

## **SOLO BRANDS, INC.**

### **Non-GAAP Financial Measures**

We report our financial results in accordance with accounting principles generally accepted in the United States (“U.S. 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 net income (loss) per Class A common stock, 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 U.S. 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 U.S. 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 U.S. GAAP-based financial performance measures.

#### ***Free Cash Flow***

We calculate free cash flow as net cash provided by (used in) operating activities, reduced by capital expenditures (consisting of purchases of property and equipment, purchases of intangible assets and capitalization of internal use software). We believe free cash flow is an important liquidity measure of the cash that is available for operational expenses, investments in our business, strategic acquisitions, and for certain other activities such as repaying debt obligations and stock repurchases.

#### ***Adjusted Net Income (Loss)***

We calculate adjusted net income as net income (loss) excluding impairment charges and the costs that are believed by management to be non-operating in nature and not representative of the Company’s core operating performance, as listed below under “Non-GAAP Adjustments”. Adjusted net income (loss) attributable to noncontrolling interests is calculated as income (loss) before income taxes, adjusted in the same manner as adjusted net income, adjusted for the allocable attribution to the noncontrolling interest.

#### ***Adjusted Net Income (Loss) per Class A Common Stock***

We calculate adjusted net income (loss) as adjusted net income, as defined above, less the allocable portion of net income to the noncontrolling interest, divided by weighted average diluted shares or weighted average shares of Class A common stock, respectively, as calculated under U.S. GAAP.

Beginning with the reporting of our results for the three and twelve month periods ended December 31, 2023, adjusted net income (loss) per Class A Common Stock removes the portion of adjusted net income (loss) attributable to noncontrolling interests as management believes this presentation provides investors with a more concise view of the Company’s results. The Company intends to present adjusted net income (loss) per Class A Common Stock on this basis going forward and will present prior periods on the same basis for comparability purposes.

#### ***EBITDA***

We calculate EBITDA as net income (loss) before interest expense, income taxes, and depreciation and amortization expenses.

### ***Adjusted EBITDA***

We calculate adjusted EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization expenses, impairment charges, equity-based compensation expense, and the costs that are believed by management to be non-operating in nature and not representative of the Company's core operating performance, as listed below under "Non-GAAP Adjustments".

### ***Adjusted EBITDA Margin***

We calculate adjusted EBITDA margin as adjusted EBITDA divided by net sales.

### ***Non-GAAP Adjustments***

In addition to the costs specifically noted under the non-GAAP metrics above, the Company believes that evaluation of its financial performance can be enhanced by a supplemental presentation of results that exclude costs believed by management to be non-operating in nature and not representative of the Company's core operating performance. These costs are excluded in order to enhance consistency and comparativeness with results in prior periods that do not include such items and to provide a basis for evaluating operating results in future periods.

- Amortization expense - Represents the non-cash amortization of intangible assets related to the reorganization transactions in 2020 and the 2021 and 2023 acquisitions.
- Management transition costs - Represents costs primarily related to executive transition costs for executive search fees and related costs for the transition of certain members of management.
- Equity-based compensation expense - Represents the non-cash expense related to the incentive units, restricted stock units, options, performance stock units, executive performance stock units and employee stock purchases, with vestings occurring over time and settled with the Company's common stock.
- Business optimization and expansion expenses - Represents select consulting and software implementation fees.
- Changes in fair value of contingent earn-out liability - Represents the charge to mark the contingent earn-out consideration to fair value in connection with the 2023 acquisitions.
- Inventory fair value write-ups - Represents the recognition of fair market value write-ups of inventory accounted for under ASC 805 related to the 2023 acquisitions.
- Transaction costs - Represents transaction costs primarily related to professional service fees incurred in connection with the secondary offering, S-3 registration statement filed in 2023 and acquisition activities, including financial diligence and legal fees.
- Tax impact of adjusting items - Represents the tax impact of the respective adjustments for each non-GAAP financial measure calculated at an expected statutory rate of 21.0%, adjusted to reflect the allocation to the controlling interest.

**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:

<i>(dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
<b>Gross profit</b>	\$ 50,544	\$ 54,403
Inventory fair value write-up <sup>(1)</sup>	38	—
<b>Adjusted gross profit</b>	\$ 50,582	\$ 54,403
Gross profit margin (Gross profit as a % of net sales)	59.2 %	61.7 %
Adjusted gross profit margin (Adjusted gross profit as a % of net sales)	59.3 %	61.7 %

<sup>(1)</sup> Represents the fair market value write-ups of inventory accounted for under ASC 805 related to the 2023 acquisitions.

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

<i>(dollars in thousands)</i>	Three Months Ended March 31,	
	2024	2023
<b>Net cash (used in) provided by operating activities</b>	\$ (18,527)	\$ 14,703
Capital expenditures	(2,387)	(1,820)
<b>Free cash flow</b>	\$ (20,914)	\$ 12,883

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

<i>(dollars in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Net income (loss)</b>	<b>\$ (6,484)</b>	<b>\$ 933</b>
Amortization expense	5,041	5,254
Equity-based compensation expense	1,229	4,794
Management transition costs	1,713	600
Business optimization and expansion expense	975	—
Changes in fair value of contingent earn-out liability	398	—
Inventory fair value write-ups	38	—
Transaction costs	23	283
Tax impact of adjusting items	(1,262)	(1,523)
<b>Adjusted net income (loss)</b>	<b>\$ 1,671</b>	<b>\$ 10,341</b>
Less: adjusted net income (loss) attributable to noncontrolling interests	(95)	4,105
<b>Adjusted net income (loss) attributable to Solo Brands, Inc.</b>	<b>\$ 1,766</b>	<b>\$ 6,236</b>
<b>Adjusted net income (loss) per Class A common stock</b>	<b>\$ 0.03</b>	<b>\$ 0.10</b>
<b>Weighted-average Class A common stock outstanding - basic</b>	<b>58,068</b>	<b>63,670</b>
<b>Weighted-average Class A common stock outstanding - diluted</b>	<b>58,068</b>	<b>63,890</b>
<b>Net income (loss)</b>	<b>\$ (6,484)</b>	<b>\$ 933</b>
Interest expense	3,106	2,286
Income tax (benefit) expense	(3,195)	311
Depreciation and amortization expense	6,497	6,178
<b>EBITDA</b>	<b>\$ (76)</b>	<b>\$ 9,708</b>
Management transition costs	1,713	600
Equity-based compensation expense	1,229	4,794
Business optimization and expansion expense	975	—
Changes in fair value of contingent earn-out liability	398	—
Inventory fair value write-ups	38	—
Transaction costs	23	283
<b>Adjusted EBITDA</b>	<b>\$ 4,300</b>	<b>\$ 15,385</b>
Net income (loss) margin (Net income (loss) as a % of net sales)	(7.6)%	1.1 %
Adjusted EBITDA margin (Adjusted EBITDA as a % of net sales)	5.0 %	17.4 %