum
- 04 New Product Innovation
- 05 Highlighted Growth Initiatives (CC&I and BESS)
- 06 Financial Overview
- 07 Outlook & Closing Thoughts





OFF-THE-CHART ENERGY USE:

- Driven by
- + AI
 - + On-shoring
 - + Volatile weather

- Offset by
- A long interconnection queue
 - Rising labor costs
 - Permitting delays
 - Equipment shortages
 - High interest rates

The Current Market

- + Navigating volatile election cycle impacts

IRA's job creation has strong bipartisan backing — **with red districts seeing 3x more clean energy investment**

- + Challenged by regulatory and supply chain issues

- + Interconnection is clogged with **2,600 GW** of generation / storage capacity actively seeking approval **(an 8X increase)¹**

With nuclear being very expensive and a long way off, **we continue to believe that solar is best positioned to deliver the power we need today**

¹Lawrence Berkeley National Laboratory. *Queued Up: 2024 Edition*. https://emp.lbl.gov/sites/default/files/2024-04/Queued%20Up%202024%20Edition_R2.pdf

Q3 Financial Highlights

Strong commercial activity and customer momentum.

\$102.2M

Q3 Revenue

Revenue **increased 2.9% sequentially from Q2 and declined 23.9% YoY**

37.9%

(24.8% including the wire shrinkback reserve change)

Q3 Adjusted Gross Profit Percentage

Impacted by **higher labor costs, non-recurring items, and volume discounts**

\$596.6M

Backlog & Awarded Orders

Lower Q/Q a function of **project awards timing**

See Appendix for reconciliation of non-GAAP measures.





Customer Momentum

- + **Experienced team** focused on customer service
- + New **state-of-the-art facility expected** in 2025
- + New seasoned **business leaders**
- + Standing up **key, critical functions**

ALMOST

\$2B

IN PROJECT
QUOTES THIS YEAR*

*Reflects duplicate projects with multiple EPC customers

DIVERSIFICATION & TRACTION

- + Following the initial ITC ruling, we signed up 4 new EPC customers.
- + Four EPCs responsible for less than \$1M of revenue in 2023 have driven more than \$25 million of revenue YTD.
- + These four EPCs have a combined 4Gw in BL&AO.
- + Shipped our first project to the large EPC we signed MSA with earlier this year.

New Product Innovation

“We believe solar is extremely well equipped to meet the growing energy needs of the US.”



We expect the industry to transition from 1500V to 2kV technology

and Shoals is uniquely positioned to drive this change.

*Industry change driven by improvements in **solar module efficiency and power***

*Such a leap will be a **game-changer**, just like previously improvement leaps*

*Shoals to **pilot** with industry leaders like **GE Vernova***



THE CC&I MARKET

- + **Leverages** current strengths & expertise
- + **Utilizes** current products & manufacturing capabilities.
- + **A compelling value proposition** of labor and material cost reduction

A great year so far:

- + **Hired** a commercial team and a product development manager.
- + **Launched** a catalog that includes standardized harnesses specifically for this segment.
- + **Quoted** 64 projects year to date and have begun shipping products.
- + **Signed** an agreement with one of the largest distributors in the space

“...we're stepping on the gas... and while I'm proud of how far we've come so quickly, I'm even more excited about what 2025 will bring”





Growth Initiative : **BESS Update**

BATTERY ENERGY STORAGE SOLUTIONS

- + **Hired** industry veteran to lead business unit
- + **Clear market positioning** with recombiners and disconnects
- + **Market expected to double in size by 2027¹**
- + **Building momentum** for 2025

1. Source: Wood Mackenzie *US Energy Storage Monitor* - Q3 report



+ **Market disruptions are constant** - what matters is how you navigate them

+ High-quality companies **consistently outperform** market challenges

Shoals' strengths are clear:

- Marquis customer base
- Leading market share
- Experienced leadership team
- Proven track record



Third Quarter Financial Snapshot

\$ Thousands (except for EPS)	Q3 2024	Q3 2023	\$ Change YoY	% Change YoY
Revenue	\$102,165	\$134,209	(\$32,044)	(23.9%)
Cost of Goods Sold	76,789	120,059	(43,270)	(36.0%)
Gross Profit	\$25,376	\$14,150	\$11,226	79.3%
Gross Profit %	24.8 %	10.5 %		14.3%
Wire Insulation Shrinkback Expense	\$13,298	\$50,211	(\$36,913)	(36.0%)
Adjusted Gross Profit	\$38,674	\$64,361	(\$25,687)	(39.9%)
Adjusted Gross Profit %	37.9 %	48.0 %		(10.1%)
Adjusted EBITDA	\$24,533	\$47,982	(\$23,449)	(48.9%)
Adj EBITDA %	24.0 %	35.8 %		(11.8%)
Adjusted Net Income	\$13,935	\$33,353	(\$19,418)	(58.2%)
Adj. Net Income %	13.6 %	24.9 %		(11.3%)
Adjusted Diluted EPS	\$0.08	\$0.20	(\$0.12)	(61.3%)

\$102.2M

Q3 Revenue

37.9%

**Q3 Adjusted Gross
Profit %**

\$38.7M

**Q3 Adjusted
Gross Profit**

\$24.5M

Q3 Adjusted EBITDA
24% Adjusted EBITDA Margin

\$18.7M

Q3 SG&A Expenses

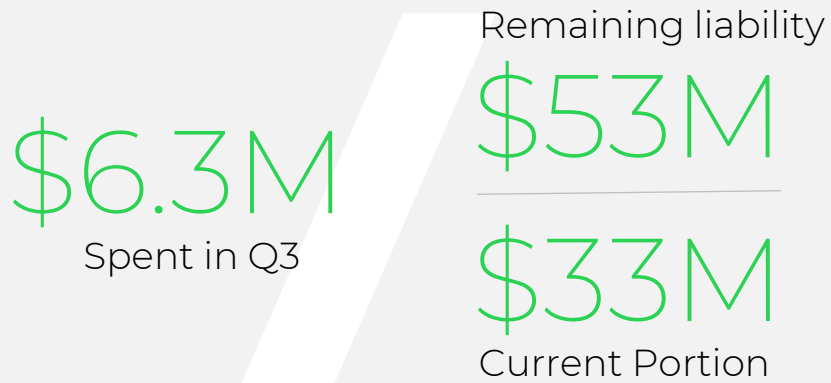
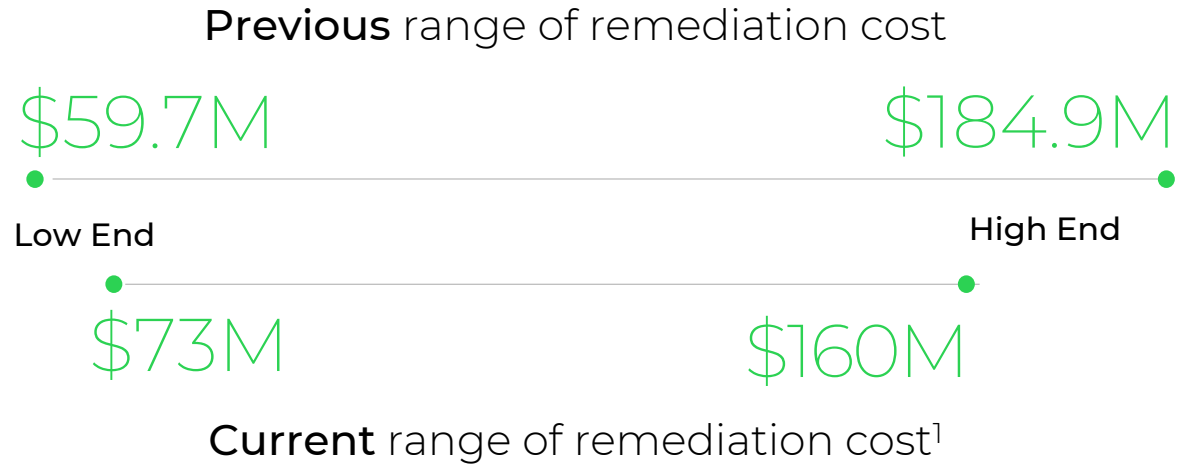
\$13.9M

Q3 Adjusted Net Income



Warranty Remediation

“ We look forward to completing the work in 2025. ”



1. As of September 30, 2024

“ Customers have been overwhelmingly supportive of our plan and pleased with our efforts. ”



Cash Flow

\$15.7M

**Q3 Cash Flow from
Operations**

\$2.4M

Q3 Capital Expenditures

Share repurchase authorization

\$150M

No additional activity in Q3

\$125M

Remaining under authorization

\$5 million of 2024 CAPEX delayed to 2025



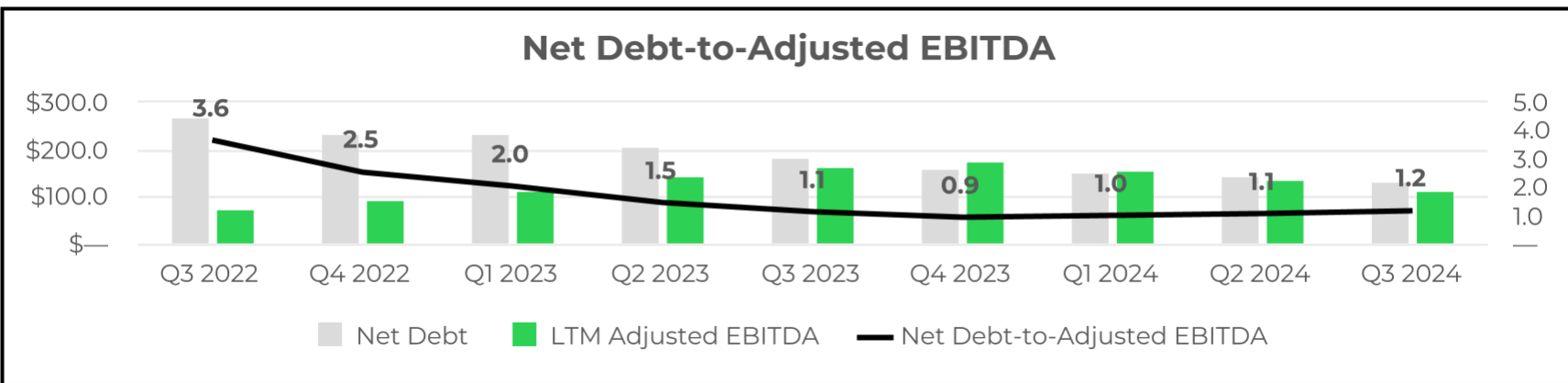


	Q3 2023	Q2 2024	Q3 2024
Cash & Cash Equivalents	\$9.2	\$3.2	\$11.1
Term Loan Facility	\$193.8	\$0.0	\$0.0
Revolving Credit Facility	\$0.0	\$146.8	\$141.8
Total Long-term Debt	\$193.8	\$146.8	\$141.8
Less: Cash & Cash Equivalents	\$9.2	\$3.2	\$11.1
Net Debt	\$184.5	\$143.6	\$130.7
Adjusted EBITDA	\$48.0	\$27.7	\$24.5
LTM Adjusted EBITDA	\$164.4	\$135.2	\$111.8
Total Long-term Debt-to-Adjusted EBITDA	1.2	1.1	1.3
Net Debt-to-Adjusted EBITDA	1.1	1.1	1.2
Total Liquidity	\$158.7	\$56.1	\$69.1

“Optimizing our balance sheet is **crucial to maximizing financial flexibility**”

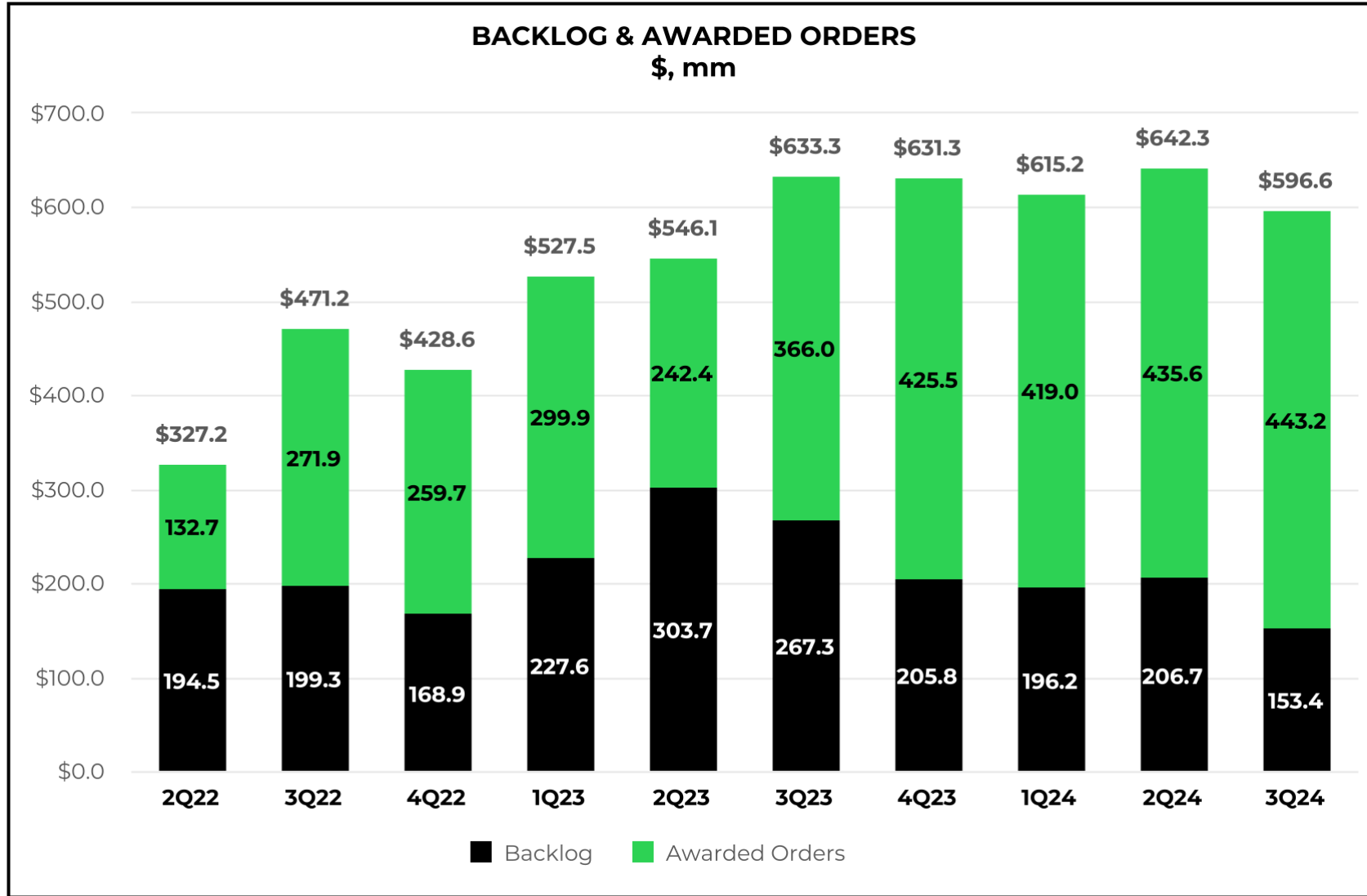
1.2X

Net Debt-to-Adjusted EBITDA



Compared to **3.6X** in Q3 2022

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



\$597M

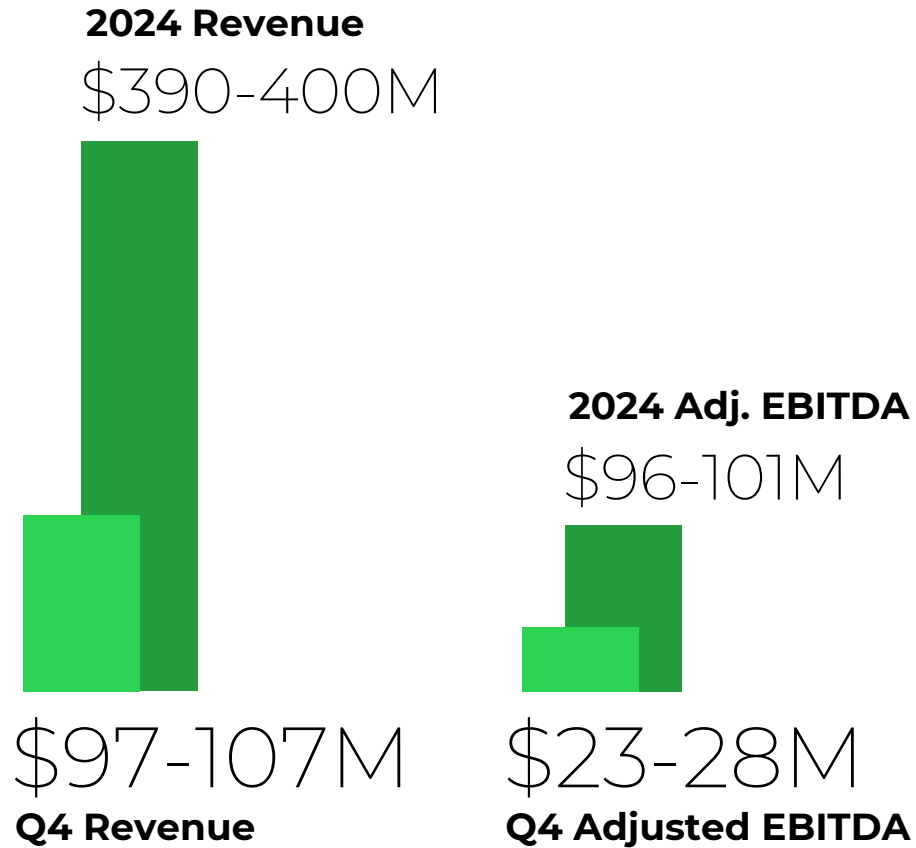
As of September 30, 2024
in backlog & awarded orders

a decrease of

5.8% YoY

With
\$455M
to deliver in next 12 months

\$142M
beyond Q3 2025



Full year **2024** expectations:

\$390-400M 2024 Full Yr Revenue	\$70-80M 2024 Full Yr Operating Cash Flow
\$96-101M 2024 Full Yr Adjusted EBITDA	\$8-12M 2024 Capital Expenditures
\$58-62M 2024 Full Yr Adjusted Net Income	\$12-16M 2024 Interest Expense

A reconciliation of Adjusted EBITDA guidance and Adjusted net income guidance, which are forward-looking measures that are non-GAAP measures, to the most closely comparable GAAP 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.

POSITIONED FOR ENERGY SECTOR GROWTH:

“The transformation we have been talking about with you is beginning to change the look and feel of Shoals in ways that **customers, investors, and employees are noticing.**”

“...given our momentum and supported by our backlog and awarded orders, **we believe we'll return to growth in the upcoming year.**”

Shoals:

- + Strong commercial momentum with expanding customer base
- + Innovation driving new product adoption
- + World-class team and optimized operations



We are at the intersection of unprecedented power demand and energy transformation, and we believe **Shoals is uniquely positioned to lead with innovation, execution, and operational excellence**

Q&A



Thank You!



Reach out to
Investors@Shoals.com
with any further questions



Appendix



Non-GAAP Reconciliations, Adjusted Gross Profit



Adjusted Gross Profit	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 102,165	\$ 134,209	\$ 292,221	\$ 358,503
Cost of revenue	76,789	120,059	190,388	245,579
Gross profit	\$ 25,376	\$ 14,150	\$ 101,833	\$ 112,924
Gross profit percentage	24.8 %	10.5 %	34.8 %	31.5 %
Wire insulation shrinkback expenses ^(a)	\$ 13,298	\$ 50,211	\$ 13,765	\$ 61,705
Adjusted gross profit	\$ 38,674	\$ 64,361	\$ 115,598	\$ 174,629
Adjusted gross profit percentage	37.9 %	48.0 %	39.6 %	48.7 %

(a) For the three and nine months ended September 30, 2024, represents (i) \$13.3 million of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, (ii) zero and \$0.5 million, respectively, of inventory write-downs of wire in connection with wire insulation shrinkback. For the three and nine months ended September 30, 2023 represents, (i) \$50.2 million and \$59.1 million, respectively, of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, and (ii) zero and \$2.6 million, respectively, of inventory write-downs of wire in connection with 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. See Note 8 - Warranty Liability, in our condensed consolidated financial statements included in our Form 10-Q for more information.

Non-GAAP Reconciliations, Adjusted EBITDA



Adjusted EBITDA	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ (267)	\$ (9,828)	\$ 16,309	\$ 26,079
Interest expense, net	3,088	5,899	10,513	18,400
Income tax expense (benefit)	1,703	(6,642)	7,867	2,686
Depreciation expense	1,254	674	3,643	1,723
Amortization of intangibles	1,897	1,978	5,689	6,021
Equity-based compensation	1,282	5,092	10,392	17,060
Wire insulation shrinkback expenses ^(a)	13,298	50,211	13,765	61,705
Wire insulation shrinkback litigation expenses ^(b)	2,278	598	4,499	598
Adjusted EBITDA	\$ 24,533	\$ 47,982	\$ 72,677	\$ 134,272

^(a) For the three and nine months ended September 30, 2024, represents (i) \$13.3 million of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, (ii) zero and \$0.5 million, respectively, of inventory write-downs of wire in connection with wire insulation shrinkback. For the three and nine months ended September 30, 2023 represents, (i) \$50.2 million and \$59.1 million, respectively, of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, and (ii) zero and \$2.6 million, respectively, of inventory write-downs of wire in connection with 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. See Note 8 - Warranty Liability, in our condensed consolidated financial statements included in our Form 10-Q for more information.

^(b) For the three and nine months ended September 30, 2024, represents \$2.3 million and \$4.5 million, respectively, of expenses incurred in connection with the lawsuit initiated by the Company against the supplier of the defective wire. For both the three and nine months ended September 30, 2023, represents \$0.6 million 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. See Note 13 - Commitments and Contingencies, in our condensed consolidated financial statements included in our Form 10-Q for more information.

Non-GAAP Reconciliations, Adjusted Net Income



Adjusted Net Income	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) attributable to Shoals Technologies Group, Inc.	\$ (267)	\$ (9,828)	\$ 16,309	\$ 23,392
Net income impact from assumed exchange of Class B common stock to Class A common stock ^(c)	—	—	—	2,687
Adjustment to the provision for income tax ^(d)	—	—	—	(653)
Tax effected net income (loss)	(267)	(9,828)	16,309	25,426
Amortization of intangibles	1,897	1,978	5,689	6,021
Amortization / write-off of deferred financing costs	156	341	2,937	1,032
Equity-based compensation	1,282	5,092	10,392	17,060
Wire insulation shrinkback expenses ^(a)	13,298	50,211	13,765	61,705
Wire insulation shrinkback litigation expenses ^(b)	2,278	598	4,499	598
Tax impact of adjustments ^(e)	(4,709)	(15,039)	(9,209)	(21,969)
Adjusted Net Income	\$ 13,935	\$ 33,353	\$ 44,382	\$ 89,873

^(a) For the three and nine months ended September 30, 2024, represents (i) \$13.3 million of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, (ii) zero and \$0.5 million, respectively, of inventory write-downs of wire in connection with wire insulation shrinkback. For the three and nine months ended September 30, 2023 represents, (i) \$50.2 million and \$59.1 million, respectively, of wire insulation shrinkback warranty expenses related to the identification, repair and replacement of a subset of wire harnesses presenting unacceptable levels of wire insulation shrinkback, and (ii) zero and \$2.6 million, respectively, of inventory write-downs of wire in connection with 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. See Note 8 - Warranty Liability, in our condensed consolidated financial statements included in our Form 10-Q for more information.

^(b) For the three and nine months ended September 30, 2024, represents \$2.3 million and \$4.5 million, respectively, of expenses incurred in connection with the lawsuit initiated by the Company against the supplier of the defective wire. For both the three and nine months ended September 30, 2023, represents \$0.6 million 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. See Note 13 - Commitments and Contingencies, in our condensed consolidated financial statements included in our Form 10-Q for more information.

^(c) Reflects net income to Class A common stock from assumed exchange of corresponding shares of our Class B common stock formerly held by our founder and management.

^(d) Shoals Technologies Group, Inc. is subject to U.S. Federal income taxes, in addition to state and local taxes. The adjustment to the provision for income tax reflects the effective tax rates below, and for the period prior to March 10, 2023, assumes Shoals Technologies Group, Inc. owned 100% of the units in Shoals Parent LLC.

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

Non-GAAP Reconciliations, Adjusted Diluted EPS



Adjusted Diluted EPS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Diluted weighted average shares of Class A common stock outstanding, excluding Class B common stock	167,381	170,365	169,310	162,611
Assumed exchange of Class B common stock to Class A common stock	—	—	—	7,619
Adjusted diluted weighted average shares outstanding	167,381	170,365	169,310	170,230
Adjusted Net Income	\$ 13,935	\$ 33,353	\$ 44,382	\$ 89,873
Adjusted Diluted EPS	\$ 0.08	\$ 0.20	\$ 0.26	\$ 0.53