**SOLO BRANDS, INC.**
**Non-GAAP Financial Measures**

We report our financial results in accordance with GAAP; however, management believes that certain non-GAAP financial measures provide users of our financial information with useful supplemental information that enables a better comparison of our performance across periods. We use adjusted gross profit, adjusted gross profit margin, free cash flow, adjusted net income, adjusted EPS, adjusted EBITDA and adjusted EBITDA margin non-GAAP financial measures, because we believe they are useful indicators of our operating performance. Our management uses these non-GAAP measures principally as measures of our operating performance and believes that these non-GAAP measures are useful to our investors because they are frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. Our management also uses these non-GAAP measures for planning purposes, including the preparation of our annual operating budget and financial projections.

None of these non-GAAP measures is a measurement of financial performance under GAAP. These non-GAAP measures should not be considered in isolation or as a substitute for a measure of our liquidity or operating performance prepared in accordance with GAAP and are not indicative of net income (loss) from continuing operations as determined under U.S. GAAP. In addition, the exclusion of certain gains or losses in the calculation of non-GAAP financial measures should not be construed as an inference that these items are unusual or infrequent as they may recur in the future, nor should it be construed that our future results will be unaffected by unusual or non-recurring items. These non-GAAP financial measures have limitations that should be considered before using these measures to evaluate our liquidity or financial performance. Some of these limitations are as follows.

These non-GAAP measures exclude certain tax payments that may require a reduction in cash available to us; do not reflect our cash expenditures, or future requirements, for capital expenditures (including capitalized software developmental costs) or contractual commitments; do not reflect changes in, or cash requirements for, our working capital needs; do not reflect the cash requirements necessary to service interest or principal payments on our debt; exclude certain purchase accounting adjustments related to acquisitions; and exclude equity-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy.

In addition, other companies may define and calculate similarly-titled non-GAAP financial measures differently than us, thereby limiting the usefulness of these non-GAAP financial measures as a comparative tool. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other GAAP-based financial performance measures.

***Adjusted Gross Profit and Adjusted Gross Profit Margin***

We calculate adjusted gross profit as gross profit excluding the recognition of the fair value write-ups of inventory as a result of the change in control transaction in 2020 and the Oru, ISLE, and Chubbies acquisitions. We calculate adjusted gross profit margin as adjusted gross profit divided by net sales.

***Free Cash Flow***

We calculate free cash flow as net cash provided by (used in) operating activities, less capital expenditures.

***Adjusted Net Income***

We calculate adjusted net income as net income (loss) excluding impairment charges, amortization of intangible assets, equity-based compensation expense, inventory fair value write-ups, acquisition-related costs, severance expense, one-time transaction costs, business optimization expenses, management transition costs, business expansion expenses and the tax impact of these adjusting items.

***Adjusted EPS***

We calculate adjusted EPS as adjusted net income, as defined above, divided by weighted average diluted shares as calculated under U.S. GAAP.

***Adjusted EBITDA and Adjusted EBITDA Margin***

We calculate adjusted EBITDA as net income (loss) before interest expense, income taxes, and depreciation and amortization expenses, impairment charges, equity-based compensation expense, inventory fair value write-ups, acquisition-related costs, severance expense, one-time transaction costs, business optimization expenses, management transition costs and business expansion expenses. We calculate adjusted EBITDA margin as adjusted EBITDA divided by net sales.

**SOLO BRANDS, INC.**
**Reconciliation of Non-GAAP Financial Information to GAAP**
***(Unaudited) (In thousands except per share amounts)***

The following table reconciles gross profit to adjusted gross profit for the periods presented:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *(dollars in thousands)* | **2022** | **2021** | **2022** | **2021** |
| **Gross profit** | **$ 117,966** | **$ 111,723** | **$ 318,175** | **$ 258,908** |
| Inventory fair value write-up(1) | — | 5,463 | 7,813 | 12,343 |
| **Adjusted gross profit** | **$ 117,966** | **$ 117,186** | **$ 325,988** | **$ 271,251** |
| | | | | |
| Gross profit margin (Gross profit as a % of net sales) | 59.8 % | 63.3 % | 61.5 % | 64.1 % |
| | | | | |
| Adjusted gross profit margin (Adjusted gross profit as a % of net sales) | 59.8 % | 66.4 % | 63.0 % | 67.2 % |

(1) Represents the fair market value write-ups of inventory accounted for under ASC 805 related to the 2021 acquisitions and the 2020 change in control transaction.

The following table reconciles net cash provided by (used in) operating activities to free cash flow for the periods presented:

| | Year Ended December 31, | |
|---|---|---|
| *(dollars in thousands)* | **2022** | **2021** |
| **Net cash provided by (used in) operating activities** | **$ 32,395** | **$ (10,246)** |
| Capital expenditures | (9,241) | (10,645) |
| **Free cash flow** | **$ 23,154** | **$ (20,891)** |

The following tables reconcile the non-GAAP financial measures to their most comparable GAAP measure for the periods presented:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *(dollars in thousands)* | **2022** | **2021** | **2022** | **2021** |
| **Net income (loss)** | **$ 19,508** | **$ 12,413** | **$ (7,620)** | **$ 56,495** |
| Impairment charges(1) | — | — | 30,589 | — |
| Amortization expense | 5,270 | 4,843 | 21,018 | 17,510 |
| Equity-based compensation expense(2) | 5,385 | 6,597 | 18,598 | 7,329 |
| Inventory fair value write-ups(3) | — | 5,463 | 7,813 | 12,343 |
| Acquisition-related costs(4) | 515 | 93 | 2,186 | 3,667 |
| Severance expense | (216) | — | 1,193 | — |
| Transaction costs(5) | — | 4,421 | 1,070 | 6,204 |
| Business optimization expense(6) | — | 2,898 | 835 | 3,121 |
| Management transition costs(7) | — | — | 698 | — |
| Business expansion expense(8) | — | 1,221 | 373 | 1,314 |
| Changes in fair value of contingent earn-out liability(7) | — | — | — | — |
| Management fees(8) | — | — | — | — |
| Tax impact of adjusting items(9) | (1,460) | (2,693) | (11,771) | (2,693) |
| **Adjusted net income** | **$ 29,002** | **$ 35,256** | **$ 64,982** | **$ 105,290** |
| **Adjusted EPS** | **$ 0.33** | **$ 0.45** | **$ 1.07** | **$ 1.55** |
| *(amounts per share)* | | | | |
| **Income (loss) per Class A common stock - diluted** | **$ 0.18** | **$ 0.17** | **$ (0.08)** | **$ 0.17** |
| Net income per Class A common share earned by controlling members prior to the Reorganization Transactions | — | (0.08) | — | 0.60 |
| **Income (loss) per Class A common share - adjusted** | **0.18** | **0.09** | **(0.08)** | **0.77** |
| Impairment charges(1) | — | — | 0.48 | — |
| Amortization expense | 0.08 | 0.08 | 0.33 | 0.28 |
| Equity-based compensation expense(2) | 0.08 | 0.10 | 0.29 | 0.12 |
| Inventory fair value write-ups(3) | — | 0.09 | 0.12 | 0.20 |
| Acquisition-related costs(4) | 0.01 | — | 0.03 | 0.06 |
| Severance expense | — | — | 0.02 | — |
| Transaction costs(5) | — | 0.07 | 0.02 | 0.10 |
| Business optimization expense(6) | — | 0.05 | 0.01 | 0.05 |
| Management transition costs(7) | — | — | 0.01 | — |
| Business expansion expense(8) | — | 0.02 | 0.01 | 0.02 |
| Changes in fair value of contingent earn-out liability(7) | — | — | — | — |

| (dollars in thousands) | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|---|---|
| Management fees(8) | — | — | — | — |
| Tax impact of adjusting items(9) | (0.02) | (0.04) | (0.17) | (0.04) |
| **Adjusted EPS(10)** | **$ 0.33** | **$ 0.45** | **$ 1.07** | **$ 1.55** |
| | | | | |
| **Weighted-average Class A common stock outstanding - diluted** | **63,712** | **63,011** | **63,462** | **63,011** |
| | | | | |
| **Net income (loss)** | **$ 19,508** | **$ 12,413** | **$ (7,620)** | **$ 56,495** |
| Interest expense | 2,433 | 2,788 | 6,271 | 10,151 |
| Income tax (benefit) expense | 4,678 | 1,902 | 1,001 | 2,025 |
| Depreciation and amortization expense | 6,398 | 5,260 | 24,592 | 18,228 |
| Impairment charges(1) | — | — | 30,589 | — |
| Equity-based compensation expense(2) | 5,385 | 6,597 | 18,598 | 7,329 |
| Inventory fair value write-ups(3) | — | 5,463 | 7,813 | 12,343 |
| Acquisition-related costs(4) | 515 | 93 | 2,186 | 3,667 |
| Severance expense | (216) | — | 1,193 | — |
| Transaction costs(5) | — | 4,421 | 1,070 | 6,204 |
| Business optimization expense(6) | — | 2,898 | 835 | 3,121 |
| Management transition costs(7) | — | — | 698 | — |
| Business expansion expense(8) | — | 1,221 | 373 | 1,314 |
| Changes in fair value of contingent earn-out liability(7) | — | — | — | — |
| Management fees(8) | — | — | — | — |
| **Adjusted EBITDA** | **$ 38,701** | **$ 43,056** | **$ 87,599** | **$ 120,877** |
| | | | | |
| Net income (loss) margin (Net income (loss) as a % of net sales) | 9.9 % | 7.0 % | (1.5)% | 14.0 % |
| | | | | |
| Adjusted EBITDA margin (Adjusted EBITDA as a % of net sales) | 19.6 % | 24.4 % | 16.9 % | 29.9 % |

(1) Represents trademark and goodwill impairments recorded during the three months ended June 30, 2022.

(2) Represents employee compensation expense associated with equity-based awards. This includes expense associated with the incentive unit awards as well as awards issued on and subsequent to the IPO including options, restricted stock units and performance stock units.

(3) Represents the recognition of fair market value write-ups of inventory accounted for under ASC 805 related to the 2021 acquisitions and the 2020 change in control transaction.

(4) Represents expenses that we do not believe are reflective of our ongoing operations, primarily warehouse and employee transition costs associated with the 2021 acquisitions.

(5) Represents transaction costs primarily related to professional service fees incurred in connection with the IPO and professional service fees incurred for valuations performed in connection with the impairment charges, as well as a one-time sales tax expense reserve.

(6) Represents various start-up and transition costs, including warehouse optimization charges associated with our new global headquarters infrastructure and with new and expanded distribution facilities in Texas, Pennsylvania, and the Netherlands.

(7) Represents costs primarily related to recruiting senior level management, including a new CFO.

(8) Represents costs for expansion into new international and domestic markets.

(9) Represents the tax impact of adjustments calculated at the federal statutory rate of 21% less the portion of the tax impact of the adjustments attributable to noncontrolling interests. We calculated the tax impact of the adjusting items in the three and twelve month periods ended December 31, 2022, as we were a limited liability company. We were not subject to corporate income taxes in the three and twelve month periods ended December 31, 2021.

(10) Adjusted Earnings Per Share ("Adjusted EPS") is calculated independently for each component and, as such, the total of such components may not sum to Adjusted EPS due to rounding.