**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 001-40208**

**Hayward Holdings, Inc.**
**(Exact name of registrant as specified in its charter)**

**Delaware**
(State or other jurisdiction of
incorporation or organization)

**1415 Vantage Park Drive**

**Suite 400**

**Charlotte , NC**
(Address of Principal Executive
Office)

**82-2060643**
(I.R.S. Employer Identification No.)

**28203**
(Zip Code)

**( 704 ) 285-5445**
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, $.001 per share | HAYW | New York Stock Exchange |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The registrant had outstanding 213,699,058 shares of common stock as of October 27, 2023.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Hayward Holdings, Inc. (the “Company,” “we” or “us”) contains certain “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relating to us are based on the beliefs of our management as well as assumptions made by, and information currently available to, us. These statements include, but are not limited to, statements about our strategies, plans, objectives, expectations, intentions, expenditures and assumptions and other statements contained in or incorporated by reference in this Quarterly Report on Form 10-Q that are not historical facts. When used in this document, words such as “may,” “will,” “should,” “could,” “intend,” “potential,” “continue,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “target,” “predict,” “project,” “seek” and similar expressions as they relate to us are intended to identify forward-looking statements. These statements reflect our current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

Examples of forward-looking statements include, among others, statements we make regarding: our financial position; business plans and objectives; general economic and industry trends; business prospects; future product development and acquisition strategies; future channel stocking levels; growth and expansion opportunities; operating results; and working capital and liquidity. We may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place significant reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements, including such statements taken from third-party industry and market reports.

These forward-looking statements involve known and unknown risks, inherent uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Actual results and the timing of certain events may differ materially from those contained in these forward-looking statements.

Important factors that could affect our future results and could cause those results or other outcomes to differ materially from those indicated in our forward-looking statements include the following:

- our relationships with and the performance of distributors, builders, buying groups, retailers and servicers who sell our products to pool owners;
- impacts on our business from the sensitivity of our business to seasonality and unfavorable economic and business conditions;
- competition from national and global companies, as well as lower cost manufacturers;
- our ability to develop, manufacture and effectively and profitably market and sell our new planned and future products;
- our ability to execute on our growth strategies and expansion opportunities;
- impacts on our business from political, regulatory, economic, trade and other risks associated with operating foreign businesses, including risks associated with geopolitical conflict;
- our ability to maintain favorable relationships with suppliers and manage disruptions to our global supply chain and the availability of raw materials;
- our ability to identify emerging technological and other trends in our target end markets;
- failure of markets to accept new product introductions and enhancements;
- the ability to successfully identify, finance, complete and integrate acquisitions;
- our reliance on information technology systems and susceptibility to threats to those systems, including cybersecurity threats, and risks arising from our collection and use of personal information data;

- regulatory changes and developments affecting our current and future products;
- volatility in currency exchange rates and interest rates;
- our ability to service our existing indebtedness and obtain additional capital to finance operations and our growth opportunities;
- our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;
- the impact of material cost and other inflation;
- our ability to attract and retain senior management and other qualified personnel;
- the impact of changes in laws, regulations and administrative policy, including those that limit U.S. tax benefits, impact trade agreements and tariffs, or address the impacts of climate change;
- the outcome of litigation and governmental proceedings;
- the impact of product manufacturing disruptions, including as a result of catastrophic and other events beyond our businesses, including risks associated with geopolitical conflict;
- uncertainties of the pace of distribution channel destocking and its impact on sales volumes;
- our ability to realize cost savings from restructuring activities;
- our and our customers' ability to manage product inventory in an effective and efficient manner; and
- other factors set forth in the respective "Risk Factors" section of this Quarterly Report on Form 10-Q and of our Annual Report on Form 10-K for the year ended December 31, 2022.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report on Form 10-Q as anticipated, believed, estimated, expected, intended, planned or projected. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report. Unless required by United States federal securities laws, we neither intend nor assume any obligation to update these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in our expectations.

TABLE OF CONTENTS

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Balance Sheets**

*(Dollars in thousands, except per share data)*

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 244,245 | $ 56,177 |
| Accounts receivable, net of allowances of $ 3,027 and $ 3,937 , respectively | 125,493 | 209,109 |
| Inventories, net | 221,450 | 283,658 |
| Prepaid expenses | 12,756 | 14,981 |
| Income tax receivable | 23,224 | 27,173 |
| Other current assets | 15,729 | 21,186 |
| Total current assets | 642,897 | 612,284 |
| Property, plant, and equipment, net of accumulated depreciation of $ 92,163 and $ 84,119 , respectively | 159,527 | 149,828 |
| Goodwill | 932,216 | 932,396 |
| Trademark | 736,000 | 736,000 |
| Customer relationships, net | 211,727 | 230,503 |
| Other intangibles, net | 97,595 | 106,673 |
| Other non-current assets | 103,120 | 107,329 |
| Total assets | $ 2,883,082 | $ 2,875,013 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Current portion of the long-term debt | $ 14,646 | $ 14,531 |
| Accounts payable | 47,616 | 54,022 |
| Accrued expenses and other liabilities | 135,620 | 163,283 |
| Income taxes payable | — | 574 |
| Total current liabilities | 197,882 | 232,410 |
| Long-term debt, net | 1,080,259 | 1,085,055 |
| Deferred tax liabilities, net | 258,514 | 264,111 |
| Other non-current liabilities | 66,093 | 70,403 |
| Total liabilities | 1,602,748 | 1,651,979 |
| Commitments and contingencies (Note 12) | | |
| Stockholders' equity | | |
| Preferred stock, $ 0.001 par value, 100,000,000 authorized, no shares issued or outstanding as of September 30, 2023 and December 31, 2022 | — | — |
| Common stock $ 0.001 par value, 750,000,000 authorized; 242,356,177 issued and 213,689,808 outstanding at September 30, 2023; 240,529,150 issued and 211,862,781 outstanding at December 31, 2022 | 243 | 241 |
| Additional paid-in capital | 1,078,200 | 1,069,878 |
| Common stock in treasury; 28,666,369 and 28,666,369 at September 30, 2023 and December 31, 2022, respectively | ( 357,637 ) | ( 357,415 ) |
| Retained earnings | 549,873 | 500,222 |
| Accumulated other comprehensive income | 9,655 | 10,108 |
| Total stockholders' equity | 1,280,334 | 1,223,034 |
| Total liabilities, redeemable stock, and stockholders' equity | $ 2,883,082 | $ 2,875,013 |

See accompanying notes to the unaudited condensed consolidated financial statements.

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Statements of Operations**

*(Dollars in thousands, except per share data)*

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net sales | $ 220,304 | $ 245,267 | $ 713,983 | $ 1,055,169 |
| Cost of sales | 114,893 | 137,483 | 374,171 | 567,626 |
| Gross profit | 105,411 | 107,784 | 339,812 | 487,543 |
| Selling, general, and administrative expense | 59,454 | 50,493 | 172,057 | 188,297 |
| Research, development, and engineering expense | 6,177 | 6,142 | 19,027 | 16,411 |
| Acquisition and restructuring related expense | 3,348 | 2,288 | 6,220 | 9,499 |
| Amortization of intangible assets | 7,523 | 8,521 | 22,777 | 23,828 |
| Operating income | 28,909 | 40,340 | 119,731 | 249,508 |
| Interest expense, net | 17,448 | 13,938 | 55,939 | 35,105 |
| Other (income) expense, net | 1,932 | ( 234 ) | 1,798 | 3,056 |
| Total other expense | 19,380 | 13,704 | 57,737 | 38,161 |
| Income from operations before income taxes | 9,529 | 26,636 | 61,994 | 211,347 |
| Provision (benefit) for income taxes | ( 2,259 ) | 3,549 | 12,343 | 47,968 |
| Net income | $ 11,788 | $ 23,087 | $ 49,651 | $ 163,379 |
| **Earnings per share** | | | | |
| Basic | $ 0.06 | $ 0.11 | $ 0.23 | $ 0.74 |
| Diluted | $ 0.05 | $ 0.10 | $ 0.23 | $ 0.70 |
| **Weighted average common shares outstanding** | | | | |
| Basic | 213,416,502 | 212,905,429 | 212,933,763 | 222,009,824 |
| Diluted | 220,863,228 | 222,006,615 | 220,634,232 | 232,131,395 |

See accompanying notes to the unaudited condensed consolidated financial statements.

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Statements of Comprehensive Income**

*(In thousands)*

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2023 | | | October 1, 2022 | | |
| | Gross | Taxes | Net | Gross | Taxes | Net |
| **Net income** | | | $ 11,788 | | | $ 23,087 |
| Other comprehensive income (loss): | | | | | | |
| Foreign currency translation adjustments | ( 5,235 ) | — | ( 5,235 ) | ( 15,589 ) | — | ( 15,589 ) |
| Net change on cash flow hedges | 961 | ( 240 ) | 721 | 19,053 | ( 4,763 ) | 14,290 |
| **Comprehensive income** | | | $ 7,274 | | | $ 21,788 |

| | Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 30, 2023 | | | October 1, 2022 | | |
| | Gross | Taxes | Net | Gross | Taxes | Net |
| **Net income** | | | $ 49,651 | | | $ 163,379 |
| Other comprehensive income (loss): | | | | | | |
| Foreign currency translation adjustments | ( 1,625 ) | — | ( 1,625 ) | ( 27,069 ) | — | ( 27,069 ) |
| Net change on cash flow hedges | 1,562 | ( 390 ) | 1,172 | 33,805 | ( 8,451 ) | 25,354 |
| **Comprehensive income** | | | $ 49,198 | | | $ 161,664 |

See accompanying notes to the unaudited condensed consolidated financial statements.

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Statements of Changes in Redeemable Stock and Stockholders' Equity**

*(Dollars in thousands)*

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| **Balance as of December 31, 2022** | **211,862,781** | **$ 241** | **$ 1,069,878** | **$ (357,415)** | **$ 500,222** | **$ 10,108** | **$ 1,223,034** |
| Net income | — | — | — | — | 8,410 | — | 8,410 |
| Stock-based compensation | — | — | 2,047 | — | — | — | 2,047 |
| Issuance of Common Stock for compensation plans | 912,288 | 1 | 569 | — | — | — | 570 |
| Repurchase of stock | — | — | — | ( 9 ) | — | — | ( 9 ) |
| Other comprehensive loss | — | — | — | — | — | ( 3,933 ) | ( 3,933 ) |
| **Balance as of April 1, 2023** | **212,775,069** | **$ 242** | **$ 1,072,494** | **$ (357,424)** | **$ 508,632** | **$ 6,175** | **$ 1,230,119** |
| Net income | — | — | — | — | 29,453 | — | 29,453 |
| Stock-based compensation | — | — | 2,099 | — | — | — | 2,099 |
| Issuance of Common Stock for compensation plans | 231,354 | — | 156 | — | — | — | 156 |
| Other comprehensive income | — | — | — | — | — | 7,994 | 7,994 |
| **Balance as of July 1, 2023** | **213,006,423** | **$ 242** | **$ 1,074,749** | **$ (357,424)** | **$ 538,085** | **$ 14,169** | **$ 1,269,821** |
| Net income | — | — | — | — | 11,788 | — | 11,788 |
| Stock-based compensation | — | — | 2,555 | — | — | — | 2,555 |
| Issuance of Common Stock for compensation plans | 683,385 | 1 | 896 | — | — | — | 897 |
| Repurchase of stock | — | — | — | ( 213 ) | — | — | ( 213 ) |
| Other comprehensive loss | — | — | — | — | — | ( 4,514 ) | ( 4,514 ) |
| **Balance as of September 30, 2023** | **213,689,808** | **$ 243** | **$ 1,078,200** | **$ (357,637)** | **$ 549,873** | **$ 9,655** | **$ 1,280,334** |

See accompanying notes to the unaudited condensed consolidated financial statements.

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Statements of Changes in Redeemable Stock and Stockholders' Equity**

*(Dollars in thousands)*

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | | |
| **Balance as of December 31, 2021** | **233,056,799** | **$ 238** | **$ 1,058,724** | **$ ( 14,066 )** | **$ 320,875** | **$ 3,742** | **$ 1,369,513** |
| Net income | — | — | — | — | 74,032 | — | 74,032 |
| Stock-based compensation | — | — | 1,641 | — | — | — | 1,641 |
| Issuance of Common Stock for compensation plans | 403,158 | 1 | 427 | — | — | — | 428 |
| Repurchase of stock | ( 4,080,000 ) | — | — | ( 80,807 ) | — | — | ( 80,807 ) |
| Other comprehensive income | — | — | — | — | — | 8,113 | 8,113 |
| **Balance as of April 2, 2022** | **229,379,957** | **$ 239** | **$ 1,060,792** | **$ ( 94,873 )** | **$ 394,907** | **$ 11,855** | **$ 1,372,920** |
| Net income | — | — | — | — | 66,260 | — | 66,260 |
| Stock-based compensation | — | — | 1,991 | — | — | — | 1,991 |
| Issuance of Common Stock for compensation plans | 748,247 | 1 | 1,330 | — | — | — | 1,331 |
| Repurchase of stock | ( 14,441,118 ) | — | — | ( 212,352 ) | — | — | ( 212,352 ) |
| Other comprehensive loss | — | — | — | — | — | ( 8,529 ) | ( 8,529 ) |
| **Balance as of July 2, 2022** | **215,687,086** | **$ 240** | **$ 1,064,113** | **$ ( 307,225 )** | **$ 461,167** | **$ 3,326** | **$ 1,221,621** |
| Net income | — | — | — | — | 23,087 | — | 23,087 |
| Stock-based compensation | — | — | 2,155 | — | — | — | 2,155 |
| Issuance of Common Stock for compensation plans | 359,306 | — | 880 | — | — | — | 880 |
| Repurchase of stock | ( 4,769,834 ) | — | — | ( 50,183 ) | — | — | ( 50,183 ) |
| Other comprehensive loss | — | — | — | — | — | ( 1,299 ) | ( 1,299 ) |
| **Balance as of October 1, 2022** | **211,276,558** | **$ 240** | **$ 1,067,148** | **$ ( 357,408 )** | **$ 484,254** | **$ 2,027** | **$ 1,196,261** |

See accompanying notes to the unaudited condensed consolidated financial statements.

**Hayward Holdings, Inc.**

**Unaudited Condensed Consolidated Statements of Cash Flows**

*(In thousands)*

| | Nine Months Ended | |
|---|---|---|
| | September 30, 2023 | October 1, 2022 |
| **Cash flows from operating activities** | | |
| Net income | $ 49,651 | $ 163,379 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 13,018 | 13,931 |
| Amortization of intangible assets | 27,803 | 28,437 |
| Amortization of deferred debt issuance fees | 3,458 | 2,312 |
| Stock-based compensation | 6,701 | 5,787 |
| Deferred income taxes | ( 5,965 ) | ( 4,221 ) |
| Allowance for bad debts | ( 906 ) | 869 |
| Loss on disposal of property, plant and equipment | 945 | 5,550 |
| *Changes in operating assets and liabilities* | | |
| Accounts receivable | 85,216 | 96,874 |
| Inventories | 61,715 | ( 70,469 ) |
| Other current and non-current assets | 9,500 | ( 16,902 ) |
| Accounts payable | ( 6,265 ) | ( 24,472 ) |
| Accrued expenses and other liabilities | ( 27,934 ) | ( 57,411 ) |
| Net cash provided by operating activities | 216,937 | 143,664 |
| **Cash flows from investing activities** | | |
| Purchases of property, plant, and equipment | ( 22,623 ) | ( 23,533 ) |
| Acquisitions, net of cash acquired | — | ( 61,337 ) |
| Proceeds from sale of property, plant, and equipment | 13 | 4 |
| Net cash used by investing activities | ( 22,610 ) | ( 84,866 ) |
| **Cash flows from financing activities** | | |
| Proceeds from revolving credit facility | 144,100 | 150,000 |
| Payments on revolving credit facility | ( 144,100 ) | ( 50,000 ) |
| Proceeds from issuance of long-term debt | 3,320 | — |
| Payments of long-term debt | ( 9,325 ) | ( 7,500 ) |
| Proceeds from issuance of short-term notes payable | 6,130 | 8,119 |
| Payments of short-term notes payable | ( 5,174 ) | ( 2,849 ) |
| Purchase of common stock for treasury | ( 222 ) | ( 343,319 ) |
| Other, net | 73 | ( 398 ) |
| Net cash used by financing activities | ( 5,198 ) | ( 245,947 ) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | ( 1,061 ) | ( 5,740 ) |
| Change in cash and cash equivalents and restricted cash | 188,068 | ( 192,889 ) |
| Cash and cash equivalents and restricted cash, beginning of period | 56,177 | 265,796 |
| Cash and cash equivalents and restricted cash, end of period | $ 244,245 | $ 72,907 |
| *Supplemental disclosures of cash flow information* | | |
| Cash paid-interest | $ 56,438 | $ 32,725 |
| Cash paid-income taxes | 14,913 | 93,503 |
| Equipment financed under finance leases | — | 1,603 |

See accompanying notes to the unaudited condensed consolidated financial statements.

## 1. Nature of Operations and Organization

Hayward Holdings, Inc. (“Holdings,” the “Company,” “we” or “us”) is a global designer and manufacturer of pool and outdoor living technology. The Company has seven manufacturing facilities worldwide, which are located in North Carolina, Tennessee, Rhode Island,  Spain (three) and China, and other facilities in the United States, Canada, France and Australia. Cash flow is impacted by the seasonality of the swimming pool business. Cash flow is usually higher in the second and third quarters due to terms of sale to our customers.

We establish actual interim closing dates using a fiscal calendar in which our fiscal quarters end on the Saturday closest to the calendar quarter end, with the exception of year-end which ends on December 31 of each fiscal year. The interim closing date for the first, second and third quarters of 2023 are April 1, July 1, and September 30, compared to the respective April 2, July 2, and October 1, 2022 dates. We had one less working day in the three and nine months ended September 30, 2023 than in the respective 2022 periods.

## 2. Significant Accounting Policies

*Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements of the Company included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Certain information and note disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), have been condensed or omitted pursuant to such rules and regulations.

These interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements and notes thereto for the fiscal year ended December 31, 2022. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results for any subsequent periods or the entire fiscal year ending December 31, 2023.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified for comparative purposes to conform to the current presentation.

### 3. Revenue

The following table disaggregates net sales between product groups and geographic regions, respectively (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Product groups | | | | |
| Residential pool | $ 198,073 | $ 223,661 | $ 646,608 | $ 990,693 |
| Commercial pool | 9,518 | 8,370 | 30,595 | 27,262 |
| Industrial flow control | 12,713 | 13,236 | 36,780 | 37,214 |
| Total | $ 220,304 | $ 245,267 | $ 713,983 | $ 1,055,169 |
| Geographic | | | | |
| United States | $ 174,317 | $ 190,849 | $ 543,471 | $ 795,781 |
| Canada | 10,754 | 12,825 | 41,655 | 96,269 |
| Europe | 17,495 | 18,674 | 72,705 | 100,062 |
| Rest of World | 17,738 | 22,919 | 56,152 | 63,057 |
| Total international | 45,987 | 54,418 | 170,512 | 259,388 |
| Total | $ 220,304 | $ 245,267 | $ 713,983 | $ 1,055,169 |

### 4. Inventories

Inventories, net, consist of the following (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| Raw materials | $ 97,984 | $ 133,516 |
| Work in progress | 15,600 | 16,467 |
| Finished goods | 107,866 | 133,675 |
| Total | $ 221,450 | $ 283,658 |

### 5. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| Selling, promotional and advertising | $ 39,710 | $ 47,511 |
| Warranty reserve | 17,036 | 19,652 |
| Employee compensation and benefits | 15,062 | 18,955 |
| Inventory purchases | 14,639 | 24,154 |
| Insurance reserve | 9,997 | 9,987 |
| Operating lease liability - short term | 7,907 | 8,749 |
| Freight | 4,305 | 3,820 |
| Short-term notes payable | 4,012 | 3,056 |
| Business restructuring costs | 3,647 | 2,337 |
| Deferred income | 3,107 | 7,178 |
| Professional fees | 2,368 | 1,543 |
| Payroll taxes | 619 | 1,404 |
| Other accrued liabilities | 13,211 | 14,937 |
| Total | $ 135,620 | $ 163,283 |

The Company offers warranties on certain of its products and records an accrual for estimated future claims. Such accruals are based on historical experience and management's estimate of the level of future claims.

The following table summarizes the warranty reserve activities (in thousands):

| | | |
|---|---|---|
| Balance at December 31, 2022 | $ | 19,652 |
| Accrual for warranties issued during the period | | 5,424 |
| Payments | | ( 7,076 ) |
| Balance at April 1, 2023 | | 18,000 |
| Accrual for warranties issued during the period | | 10,135 |
| Payments | | ( 11,309 ) |
| Balance at July 1, 2023 | | 16,826 |
| Accrual for warranties issued during the period | | 16,382 |
| Payments | | ( 16,172 ) |
| Balance at September 30, 2023 | $ | 17,036 |

| | | |
|---|---|---|
| Balance at December 31, 2021 | $ | 24,174 |
| Accrual for warranties issued during the period | | 9,413 |
| Payments | | ( 6,399 ) |
| Balance at April 2, 2022 | | 27,188 |
| Accrual for warranties issued during the period | | 8,784 |
| Payments | | ( 9,053 ) |
| Balance at July 2, 2022 | | 26,919 |
| Accrual for warranties issued during the period | | 6,199 |
| Payments | | ( 12,594 ) |
| Balance at October 1, 2022 | $ | 20,524 |

Warranty expenses for the three and nine months ended September 30, 2023 were $ 16.4 million and $ 31.9 million, respectively, and $ 6.2 million and $ 24.4 million, respectively, for the three and nine months ended October 1, 2022.

**6. Income Taxes**

The Company's effective tax rate for the three months ended September 30, 2023 and October 1, 2022 was ( 23.7 )% and 13.3 %, respectively, after discrete items. The change in the Company's effective tax rate was primarily due to the exercise of stock options, the release of the valuation allowance against foreign tax credit carryovers and prior period return to provision adjustments.

The Company's effective tax rate for the nine months ended September 30, 2023 and October 1, 2022 was 19.9 % and 22.7 %, respectively, after discrete items. The change in the Company's effective tax rate was primarily due to the exercise of stock options, the release of the valuation allowance against foreign tax credit carryovers and prior period return to provision adjustments, partially offset by the recognition of withholding taxes on the accumulated earnings of one of the Company's subsidiaries due to a change in its indefinite reinvestment assertion with respect to that jurisdiction.

The Company will recognize a tax benefit in the financial statements for an uncertain tax position only if the Company's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for financial reporting purposes. There were no uncertain tax positions at September 30, 2023 or October 1, 2022.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Management evaluates the need for valuation allowances on the deferred tax assets according to the provisions of ASC 740, *Income Taxes* . In making this determination, the Company assesses all available evidence (positive and negative) including recent earnings, internally-prepared income tax projections, and historical financial performance.

### 7. Long-Term Debt

Long-term debt, net, consists of the following (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| First Lien Term Facility, due May 28, 2028 | $ 977,500 | $ 985,000 |
| Incremental B First Lien Term Facility, due May 28, 2028 | 123,750 | 124,688 |
| ABL Revolving Credit Facility | — | — |
| Other bank debt | 7,028 | 4,593 |
| Finance lease obligations | 5,212 | 6,728 |
| Subtotal | 1,113,490 | 1,121,009 |
| Less: Current portion of the long-term debt | ( 14,646 ) | ( 14,531 ) |
| Less: Unamortized debt issuance costs | ( 18,585 ) | ( 21,423 ) |
| Total | $ 1,080,259 | $ 1,085,055 |

On May 22, 2023, the Company entered into the Fifth Amendment (the “Fifth Amendment”) to the Company’s First Lien Credit Agreement (the “First Lien Term Facility”) to replace the LIBOR based reference rate with an adjusted term Secured Overnight Financing Rate (“SOFR”). The First Lien Term Facility bears interest at a rate equal to a base rate or SOFR, plus, in either case, an applicable margin. In the case of SOFR tranches, the applicable margin is 2.75 % per annum with a 0.50 % floor, with a stepdown to 2.50 % per annum with a 0.50 % floor when net secured leverage as defined in the First Lien Credit Agreement is less than 2.5 x.

The Company’s First Lien Term Facility and ABL Revolving Credit Facility (collectively “Credit Facilities”) contain collateral requirements, restrictions, and covenants, including restrictions under the First Lien Term Facility on the Company’s ability to pay dividends on the Common Stock. Under the agreement governing the First Lien Credit Facility (the “First Lien Credit Agreement”), the Company must also make an annual mandatory prepayment of principal commencing April 2023 for between 0 % and 50 % of the excess cash, as defined in the First Lien Credit Agreement, generated in the prior calendar year. The amount due varies with the First Lien Leverage Ratio as defined in the First Lien Credit Agreement, from zero if the First Lien Leverage Ratio is less than or equal to 2.5 x, to fifty percent if the First Lien Leverage Ratio is greater than 3.0 x less certain allowed deductions. The Company does not have a mandatory prepayment for 2023 based on the First Lien Leverage Ratio as of December 31, 2022 and the applicable criteria under the First Lien Credit Agreement. All outstanding principal under the First Lien Credit Agreement is due at maturity on May 28, 2028. The maturity date under the ABL Revolving Credit Facility (“ABL Facility”) is June 1, 2026. As of September 30, 2023, the Company was in compliance with all covenants under the Credit Facilities.

### 8. Derivatives and Hedging Transactions

The Company holds derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates and interest rates. In hedging these transactions, the Company holds the following types of derivatives in the normal course of business.

*Interest Rate Swap Agreements*

The Company enters into interest rate swap agreements designated as cash flow hedges to manage its interest rate risk related to its variable rate debt obligations. As cash flow hedges, unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The interest rate swap agreements are highly correlated to the changes in interest rates to which the Company is exposed. Unrealized gains and losses on these instruments have been designated as effective and as such, the related gains or losses have been recorded as a component of accumulated other comprehensive income, net of tax. Other comprehensive income or loss is reclassified into current period income when the hedged interest expense affects earnings.

As of September 30, 2023 and October 1, 2022, the Company was a party to interest rate swap agreements of a notional amount of $ 600.0 million and $ 500.0 million, respectively. During the three months ended July 1, 2023 and concurrent with the Fifth Amendment to the First Lien Credit Agreement, the Company contemporaneously entered into new interest rate swap agreements to align our interest rate swaps with the designated reference rate effectuated by the Fifth Amendment to the First Lien Term Facility.

*Foreign Exchange Contracts*

The Company enters into foreign exchange contracts to manage risks associated with foreign currency transactions and future variability of intercompany cash flows arising from those transactions that may be adversely affected by changes in exchange rates. These contracts are marked-to-market with the resulting gains and losses recognized in earnings. For the three months ended September 30, 2023 and October 1, 2022, the Company recognized $ 1.2 million and $ 4.5 million of income, respectively, and for the nine months ended September 30, 2023 and October 1, 2022, the Company recognized $ 0.3 million of expense and $ 3.1 million of income, respectively, in Other (income) expense, net, related to foreign exchange contracts.

The following table summarizes the gross fair values and location of the significant derivative instruments within Company's unaudited condensed consolidated balance sheets (in thousands):

| | Other Current Assets | Other Non-Current Assets | Accrued Expenses and Other Liabilities | Other Current Assets | Other Non-Current Assets | Accrued Expenses and Other Liabilities |
|---|---|---|---|---|---|---|
| | September 30, 2023 | | | December 31, 2022 | | |
| Interest rate swaps | $ — | $ 33,238 | $ — | $ — | $ 31,676 | $ — |
| Foreign exchange contracts | 901 | — | 35 | 1,450 | — | 232 |
| Total | $ 901 | $ 33,238 | $ 35 | $ 1,450 | $ 31,676 | $ 232 |

The following tables present the effects of derivative instruments by contract type in accumulated other comprehensive income ("AOCI") in the Company's unaudited condensed consolidated statements of comprehensive income (in thousands):

| | Gain (Loss) Recognized in AOCI (1) | | Gain (Loss) Reclassified From AOCI to Earnings (2) | | Location of Gain (Loss) Reclassified from AOCI into Earnings |
|---|---|---|---|---|---|
| | Three Months Ended | | Three Months Ended | | |
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 | |
| Interest rate swaps (3) | $ 5,244 | $ 14,290 | $ 4,284 | $ 122 | Interest expense, net |

(1) The tax expense on the gain (loss) recognized in AOCI for the the three months ended September 30, 2023 and October 1, 2022 was $ 0.2 million and $ 4.8 million, respectively.

(2) The tax expense on the gain (loss) reclassified from AOCI to earnings for the the three months ended September 30, 2023 and October 1, 2022 was $ 1.1 million and zero , respectively.

(3) The Company estimates that $ 17.7 million of unrealized gains will be reclassified from AOCI into earnings in the next twelve months.

| | Gain (Loss) Recognized in AOCI (1) | | Gain (Loss) Reclassified From AOCI to Earnings (2) | | Location of Gain (Loss) Reclassified from AOCI into Earnings |
|---|---|---|---|---|---|
| | Nine Months Ended | | Nine Months Ended | | |
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 | |
| Interest rate swaps | $ 12,753 | $ 25,354 | $ 11,191 | $ ( 2,127 ) | Interest expense, net |

(1) The tax expense on the gain (loss) recognized in AOCI for the the nine months ended September 30, 2023 and October 1, 2022 was $ 0.4 million and $ 8.5 million, respectively.

(2) The tax expense and benefit, respectively, on the gain (loss) reclassified from AOCI to earnings for the the nine months ended September 30, 2023 and October 1, 2022 was $ 2.8 million and $ 0.5 million, respectively.

## 9. Fair Value Measurements

The Company is required to disclose the estimated fair values of all financial instruments, even if they are not carried at their fair value. The fair values of financial instruments are estimates based upon market conditions and perceived risks. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

The Company's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The carrying amount of these instruments approximate fair value because of their short-term nature.

The Company's interest rate swaps and foreign exchange contracts are measured in the financial statements at fair value on a recurring basis. The fair values of these instruments are estimated using industry standard valuation models using market-based observable inputs, including interest rate curves. These instruments are customary, over-the-counter contracts with various bank counterparties that are not traded in active markets. Accordingly, the fair value measurements of the interest rate swaps and foreign exchange contracts are categorized as Level 2.

As of September 30, 2023, the Company's long-term debt instruments had a carrying value of $ 1,101.3 million (excluding finance leases, the ABL Facility, and other bank debt) and a fair value of approximately $ 1,092.4 million. As of December 31, 2022, the Company's long-term debt instruments had a carrying value of $ 1,109.7 million and a fair value of approximately $ 1,071.5 million. The estimated fair value of the long-term debt is based on observable quoted prices in active markets for similar liabilities and is classified as a Level 2 input. The fair value of the ABL Facility approximates its carrying value.

## 10. Segments and Related Information

The Company's operational and management structure is aligned to its key geographies and go-to market strategy resulting in two reportable segments: North America ("NAM") and Europe & Rest of World ("E&RW"). Operating segments have not been aggregated to form the reportable segments. The Company determined its reportable segments based on how the Company's Chief Operating Decision Maker ("CODM") reviews the Company's operating results in assessing performance and allocating resources. The CODM reviews net sales, gross profit and segment income for each of the reportable segments. Gross profit is defined as net sales less cost of sales incurred by the segment. The CODM does not evaluate reportable segments using asset information as these are managed on an enterprise-wide basis. Segment income is defined as segment net sales less cost of sales, segment selling, general, and administrative expenses ("SG&A") and research, development, and engineering expense ("RD&E"), excluding segment acquisition and restructuring related expense as well as amortization of intangible assets recorded within segment SG&A expense. The accounting policies of the segments are the same as those of Holdings.

The North America segment manufactures and sells residential and commercial swimming pool equipment and supplies as well as equipment that controls the flow of fluids. This segment is composed of three reporting units.

The Europe & Rest of World segment manufactures and sells residential and commercial swimming pool equipment and supplies. This segment is composed of two reporting units.

The Company sells its products primarily through distributors and retailers. Financial information by reportable segment, net of intercompany transactions, is included in the following summary (in thousands):

| | Three Months Ended September 30, 2023 | | | Three Months Ended October 1, 2022 | | |
|---|---|---|---|---|---|---|
| | North America | Europe & Rest of World | Total | North America | Europe & Rest of World | Total |
| External net sales | $ 185,070 | $ 35,234 | $ 220,304 | $ 203,674 | $ 41,593 | $ 245,267 |
| Segment income | 40,108 | 6,413 | 46,521 | 48,704 | 8,789 | 57,493 |
| Capital expenditures [1] | 6,524 | 120 | 6,644 | 8,035 | 387 | 8,422 |
| Depreciation and amortization [1][2] | 5,765 | 246 | 6,011 | 3,853 | 196 | 4,049 |
| Intersegment sales | 1,734 | 79 | 1,813 | 3,759 | 47 | 3,806 |

| | Nine Months Ended September 30, 2023 | | | Nine Months Ended October 1, 2022 | | |
|---|---|---|---|---|---|---|
| | North America | Europe & Rest of World | Total | North America | Europe & Rest of World | Total |
| External net sales | $ 585,126 | $ 128,857 | $ 713,983 | $ 892,050 | $ 163,119 | $ 1,055,169 |
| Segment income | 144,346 | 25,647 | 169,993 | 267,854 | 38,990 | 306,844 |
| Capital expenditures [1] | 21,110 | 1,082 | 22,192 | 18,611 | 1,977 | 20,588 |
| Depreciation and amortization [1][2] | 16,978 | 694 | 17,672 | 17,044 | 571 | 17,615 |
| Intersegment sales | 9,453 | 187 | 9,640 | 27,437 | 401 | 27,838 |

[1] Capital expenditures and depreciation associated with Corporate are not included in these totals.
[2] Amortization expense excluded from segment income is not included in these totals.

The following table presents a reconciliation of segment income to income from operations before income taxes (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Total segment income | $ 46,521 | $ 57,493 | $ 169,993 | $ 306,844 |
| Corporate expense, net | 6,741 | 6,344 | 21,265 | 24,009 |
| Acquisition and restructuring related expense | 3,348 | 2,288 | 6,220 | 9,499 |
| Amortization of intangible assets | 7,523 | 8,521 | 22,777 | 23,828 |
| Operating income | 28,909 | 40,340 | 119,731 | 249,508 |
| Interest expense, net | 17,448 | 13,938 | 55,939 | 35,105 |
| Other (income) expense, net | 1,932 | ( 234 ) | 1,798 | 3,056 |
| Total other expense | 19,380 | 13,704 | 57,737 | 38,161 |
| Income from operations before income taxes | $ 9,529 | $ 26,636 | $ 61,994 | $ 211,347 |

### 11. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share attributable to common stockholders (in thousands, except share and per share data):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net income attributable to common stockholders | $ 11,788 | $ 23,087 | $ 49,651 | $ 163,379 |
| Weighted average number of common shares outstanding, basic | 213,416,502 | 212,905,429 | 212,933,763 | 222,009,824 |
| Effect of dilutive securities(a) | 7,446,726 | 9,101,186 | 7,700,469 | 10,121,571 |
| Weighted average number of common shares outstanding, diluted | 220,863,228 | 222,006,615 | 220,634,232 | 232,131,395 |
| Earnings per share attributable to common stockholders, basic | $ 0.06 | $ 0.11 | $ 0.23 | $ 0.74 |
| Earnings per share attributable to common stockholders, diluted | $ 0.05 | $ 0.10 | $ 0.23 | $ 0.70 |

(a) For the three months ended September 30, 2023 and October 1, 2022 there were potential common shares totaling approximately 2.9 million and 2.5 million, respectively, and for the nine months ended September 30, 2023 and October 1, 2022, there were potential common shares totaling approximately 2.8 million and 2.2 million, respectively, that were excluded from the computation of diluted EPS as the effect of inclusion of such shares would have been anti-dilutive.

### 12. Commitments and Contingencies

*Litigation*

The Company is involved in litigation arising in the normal course of business. Where appropriate, these matters have been submitted to the Company's insurance carrier. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. It is not possible to quantify the ultimate liability, if any, in these matters.

On August 2, 2023, a securities class action complaint was filed in the United States District Court for the District of New Jersey against the Company and certain of its current directors and officers (Kevin Holleran and Eifion Jones) and MSD Partners and CCMP Capital Advisors, LP on behalf of a putative class of stockholders who acquired shares of our common stock between March 2, 2022 and July 27, 2022. That action is captioned *City of Southfield Fire and Police Retirement System vs. Hayward Holdings, Inc., et al.*, 2:23-cv-04146-WJM-ESK (D.N.J.) ("City of Southfield"). On September 28, 2023, a second, related securities class action complaint was filed in the United States District Court for the District of New Jersey against the Company and certain of its current directors and officers (Kevin Holleran and Eifion Jones) and MSD Partners and CCMP Capital Advisors, LP on behalf of a putative class of stockholders who acquired shares of our common stock between October 27, 2021 and July 28, 2022. That action is captioned *Erie County Employees' Retirement System vs. Hayward Holdings, Inc., et al.*, 2:23-cv-04146-WJM-ESK (D.N.J.) ("Erie County"). The plaintiff in the Erie County action has sought that its action be consolidated with the City of Southfield action. The complaints filed in both actions allege, among other things, that the Company and certain of its current directors and officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by, among other things, making materially false or misleading statements regarding growth and demand trends following our initial public offering in March 2021. The complaints seek unspecified monetary damages on behalf of the putative classes and an award of costs and expenses, including reasonable attorneys' fees. We intend to defend the claims in both actions vigorously, and are unable to estimate the potential loss or range of loss, if any, associated with this, or any similar, lawsuit.

### 13. Leases

The Company's operating and finance lease portfolio is described in Note 15. Leases of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022.

Supplemental cash flow information related to leases was as follows (in thousands):

| | Nine Months Ended | |
|---|---|---|
| | September 30, 2023 | October 1, 2022 |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | $ 885 | $ 11,941 |
| Finance leases | — | 1,531 |

Supplemental balance sheet information related to leases was as follows (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| Operating leases | | |
| Other non-current assets | $ 59,699 | $ 65,495 |
| Accrued expenses and other liabilities | 7,907 | 8,749 |
| Other non-current liabilities | 59,682 | 64,800 |
| Total operating lease liabilities | 67,589 | 73,549 |
| | | |
| Finance leases | | |
| Property, plant and equipment | 10,802 | 10,879 |
| Accumulated depreciation | ( 2,229 ) | ( 1,991 ) |
| Property, plant and equipment, net | 8,573 | 8,888 |
| | | |
| Current maturities of long-term debt | 1,893 | 2,206 |
| Long-term debt | 3,319 | 4,522 |
| Total finance lease liabilities | $ 5,212 | $ 6,728 |

### 14. Stockholders' Equity

*Preferred Stock*

The Company's Second Restated Certificate of Incorporation authorizes the Company to issue up to 100,000,000 shares of preferred stock, $ 0.001 value per share, all of which is undesignated.

*Common Stock*

The Company's Second Restated Certificate of Incorporation authorizes the Company to issue up to 750,000,000 shares of Common Stock, $ 0.001 value per share. Each share of Common Stock is entitled to one vote on all matters submitted to a vote of the Company's stockholders. The holders of Common Stock are entitled to receive dividends, if any, as may be declared by the Board of Directors.

*Dividends paid*

For the three and nine months ended September 30, 2023 and October 1, 2022 no dividends were declared or paid to the Company's common stockholders.

*Share Repurchase Program*

The Board of Directors authorized the Company's share repurchase program (the "Share Repurchase Program") such that the Company is authorized to repurchase from time to time up to an aggregate of $ 450 million of its outstanding shares of common stock, which authorization expires on July 26, 2025. The Company had no repurchases of its common stock in the quarter ended September 30, 2023. As of September 30, 2023, $ 400.0 million remained available for additional share repurchases under the program.

### 15. Stock-based Compensation

Stock-based compensation expense recorded in the unaudited condensed consolidated statements of operations for equity-classified stock-based awards for the three and nine months ended September 30, 2023 was $ 2.6 million, and $ 6.7 million, respectively, and $ 2.2 million and $ 5.8 million, respectively, for the three and nine months ended October 1, 2022.

The Company has established two equity incentive plans, the 2021 Equity Incentive Plan and the 2017 Equity Incentive Plan. The Company no longer issues awards under the 2017 Equity Incentive Plan.

#### 2021 Equity Incentive Plan

In March 2021, the Company adopted the 2021 Equity Incentive Plan (the “2021 Plan”). Under the 2021 Plan, up to 13,737,500 shares of common stock may be granted to employees, directors and consultants in the form of stock options, restricted stock units and other stock-based awards. The terms of awards granted under the 2021 Plan are determined by the Compensation Committee of the Board of Directors, subject to the provisions of the 2021 Plan.

Options granted under the 2021 Plan expire no later than ten years from the date of grant. Options and time-based restricted stock units granted under the 2021 Plan generally vest ratably over a three-year period and performance-based restricted stock units vest at the end of three years subject to the performance criteria.

During the nine months ended September 30, 2023, the Company granted 737,907 options, 503,443 time-based restricted stock units and 147,792 performance-based restricted stock units under the 2021 Plan with a weighted-average grant-date fair value per share of $ 4.73 , $ 11.86 and $ 11.81 respectively.

The Company determined the fair value of granted stock options at the date of grant using the Black-Scholes option-pricing model. The principal assumptions used in the Black-Scholes option-pricing model for the stock options granted on March 2, 2023 were as follows:

| | March 2, 2023 |
|---|---|
| Risk-free interest rate | 4.28 % |
| Expected life in years | 6 |
| Expected dividend yield | — % |
| Expected volatility | 32.46 % |

The risk-free interest rate was based on the U.S. Treasury yield curve at date of grant over the expected term of these stock options. The expected volatility was based upon comparable public company historical volatility. The expected life was based on the average of the weighted-average vesting period and the contractual term of the stock option awards by utilizing the “simplified method”, as prescribed in the SEC’s Staff Accounting Bulletin (SAB) No. 107, as the Company does not have sufficient available historical data to estimate the expected term of these stock option awards.

## 16. Acquisitions and Restructuring

Acquisition and restructuring related expense, net consists of the following (in thousands):

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Business restructuring costs | $ 3,348 | $ 2,288 | $ 5,426 | $ 6,276 |
| Acquisition transaction and integration costs | — | — | 794 | 3,223 |
| Total | $ 3,348 | $ 2,288 | $ 6,220 | $ 9,499 |

On March 29, 2021, the Company announced the relocation of its corporate office functions to Charlotte, North Carolina from Berkeley Heights, New Jersey. As of September 30, 2023, the Company has largely completed the relocation. The estimated severance and retention costs pertaining to this relocation are approximately $ 6.3 million. The impacted employees must remain with the Company through their planned exit date to receive each of the severance and retention amounts. Such costs are accounted for in accordance with ASC 420, *Exit or Disposal Cost Obligations* . The Company incurred approximately $ 2.1 million of expense related to the relocation during the nine months ended September 30, 2023.

During the third quarter of 2022, the Company initiated an enterprise cost reduction program to address the current market dynamics and maintain the Company's strong financial metrics. The initial focus was on a reduction of variable costs with specific attention to eliminating cost inefficiencies in our supply chain and reducing variable labor in our production cost base. In addition to these variable cost reductions, the Company identified structural selling, general and administrative cost reduction opportunities with initial savings commencing in the third quarter of 2022. For the nine months ended September 30, 2023, the Company incurred $ 1.3 million of expense related to the cost reduction program. These include severance and employee benefit costs, as well as other direct separation benefit costs.

During the third quarter of 2023, the Company initiated programs to centralize and consolidate operations and professional services in Europe. For the three months ended September 30, 2023, the Company incurred $ 1.9 million of expense related to the programs, which include severance and employee benefit costs, as well as other direct separation benefit costs.

The following tables summarize the status of the Company's restructuring related expense and related liability balances (in thousands):

| | | 2023 Activity | | |
|---|---|---|---|---|
| | Liability as of December 31, 2022 | Costs Recognized | Cash Payments | Liability as of September 30, 2023 |
| One-time termination benefits | $ 2,422 | $ 4,894 | $ ( 3,731 ) | $ 3,585 |
| Facility-related | — | — | — | — |
| Other | — | 532 | ( 470 ) | 62 |
| Total | $ 2,422 | $ 5,426 | $ ( 4,201 ) | $ 3,647 |

| | | 2022 Activity | | |
|---|---|---|---|---|
| | Liability as of December 31, 2021 | Costs Recognized | Cash Payments | Liability as of October 1, 2022 |
| One-time termination benefits | $ 1,035 | $ 3,609 | $ ( 2,677 ) | $ 1,967 |
| Facility-related | 27 | 337 | ( 364 ) | — |
| Other (1) | 4,374 | 2,330 | ( 4,981 ) | 1,723 |
| Total | $ 5,436 | $ 6,276 | $ ( 8,022 ) | $ 3,690 |

(1) "Other" restructuring related expense primarily consists of expenses pertaining to the relocation of the corporate headquarters.

Restructuring costs are included within acquisition and restructuring related costs on the Company's unaudited condensed consolidated statements of operations, while the restructuring liability is included as a component of accrued expenses and other liabilities on the Company's unaudited condensed consolidated balance sheets.

### 17. Related-Party Transactions

During the three and nine months ended September 30, 2023, the Company did not incur any significant related party transactions.

During the nine months ended October 1, 2022, as part of the Company’s previously announced $ 450 million share repurchase program, the Company agreed to repurchase shares of common stock under two separate agreements from certain affiliates of one of the Company’s then-controlling stockholders, CCMP Capital Advisors, LP (“CCMP”).

First, the Company agreed on January 24, 2022 to repurchase 4.08 million shares at a price per share of $ 19.80 , for an aggregate consideration of approximately $ 81 million. The price per share was approved by an independent committee of the Board of Directors and is the same price at which certain affiliates of the Company’s then-controlling stockholders sold their shares in a block trade in compliance with Rule 144. Closing of this share repurchase occurred on March 11, 2022.

Second, on May 2, 2022, the Company agreed to purchase 8.0 million shares being sold as part of an underwritten offering (the “Underwritten Offering”) by certain affiliates of CCMP, at a price per share of approximately $ 13.88 , for an aggregate consideration of approximately $ 111 million. The price per share was approved by an independent committee of the Board of Directors and is the same price at which the underwriters agreed to purchase shares from the selling stockholders in the Underwritten Offering. Closing of this share repurchase occurred on May 5, 2022.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, this discussion and analysis includes forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. As a result of many factors, including those set forth in the section "Risk Factors" in this Quarterly Report on Form 10-Q, our actual results may differ materially from those contained in or implied by any forward-looking statements. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results for any subsequent periods or the entire fiscal year ending December 31, 2023.

### Our Company

The Company is a leading global designer and manufacturer of pool and outdoor living technology. With the pool as the centerpiece of the growing outdoor living space, the pool industry has attractive market characteristics, including significant aftermarket requirements (such as the ongoing repair, replacement, remodeling and upgrading of equipment for existing pools), innovation-led growth opportunities, and a favorable industry structure. We are a leader in this market with a highly-recognized brand, one of the largest installed bases of pool equipment in the world, decades-long relationships with our key channel partners and trade customers and a history of technological innovation. Our engineered products, which include various energy efficient and more environmentally sustainable offerings, enhance the pool owner's outdoor living lifestyle while also delivering high quality water, pleasant ambiance and ease of use for the ultimate backyard experience. Aftermarket replacements and upgrades to higher value Internet of Things and energy efficient models are a primary growth driver for our business.

We have an estimated North American residential pool market share of approximately 34%. We believe that we are well-positioned for future growth. On average, we have 20+ year relationships with our top 20 customers. We estimate that aftermarket sales represent approximately 80% of net sales and are generally recurring in nature since these products are critical to the ongoing operation of pools given requirements for water quality and sanitization. Our product replacement cycle of approximately 8 to 11 years drives multiple replacement opportunities over the typical life of a pool, creating opportunities to generate aftermarket product sales as pool owners repair, remodel and upgrade their pools. We estimate aftermarket sales based upon feedback from certain representative customers and management's interpretation of available industry and government data, and not upon our GAAP net sales results.

The Company has seven manufacturing facilities worldwide, which are located in North Carolina, Tennessee, Rhode Island, Spain (three) and China, and other facilities in the United States, Canada, France, and Australia.

### Segments

Our business is organized into two reportable segments: North America ("NAM") and Europe & Rest of World ("E&RW"). The Company determined its reportable segments based on how the Chief Operating Decision Maker ("CODM") reviews the Company's operating results in assessing performance and allocating resources.

The NAM segment manufactures and sells a complete line of residential and commercial swimming pool equipment and supplies in the United States and Canada and manufactures and sells flow control products.

The E&RW segment manufactures and sells residential and commercial swimming pool equipment and supplies in Europe, Central and South America, the Middle East, Australia and other Asia Pacific countries.

NAM accounted for 84% and 83% of total net sales for the three months ended September 30, 2023 and October 1, 2022, respectively, and E&RW accounted for 16% and 17% of total net sales for the three months ended September 30, 2023 and October 1, 2022, respectively.

### Factors Affecting the Comparability of our Results of Operations

Our results of operations for the three and nine months ended September 30, 2023 and the three and nine months ended October 1, 2022 have been affected by the following, among other events, which must be understood to assess the comparability of our period-to-period financial performance and condition.

Our fiscal quarters end on the Saturday closest to the calendar quarter end, with the exception of year end which ends on December 31 of each fiscal year. The interim closing date for the first, second and third quarters of 2023 are April 1, July 1, and September 30, compared to the respective April 2, July 2, and October 1, 2022 date. This resulted in one less working day in the three and nine months ended September 30, 2023 compared to the respective 2022 periods. Throughout this discussion we may refer to the three months ended September 30, 2023 and the three months ended October 1 2022 as the "Third Quarter" and "Comparable Quarter," respectively.

***Impact of COVID-19***

Residential pool equipment sales increased during the first two years of the COVID-19 pandemic. This increase in demand was experienced broadly across all of our product lines as consumers refocused attention on improving the quality of the homeowner's outdoor living experience. We believe that during this period, the pandemic reinforced existing pool industry growth trends, as well as partially accelerated demand due to the impact of longer lead times that resulted from supply chain shortages. As the impact of the COVID-19 pandemic has lessened, we believe that these pandemic-fueled demand trends have generally abated and the industry has returned to more normalized historical seasonal trends.

***Seasonality***

Our business is seasonal, with sales typically higher in the second and fourth quarters. During the second quarter, sales are higher in anticipation of the start of the summer pool season and in the fourth quarter, we incentivize trade customers to buy and stock in preparation for next year's pool season under an "early buy" program, which features a price discount and extended payment terms. Under the early buy program for 2023, we generally ship products from September 2023 to March 2024 and receive payments for these shipments during February through July 2024. The favorable payment terms extended as part of the early buy program generally do not exceed 180 days. We aim to keep our manufacturing plants running at a constant level throughout the year and consequently we typically build inventory in the first and third quarters, and inventory is sold-down in the second and fourth quarters. Our accounts receivable balance increases from October to April as a result of the early buy extended terms and increases through June due to higher sales in the second quarter. Also, because the majority of our sales are to distributors whose inventory of our products may vary, including due to reasons beyond our control, such as end-user demand, supply chain lead times and macroeconomic factors, our revenue may fluctuate from period to period.

***Macroeconomic Factors on Variable Rate Indebtedness***

Rising interest rates resulting from central banks' efforts to combat macroeconomic price inflation has caused increases in the cost to service our variable rate indebtedness. The Company limits its exposure to these risks by following established risk management policies and procedures, including the use of derivatives. The Company uses interest rate swaps to manage the exposure to changes in rates and the related cost of debt.

**Key Measures We Use to Evaluate Our Business**

We consider a variety of financial and operating measures in assessing the performance of our business. The key GAAP measures we use are net sales, gross profit and gross profit margin, selling, general, and administrative expense ("SG&A"), research, development, and engineering expense ("RD&E"), operating income and operating income margin. The key non-GAAP measures we use are EBITDA, adjusted EBITDA, adjusted EBITDA margin, total segment income, adjusted segment income, and adjusted segment income margin.

For information about our use of Non-GAAP measures and a reconciliation of these metrics to the most relevant GAAP measure see "—Non-GAAP Reconciliation."

## Results of Operations

### Consolidated

The following tables summarize key components of our results of operations for the periods indicated. We derived the consolidated statements of operations for the three and nine months ended September 30, 2023 and October 1, 2022 from our unaudited condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following table summarizes our results of operations:

| (In thousands) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net sales | $ 220,304 | $ 245,267 | $ 713,983 | $ 1,055,169 |
| Cost of sales | 114,893 | 137,483 | 374,171 | 567,626 |
| Gross profit | 105,411 | 107,784 | 339,812 | 487,543 |
| Selling, general, and administrative expense | 59,454 | 50,493 | 172,057 | 188,297 |
| Research, development, and engineering expense | 6,177 | 6,142 | 19,027 | 16,411 |
| Acquisition and restructuring related expense | 3,348 | 2,288 | 6,220 | 9,499 |
| Amortization of intangible assets | 7,523 | 8,521 | 22,777 | 23,828 |
| Operating income | 28,909 | 40,340 | 119,731 | 249,508 |
| Interest expense, net | 17,448 | 13,938 | 55,939 | 35,105 |
| Other (income) expense, net | 1,932 | (234) | 1,798 | 3,056 |
| Total other expense | 19,380 | 13,704 | 57,737 | 38,161 |
| Income from operations before income taxes | 9,529 | 26,636 | 61,994 | 211,347 |
| Provision (benefit) for income taxes | (2,259) | 3,549 | 12,343 | 47,968 |
| Net income | $ 11,788 | $ 23,087 | $ 49,651 | $ 163,379 |
| Adjusted EBITDA [(a)] | $ 47,211 | $ 60,427 | $ 171,618 | $ 314,313 |

(a) See "—Non-GAAP Reconciliation."

Net sales

Net sales decreased to $220.3 million for the three months ended September 30, 2023 from $245.3 million for the three months ended October 1, 2022, a decrease of $25.0 million or 10.2%. See the segment discussion below for further information.

Net sales decreased to $714.0 million for the nine months ended September 30, 2023 from $1,055.2 million for the nine months ended October 1, 2022, a decrease of $341.2 million or 32.3%. See the segment discussion below for further information.

The year-over-year net sales decrease was driven by the following:

| | Three Months Ended | Nine Months Ended |
|---|---|---|
| | September 30, 2023 | September 30, 2023 |
| Volume | (7.7) % | (35.9) % |
| Price, net of discounts and allowances | (2.8) % | 2.8 % |
| Acquisitions | — % | 0.9 % |
| Currency and other | 0.3 % | (0.1) % |
| Total | **(10.2) %** | **(32.3) %** |

This decrease for the three months ended September 30, 2023 was primarily the result of a decline in volume and net price, partially offset by the favorable impact of currency translation. The decline in volume was driven by distribution channel destocking and the moderation of end market demand trends due to macroeconomic factors. The decrease in net price resulted from an increase in sales allowances for the three months ended September 30, 2023, which was primarily driven by activity in our seasonal year rewards programs, partially offset by positive list price realization.

This decrease for the nine months ended September 30, 2023 was primarily the result of a decline in volume, partially offset by increases in price, as well as the favorable impact of acquisitions. The decline in volume was primarily driven by distribution channel destocking and the moderation of end market demand trends due to macroeconomic factors.

Gross profit and Gross profit margin

Gross profit decreased to $105.4 million for the three months ended September 30, 2023 from $107.8 million for the three months ended October 1, 2022, a decrease of $2.4 million or 2.2%.

Gross profit margin increased to 47.8% for the three months ended September 30, 2023 compared to 43.9% for the three months ended October 1, 2022, an increase of 390 basis points, primarily due to management of our manufacturing costs, including reduced costs specifically in freight and tariffs, partially offset by lower operating leverage and the net price impact discussed above. The Comparable Quarter included a 108 basis points reduction to gross profit margin due to a non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the specialty lighting business of Halco Lighting Technologies, LLC, which includes the brands J&J Electronics and Sollos (the "Specialty Lighting Business").

Gross profit decreased to $339.8 million for the nine months ended September 30, 2023 from $487.5 million for the nine months ended October 1, 2022, a decrease of $147.7 million or 30.3%.

Gross profit margin increased to 47.6% for the nine months ended September 30, 2023 compared to 46.2% for the nine months ended October 1, 2022, an increase of 140 basis points, primarily due to the net price increase discussed above and management of our manufacturing costs, partially offset by lower operating leverage. The comparable prior-year period experienced increased procurement costs for certain components due to supply constraints.

Selling, general, and administrative expense

Selling, general, and administrative expense (SG&A) increased to $59.5 million for the three months ended September 30, 2023 from $50.5 million for the three months ended October 1, 2022, an increase of $9.0 million or 17.7%, primarily as a result of increased field service warranty costs.

As a percentage of net sales, SG&A increased to 27.0% for the three months ended September 30, 2023 as compared to 20.6% for three months ended October 1, 2022, an increase of 640 basis points driven by reduced operating leverage.

SG&A decreased to $172.1 million for the nine months ended September 30, 2023 from $188.3 million for the nine months ended October 1, 2022, a decrease of $16.2 million or 8.6%, primarily as a result of cost reductions and lower compensation related expenses associated with the reduction in headcount from the enterprise cost reduction program implemented during 2022, the absence of a non-recurring one-time expense associated with the discontinuation of a product joint development agreement present in the prior-year period, as well as decreased professional and bad debt expenses, partially offset by higher warranty expense.

As a percentage of net sales, SG&A increased to 24.1% for the nine months ended September 30, 2023 as compared to 17.8% for nine months ended October 1, 2022, an increase of 630 basis points driven by reduced operating leverage.

Research, development, and engineering expense

Research, development, and engineering expense (RD&E) remained relatively consistent at $6.2 million for the three months ended September 30, 2023 compared with $6.1 million for the three months ended October 1, 2022. RD&E spend continues to be focused on new product development.

As a percentage of net sales, RD&E was 2.8% for the three months ended September 30, 2023 compared to 2.5% for the three months ended October 1, 2022, an increase of 30 basis points driven by reduced operating leverage.

RD&E increased to $19.0 million for the nine months ended September 30, 2023 compared with $16.4 million for the nine months ended October 1, 2022. The increase is driven by a focus on new product development. As a percentage of net sales, RD&E was 2.7% for the nine months ended September 30, 2023 compared to 1.6% for the nine months ended October 1, 2022, an increase of 110 basis points driven by reduced operating leverage.

Acquisition and restructuring related expense

For the three months ended September 30, 2023, we incurred $3.3 million of acquisition and restructuring related expense as compared to $2.3 million of expense for the three months ended October 1, 2022. The expense in the Third Quarter was primarily related to severance and retention costs associated with the centralization and consolidation of operations in Europe, along with the relocation of the corporate headquarters from New Jersey to North Carolina, compared to the Comparable

Quarter which was primarily related to costs associated with the corporate headquarters relocation and the reduction-in-force executed in the Comparable Quarter.

For the nine months ended September 30, 2023, we incurred $6.2 million of acquisition and restructuring related expense as compared to $9.5 million of expense for the nine months ended October 1, 2022. The nine months ended September 30, 2023 primarily included severance and employee benefit costs as part of the corporate headquarters relocation, the centralization of operations in Europe and as part of the enterprise cost reduction program initiated in 2022 along with acquisition integration costs. The nine months ended October 1, 2022 primarily included transaction costs associated with the acquisition of the Specialty Lighting Business, and costs associated with the cost reduction program and the corporate headquarters relocation.

See Note 16. Acquisitions and Restructuring.

Amortization of intangible assets

For the three and nine months ended September 30, 2023 and October 1, 2022, amortization of intangible assets decreased $1.0 million and $1.1 million, respectively, due to the amortization pattern of certain intangibles based on the declining balance method.

Operating income

For the three and nine months ended September 30, 2023, operating income decreased $11.4 million and $129.8 million, respectively, due to the aggregated effect of the items described above.

Interest expense, net

Interest expense, net, increased to $17.4 million for the three months ended September 30, 2023 from $13.9 million for the three months ended October 1, 2022.

Interest expense for the three months ended September 30, 2023 consisted of $19.2 million of interest on the outstanding debt and $1.2 million of amortization of deferred financing fees, partially offset by $3.0 million of interest income. The effective interest rate on our borrowings, including the impact of an interest rate hedge, was 7.34% for the three months ended September 30, 2023.

Interest expense for the three months ended October 1, 2022 consisted of $13.2 million of interest on the outstanding debt and $0.8 million of amortization of deferred financing fees, partially offset by $0.1 million of interest income. The effective interest rate on our borrowings, including the impact of an interest rate hedge, was 5.04% for the three months ended October 1, 2022.

Interest expense increased by $3.5 million for the Third Quarter compared to the Comparable Quarter, primarily due to variable rate increases on the Company's First Lien Term Facility, partially offset by net interest income on the interest rate swaps and interest income on cash investment balances.

For the nine months ended September 30, 2023, interest expense, net, increased to $55.9 million from $35.1 million for the nine months ended October 1, 2022.

Interest expense for the nine months ended September 30, 2023 consisted of $56.5 million of interest on the outstanding debt and $3.5 million of amortization of deferred financing fees, partially offset by $4.1 million of interest income. The effective interest rate on our borrowings, including the impact of an interest rate hedge, was 7.02% for the nine months ended September 30, 2023.

Interest expense for the nine months ended October 1, 2022 consisted of $33.0 million of interest on the outstanding debt and $2.3 million of amortization of deferred financing fees, partially offset by $0.2 million of interest income. The effective interest rate on our borrowings, including the impact of an interest rate hedge, was 4.37% for the nine months ended October 1, 2022.

Interest expense increased by $20.8 million primarily due to variable rate increases on the Company's First Lien Term Facility, partially offset by net interest income on the interest rate swaps and interest income on cash investment balances.

Provision for income taxes

We realized income tax benefit of $2.3 million for the three months ended September 30, 2023 compared to an income tax expense of $3.5 million for the three months ended October 1, 2022, a decrease of $5.8 million or 163.7%.

The decrease in the Company's effective tax rate from 13.3% for the three months ended October 1, 2022 to (23.7)% for the three months ended September 30, 2023 was primarily due to the exercise of stock options, the release of the valuation allowance against foreign tax credit carryovers and prior period return-to-provision adjustments.

We incurred income tax expense of $12.3 million for the nine months ended September 30, 2023 compared to an income tax expense of $48.0 million for the nine months ended October 1, 2022, a decrease of $35.7 million or 74.3%.

The decrease in the Company’s effective tax rate from 22.7% for the nine months ended October 1, 2022 to 19.9% for the nine months ended September 30, 2023 was primarily due to the exercise of stock options, the release of the valuation allowance against foreign tax credit carryovers and prior period return to provision adjustments, partially offset by a discrete tax expense related to a change in the indefinite reinvestment assertion for one jurisdiction.

Net income

As a result of the foregoing, net income decreased $11.3 million and $113.7 million for the three and nine months ended September 30, 2023, respectively.

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA decreased to $47.2 million for the three months ended September 30, 2023 from $60.4 million for the three months ended October 1, 2022, a decrease of $13.2 million or 21.9%, driven primarily by lower net sales and an increase in SG&A expense.

Adjusted EBITDA margin decreased to 21.4% for the three months ended September 30, 2023 compared to 24.6% for the three months ended October 1, 2022, a decrease of 320 basis points, primarily driven by lower operating leverage.

Adjusted EBITDA decreased to $171.6 million for the nine months ended September 30, 2023 from $314.3 million for the nine months ended October 1, 2022, a decrease of $142.7 million or 45.4%, driven primarily by lower net sales resulting in a decrease in gross profit of $147.7 million.

Adjusted EBITDA margin decreased to 24.0% for the nine months ended September 30, 2023 compared to 29.8% for the nine months ended October 1, 2022, a decrease of 580 basis points, primarily driven by lower operating leverage.

See “— Non-GAAP Reconciliation” for a reconciliation of adjusted EBITDA and adjusted EBITDA margin to the most directly comparable GAAP metric.

**Segment**

The Company manages its business primarily on a geographic basis. The Company’s reportable segments consist of NAM and E&RW. We evaluate performance based on net sales, gross profit, segment income and adjusted segment income, and we use gross profit margin, segment income margin and adjusted segment income margin as comparable performance measures for our reporting segments.

Segment income represents segment net sales less cost of sales, segment SG&A and RD&E, excluding acquisition and restructuring related expense as well as amortization of intangible assets. A reconciliation of segment income to our operating income is detailed below. Adjusted segment income represents segment income adjusted for the impact of depreciation, amortization of intangible assets recorded within cost of sales, stock-based compensation and certain non-cash, nonrecurring or other items that are included in segment income that we do not consider indicative of the ongoing segment operating performance. See “—Non-GAAP Reconciliation” for a reconciliation of these metrics to the most directly comparable GAAP metric.

| (Dollars in thousands) | Three Months Ended September 30, 2023 | | | Three Months Ended October 1, 2022 | | |
|---|---|---|---|---|---|---|
| | Total | NAM | E&RW | Total | NAM | E&RW |
| Net sales | $ 220,304 | $ 185,070 | $ 35,234 | $ 245,267 | $ 203,674 | $ 41,593 |
| Gross profit | $ 105,411 | $ 91,456 | $ 13,955 | $ 107,784 | $ 91,850 | $ 15,934 |
| Gross profit margin % | 47.8 % | 49.4 % | 39.6 % | 43.9 % | 45.1 % | 38.3 % |
| | | | | | | |
| Income from operations before income taxes | $ 9,529 | | | $ 26,636 | | |
| Expenses not allocated to segments | | | | | | |
| Corporate expense, net | 6,741 | | | 6,344 | | |
| Acquisition and restructuring related expense | 3,348 | | | 2,288 | | |
| Amortization of intangible assets | 7,523 | | | 8,521 | | |
| Interest expense, net | 17,448 | | | 13,938 | | |
| Other (income) expense, net | 1,932 | | | (234) | | |
| Segment income [(a)] [(b)] | $ 46,521 | $ 40,108 | $ 6,413 | $ 57,493 | $ 48,704 | $ 8,789 |
| Segment income margin % [(a)] [(b)] | 21.1 % | 21.7 % | 18.2 % | 23.4 % | 23.9 % | 21.1 % |
| Adjusted segment income [(b)] | $ 52,733 | $ 46,063 | $ 6,670 | $ 65,510 | $ 56,879 | $ 8,631 |
| Adjusted segment income margin % [(b)] | 23.9 % | 24.9 % | 18.9 % | 26.7 % | 27.9 % | 20.8 % |

| (Dollars in thousands) | Nine Months Ended September 30, 2023 | | | Nine Months Ended October 1, 2022 | | |
|---|---|---|---|---|---|---|
| | Total | NAM | E&RW | Total | NAM | E&RW |
| Net sales | $ 713,983 | $ 585,126 | $ 128,857 | $ 1,055,169 | $ 892,050 | $ 163,119 |
| Gross profit | $ 339,812 | $ 288,911 | $ 50,901 | $ 487,543 | $ 421,725 | $ 65,818 |
| Gross profit margin % | 47.6 % | 49.4 % | 39.5 % | 46.2 % | 47.3 % | 40.3 % |
| | | | | | | |
| Income from operations before income taxes | $ 61,994 | | | $ 211,347 | | |
| Expenses not allocated to segments | | | | | | |
| Corporate expense, net | 21,265 | | | 24,009 | | |
| Acquisition and restructuring related expense | 6,220 | | | 9,499 | | |
| Amortization of intangible assets | 22,777 | | | 23,828 | | |
| Interest expense, net | 55,939 | | | 35,105 | | |
| Other (income) expense, net | 1,798 | | | 3,056 | | |
| Segment income [(a)] [(b)] | $ 169,993 | $ 144,346 | $ 25,647 | $ 306,844 | $ 267,854 | $ 38,990 |
| Segment income margin % [(a)] [(b)] | 23.8 % | 24.7 % | 19.9 % | 29.1 % | 30.0 % | 23.9 % |
| Adjusted segment income [(b)] | $ 188,619 | $ 162,244 | $ 26,375 | $ 333,608 | $ 293,586 | $ 40,022 |
| Adjusted segment income margin % [(b)] | 26.4 % | 27.7 % | 20.5 % | 31.6 % | 32.9 % | 24.5 % |

(a) Total segment income is a non-GAAP measure.

(b) See "—Non-GAAP Reconciliation."

***North America ("NAM")***

| (Dollars in thousands) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **September 30, 2023** | **October 1, 2022** | **September 30, 2023** | **October 1, 2022** |
| Net sales | $ 185,070 | $ 203,674 | $ 585,126 | $ 892,050 |
| Gross profit | $ 91,456 | $ 91,850 | $ 288,911 | $ 421,725 |
| Gross profit margin % | 49.4 % | 45.1 % | 49.4 % | 47.3 % |
| Segment income | $ 40,108 | $ 48,704 | $ 144,346 | $ 267,854 |
| Segment income margin % | 21.7 % | 23.9 % | 24.7 % | 30.0 % |
| Adjusted segment income [(a)] | $ 46,063 | $ 56,879 | $ 162,244 | $ 293,586 |
| Adjusted segment income margin % [(a)] | 24.9 % | 27.9 % | 27.7 % | 32.9 % |

(a) See "—Non-GAAP Reconciliation."

Net sales

Net sales decreased to $185.1 million for the three months ended September 30, 2023 from $203.7 million for the three months ended October 1, 2022, a decrease of $18.6 million or 9.1%.

Net sales decreased to $585.1 million for the nine months ended September 30, 2023 from $892.1 million for the nine months ended October 1, 2022, a decrease of $307.0 million or 34.4%.

The year-over-year net sales decrease was driven by the following factors:

| | Three Months Ended | Nine Months Ended |
|---|---|---|
| | **September 30, 2023** | **September 30, 2023** |
| Volume | (4.8) % | (37.8) % |
| Price, net of allowances and discounts | (4.2) % | 2.5 % |
| Acquisitions | — % | 1.1 % |
| Currency and other | (0.1) % | (0.2) % |
| Total | **(9.1) %** | **(34.4) %** |

This decrease for the three months ended September 30, 2023 was primarily the result of a decline in volume along with a decrease in net price driven by comparably increased sales allowances. The decline in volume was driven by distribution channel destocking and the moderation of end market demand trends due to macroeconomic factors. The decrease in net price resulted from a comparable increase in sales allowances, which was primarily driven by activity in our seasonal year rewards programs, partially offset by positive list price realization.

This decrease for the nine months ended September 30, 2023 was primarily the result of a decline in volume, partially offset by increases in price, as well as the favorable impact of acquisitions. The decline in volume was primarily driven by distribution channel destocking and the moderation of end market demand trends due to macroeconomic factors.

Gross profit and Gross profit margin

Gross profit decreased to $91.5 million for the three months ended September 30, 2023 from $91.9 million for the three months ended October 1, 2022, a decrease of $0.4 million or 0.4%.

Gross profit margin increased to 49.4% for the three months ended September 30, 2023 from 45.1% for the three months ended October 1, 2022, an increase of 430 basis points. Gross margin increased due to management of our manufacturing costs, including reduced costs specifically in freight and tariffs, and the absence of a 128 basis points non-cash increase in cost of goods sold in the Comparable Quarter resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business, partially offset by lower operating leverage and the net price decrease discussed above.

Gross profit decreased to $288.9 million for the nine months ended September 30, 2023 from $421.7 million for the nine months ended October 1, 2022, a decrease of $132.8 million or 31.5%.

Gross profit margin increased to 49.4% for the nine months ended September 30, 2023 from 47.3% for the nine months ended October 1, 2022, an increase of 210 basis points. Gross margin increased due to the management of our manufacturing costs, including reduced costs specifically in freight and tariffs, partially offset by lower operating leverage. The comparable prior-year period included the impact of a non-cash purchase accounting adjustment as discussed above.

Segment income and Segment income margin

Segment income decreased to $40.1 million for the three months ended September 30, 2023 from $48.7 million for the three months ended October 1, 2022, a decrease of $8.6 million or 17.6%. This was primarily driven by a decrease in sales as discussed above and an increase in SG&A expense .

Segment income margin decreased to 21.7% for the three months ended September 30, 2023 from 23.9% for the three months ended October 1, 2022, a decrease of 220 basis points.

Segment income decreased to $144.3 million for the nine months ended September 30, 2023 from $267.9 million for the nine months ended October 1, 2022, a decrease of $123.6 million or 46.1%. This was primarily driven by a decrease in sales and gross profit as discussed above, partially offset by lower SG&A expense primarily from cost reductions and lower compensation related expenses associated with the reduction in headcount from the enterprise cost reduction program implemented during 2022 and the absence of a non-recurring one-time expense in the prior year related to the discontinuation of a product joint development agreement.

Segment income margin decreased to 24.7% for the nine months ended September 30, 2023 from 30.0% for the nine months ended October 1, 2022, a decrease of 530 basis points primarily resulting from decreased gross profit and operating expense leverage as discussed above.

Adjusted segment income and Adjusted segment income margin

Adjusted segment income decreased to $46.1 million for the three months ended September 30, 2023 from $56.9 million for the three months ended October 1, 2022, a decrease of $10.8 million or 19.0%. This was driven by the reduced segment income as discussed above, after adjusting for the non-cash and specified costs discussed below in “— Non-GAAP Reconciliation.”

Adjusted segment income margin decreased to 24.9% for the three months ended September 30, 2023 from 27.9% for the three months ended October 1, 2022, a decrease of 300 basis points. Refer to “—Non-GAAP Reconciliation” for a reconciliation of segment income to adjusted segment income.

Adjusted segment income decreased to $162.2 million for the nine months ended September 30, 2023 from $293.6 million for the nine months ended October 1, 2022, a decrease of $131.4 million or 44.7%. This was driven by the reduced segment income as discussed above, after adjusting for the non-cash and specified costs discussed below in “— Non-GAAP Reconciliation.”

Adjusted segment income margin decreased to 27.7% for the nine months ended September 30, 2023 from 32.9% for the nine months ended October 1, 2022, a decrease of 520 basis points. Refer to “—Non-GAAP Reconciliation” for a reconciliation of segment income to adjusted segment income.

***Europe & Rest of World (“E&RW”)***

| (Dollars in thousands) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **September 30, 2023** | **October 1, 2022** | **September 30, 2023** | **October 1, 2022** |
| Net sales | $ 35,234 | $ 41,593 | $ 128,857 | $ 163,119 |
| Gross profit | $ 13,955 | $ 15,934 | $ 50,901 | $ 65,818 |
| Gross profit margin % | 39.6 % | 38.3 % | 39.5 % | 40.3 % |
| Segment income | $ 6,413 | $ 8,789 | $ 25,647 | $ 38,990 |
| Segment income margin % | 18.2 % | 21.1 % | 19.9 % | 23.9 % |
| Adjusted segment income [(a)] | $ 6,670 | $ 8,631 | $ 26,375 | $ 40,022 |
| Adjusted segment income margin % [(a)] | 18.9 % | 20.8 % | 20.5 % | 24.5 % |

(a) See “—Non-GAAP Reconciliation.”

Net sales

Net sales decreased to $35.2 million for the three months ended September 30, 2023 from $41.6 million for the three months ended October 1, 2022, a decrease of $6.4 million or 15.3%.

Net sales decreased to $128.9 million for the nine months ended September 30, 2023 from $163.1 million for the nine months ended October 1, 2022, a decrease of $34.2 million or 21.0%.

The year-over-year net sales decrease was driven by the following:

| | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2023 |
|---|---|---|
| Volume | (21.9) % | (25.4) % |
| Price, net of allowances and discounts | 4.0 % | 4.4 % |
| Currency and other | 2.6 % | — % |
| Total | **(15.3) %** | **(21.0) %** |

The decrease for the three and nine months ended September 30, 2023 in net sales was primarily due to a decline in volume, partially offset by the favorable impact of price increases. The decline in volume is driven by distribution channel destocking as well as geopolitical factors and macroeconomic uncertainty.

Gross profit and Gross profit margin

Gross profit decreased to $14.0 million for the three months ended September 30, 2023 from $15.9 million for the three months ended October 1, 2022, a decrease of $1.9 million or 12.4%.

Gross profit margin increased to 39.6% for the three months ended September 30, 2023 from 38.3% for the three months ended October 1, 2022, an increase of 130 basis points, primarily driven by the favorable impact from price net of sales allowances.

Gross profit decreased to $50.9 million for the nine months ended September 30, 2023 from $65.8 million for the nine months ended October 1, 2022, a decrease of $14.9 million or 22.7%.

Gross profit margin decreased to 39.5% for the nine months ended September 30, 2023 from 40.3% for the nine months ended October 1, 2022, a decrease of 80 basis points, primarily driven by unfavorable customer and product mix followed by the decline in volume resulting in lower operating leverage, and the impact of obsolescence reserves.

Segment income and Segment income margin

Segment income decreased to $6.4 million for the three months ended September 30, 2023 from $8.8 million for the three months ended October 1, 2022, a decrease of $2.4 million or 27.0%. This was primarily driven by a decrease in sales and gross profit as discussed above.

Segment income margin decreased by 290 basis points from 21.1% for the three months ended October 1, 2022 to 18.2% for the three months ended September 30, 2023, resulting from lower operating expense leverage.

Segment income decreased to $25.6 million for the nine months ended September 30, 2023 from $39.0 million for the nine months ended October 1, 2022, a decrease of $13.4 million or 34.2%. This was driven by the factors discussed above.

Segment income margin decreased by 400 basis points, to 19.9% for the nine months ended September 30, 2023 as compared to 23.9% for the same period year over year.

Adjusted segment income and Adjusted segment income margin

Adjusted segment income decreased to $6.7 million for the three months ended September 30, 2023 from $8.6 million for the three months ended October 1, 2022, a decrease of $1.9 million or 22.7%. This was primarily driven by the decreased sales after excluding the non-cash and specified costs described in "—Non-GAAP Reconciliation" below.

Adjusted segment income margin decreased to 18.9% for the three months ended September 30, 2023 from 20.8% for the three months ended October 1, 2022, a decrease of 190 basis points. Refer to "—Non-GAAP Reconciliation" for a reconciliation of segment income to adjusted segment income.

Adjusted segment income decreased to $26.4 million for the nine months ended September 30, 2023 from $40.0 million for the nine months ended October 1, 2022, a decrease of $13.6 million or 34.1%. This was primarily driven by the decreased sales after excluding the non-cash and specified costs described in "—Non-GAAP Reconciliation" below.

Adjusted segment income margin decreased to 20.5% for the nine months ended September 30, 2023 from 24.5% for the nine months ended October 1, 2022, a decrease of 400 basis points. Refer to "—Non-GAAP Reconciliation" for a reconciliation of segment income to adjusted segment income.

**Non-GAAP Reconciliation**

The Company uses EBITDA, adjusted EBITDA, adjusted EBITDA margin, total segment income, adjusted segment income and adjusted segment income margin to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies. These metrics are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry, when considered alongside other GAAP measures.

EBITDA is defined as earnings before interest (including amortization of debt costs), income taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA adjusted for the impact of restructuring related income or expenses, stock-based compensation, currency exchange items, and certain non-cash, nonrecurring, or other items that are included in net income and EBITDA that we do not consider indicative of our ongoing operating performance. Adjusted EBITDA margin is defined as adjusted EBITDA divided by net sales. Total segment income represents net sales less cost of sales, segment SG&A and RD&E, excluding acquisition and restructuring related expense as well as amortization of intangible assets. Adjusted segment income is defined as segment income adjusted for the impact of depreciation, amortization of intangible assets recorded within cost of sales, stock-based compensation and certain non-cash, nonrecurring or other items that are included in segment income that we do not consider indicative of the ongoing segment operating performance. Adjusted segment income margin is defined as adjusted segment income divided by segment net sales.

EBITDA, adjusted EBITDA, adjusted EBITDA margin, total segment income, adjusted segment income and adjusted segment income margin are not recognized measures of financial performance under GAAP. We believe these non-GAAP measures provide analysts, investors and other interested parties with additional insight into the underlying trends of our business and assist these parties in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance, which allows for a better comparison against historical results and expectations for future performance. Management uses these non-GAAP measures to understand and compare operating results across reporting periods for various purposes including internal budgeting and forecasting, short and long-term operating planning, employee incentive compensation, and debt compliance. These non-GAAP measures are not intended to replace the presentation of our financial results in accordance with GAAP.

EBITDA, adjusted EBITDA, adjusted EBITDA margin, total segment income, adjusted segment income and adjusted segment income margin are not calculated in the same manner by all companies, and accordingly, are not necessarily comparable to similarly titled measures of other companies and may not be an appropriate measure for performance relative to other companies. EBITDA, adjusted EBITDA, total segment income, adjusted segment income should not be construed as indicators of a company's operating performance in isolation from, or as a substitute for, net income (loss) and segment income which are prepared in accordance with GAAP. We have presented EBITDA, adjusted EBITDA, adjusted EBITDA margin, total segment income, adjusted segment income and adjusted segment income margin solely as supplemental disclosure because we believe it allows for a more complete analysis of results of operations. In the future we may incur expenses such as those added back to calculate adjusted EBITDA. Our presentation of adjusted EBITDA and adjusted segment income should not be construed as an inference that our future results will be unaffected by these items.

**Net Income to Adjusted EBITDA and Adjusted EBITDA Margin**

Following is a reconciliation from net income to adjusted EBITDA and adjusted EBITDA margin for the three and nine months ended September 30, 2023 and October 1, 2022:

| (Dollars in thousands) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **September 30, 2023** | **October 1, 2022** | **September 30, 2023** | **October 1, 2022** |
| Net income | $ 11,788 | $ 23,087 | $ 49,651 | $ 163,379 |
| Depreciation | 4,428 | 4,333 | 13,018 | 13,931 |
| Amortization | 9,260 | 10,249 | 27,803 | 28,437 |
| Interest expense | 17,448 | 13,938 | 55,939 | 35,105 |
| Income taxes | (2,259) | 3,549 | 12,343 | 47,968 |
| EBITDA | 40,665 | 55,156 | 158,754 | 288,820 |
| Stock-based compensation (a) | 269 | (4) | 1,001 | 1,248 |
| Currency exchange items (b) | 145 | 52 | 1,276 | 2,776 |
| Acquisition and restructuring related expense, net (c) | 3,348 | 2,288 | 6,220 | 9,499 |
| Other (d) | 2,784 | 2,935 | 4,367 | 11,970 |
| Total Adjustments | 6,546 | 5,271 | 12,864 | 25,493 |
| Adjusted EBITDA | $ 47,211 | $ 60,427 | $ 171,618 | $ 314,313 |
| Adjusted EBITDA margin | 21.4 % | 24.6 % | 24.0 % | 29.8 % |

(a) Represents non-cash stock-based compensation expense related to equity awards issued to management, employees, and directors. The adjustment includes only expense related to awards issued under the 2017 Equity Incentive Plan, which were awards granted prior to the effective date of Hayward's initial public offering (the "IPO").

(b) Represents unrealized non-cash losses on foreign denominated monetary assets and liabilities and foreign currency contracts.

(c) Adjustments in the three months ended September 30, 2023 are primarily driven by $1.9 million of separation costs associated with the centralization of operations in Europe and $1.5 million of costs associated with the relocation of the corporate headquarters. Adjustments in the three months ended October 1, 2022 primarily include $1.3 million of costs associated with the reduction-in-force as part of the 2022 enterprise cost reduction program and $1.1 million of costs associated with the relocation of the corporate headquarters, partially offset by other individual immaterial items.

Adjustments in the nine months ended September 30, 2023 are primarily driven by $2.1 million of costs associated with the relocation of the corporate headquarters, $1.9 million of separation costs associated with the centralization of operations in Europe, $1.3 million of separation costs associated with the enterprise cost-reduction program initiated in 2022 and $0.8 million of integration costs from prior acquisitions. Adjustments in the nine months ended October 1, 2022 are primarily driven by $4.2 million of costs associated with the relocation of the corporate headquarters, $3.1 million of transaction costs associated with the acquisition of the specialty lighting business of Halco Technologies, LLC (the "Specialty Lighting Business"), $1.4 million of costs associated with the reduction-in-force and other individual immaterial items.

(d) Adjustments in the three months ended September 30, 2023 primarily include $1.9 million of costs related to inventory and fixed assets as part of the centralization of operations in Europe and $0.8 million of costs incurred related to the selling stockholder offerings of shares during 2023, which are reported in SG&A in the unaudited condensed consolidated statement of operations. Adjustments in the three months ended October 1, 2022 are primarily driven by a $2.7 million non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business.

Adjustments in the nine months ended September 30, 2023 primarily includes $1.9 million of costs related to inventory and fixed assets as part of the centralization of operations in Europe, $1.5 million of costs associated with follow-on equity offerings, $0.4 million of transitional expenses incurred to enable go-forward public company regulatory compliance and other miscellaneous items the Company believes are not representative of its ongoing business operations. Adjustments in the nine months ended October 1, 2022 are primarily driven by a one-time $5.5 million expense associated with the discontinuation of a product joint development agreement, a $2.7 million non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business, $1.4 million of transitional expenses incurred to enable go-forward public company regulatory compliance, $1.2 million of costs associated with follow-on equity offerings, $0.9 million of expenses related to the corporate headquarters transition, $0.4 million of bad debt reserves related to certain customers impacted by the conflict between Russia and Ukraine, net of subsequent collections, and other immaterial items, partially offset by $1.1 million of gains resulting from an insurance policy reimbursement related to the fire incident in Yuncos, Spain.

Following is a reconciliation from income from operations before income taxes to total segment income and adjusted segment income for the three and nine months ended September 30, 2023 and October 1, 2022:

| (Dollars in thousands) | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Income from operations before income taxes | $ 9,529 | $ 26,636 | $ 61,994 | $ 211,347 |
| Expenses not allocated to segments | | | | |
| Corporate expense, net | 6,741 | 6,344 | 21,265 | 24,009 |
| Acquisition and restructuring related expense | 3,348 | 2,288 | 6,220 | 9,499 |
| Amortization of intangible assets | 7,523 | 8,521 | 22,777 | 23,828 |
| Interest expense, net | 17,448 | 13,938 | 55,939 | 35,105 |
| Other (income) expense, net | 1,932 | (234) | 1,798 | 3,056 |
| Segment income | 46,521 | 57,493 | 169,993 | 306,844 |
| Depreciation | 4,273 | 4,049 | 12,646 | 13,006 |
| Amortization | 1,738 | 1,728 | 5,026 | 4,609 |
| Stock-based compensation | 86 | (276) | 451 | 183 |
| Other [(a)] | 115 | 2,516 | 503 | 8,966 |
| Total Adjustments | 6,212 | 8,017 | 18,626 | 26,764 |
| Adjusted segment income | $ 52,733 | $ 65,510 | $ 188,619 | $ 333,608 |
| Adjusted segment income margin | 23.9 % | 26.7 % | 26.4 % | 31.6 % |

(a) The three and nine months ended September 30, 2023 includes miscellaneous items we believe are not representative of our ongoing business operations. The three months ended October 1, 2022 is primarily driven by a $2.7 million non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business. The nine months ended October 1, 2022 includes $5.5 million of costs associated with the discontinuation of a product joint development agreement, $2.7 million related to the purchase accounting adjustment discussed above and $0.4 million of bad debt write-offs, net of subsequent collections, and other miscellaneous items we believe are not representative of our ongoing business operations.

Following is a reconciliation from segment income to adjusted segment income for NAM for the three and nine months ended September 30, 2023 and October 1, 2022 (dollars in thousands):

| NAM | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Segment income | $ 40,108 | $ 48,704 | $ 144,346 | $ 267,854 |
| Depreciation | 4,027 | 3,853 | 11,952 | 12,435 |
| Amortization | 1,738 | 1,728 | 5,026 | 4,609 |
| Stock-based compensation | 75 | (284) | 417 | 72 |
| Other [(a)] | 115 | 2,878 | 503 | 8,616 |
| Total adjustments | 5,955 | 8,175 | 17,898 | 25,732 |
| Adjusted segment income | $ 46,063 | $ 56,879 | $ 162,244 | $ 293,586 |
| Adjusted segment income margin | 24.9 % | 27.9 % | 27.7 % | 32.9 % |

(a) The three months ended September 30, 2023 for NAM includes miscellaneous items the Company believes are not representative of its ongoing business operations. The three months ended October 1, 2022 includes a $2.7 million non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business.

The nine months ended September 30, 2023 for NAM includes miscellaneous items the Company believes are not representative of its ongoing business operations. The nine months ended October 1, 2022 includes a one-time $5.5 million expense associated with the discontinuation of a product joint development agreement, a $2.7 million non-cash increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the Specialty Lighting Business and other immaterial miscellaneous items the Company believes are not representative of its ongoing business operations.

Following is a reconciliation from segment income to adjusted segment income for E&RW for the three and nine months ended September 30, 2023 and October 1, 2022 (dollars in thousands):

| **E&RW** | **Three Months Ended** | | **Nine Months Ended** | |
|---|---|---|---|---|
| | **September 30, 2023** | **October 1, 2022** | **September 30, 2023** | **October 1, 2022** |
| Segment income | $ 6,413 | $ 8,789 | $ 25,647 | $ 38,990 |
| Depreciation | 246 | 196 | 694 | 571 |
| Amortization | — | — | — | — |
| Stock-based compensation | 11 | 8 | 34 | 111 |
| Other [(a)] | — | (362) | — | 350 |
| Total Adjustments | 257 | (158) | 728 | 1,032 |
| Adjusted segment income | $ 6,670 | $ 8,631 | $ 26,375 | $ 40,022 |
| Adjusted segment income margin | 18.9 % | 20.8 % | 20.5 % | 24.5 % |

(a) The three months ended October 1, 2022 for E&RW includes $0.4 million of collections associated with previous bad debt write-offs related to certain customers impacted by the conflict between Russia and Ukraine.

The nine months ended October 1, 2022 for E&RW represents $0.4 million of bad debt reserves related to certain customers impacted by the conflict between Russia and Ukraine, partially offset by subsequent collections.

## Liquidity and Capital Resources

Our primary sources of liquidity are net cash provided by operating activities and availability under the ABL Revolving Credit Facility ( "ABL Facility").

Primary working capital requirements are for raw materials, component and certain finished goods inventories and supplies, payroll, manufacturing, freight and distribution, facility, and other operating expenses. Cash flow from operations and working capital requirements fluctuate during the year, driven primarily by the seasonal demand for our products, an early buy program, the timing of inventory purchases and receipt of customer payments and as such, the utilization of the ABL Facility fluctuates during the year.

Unrestricted cash and cash equivalents totaled $244.2 million as of September 30, 2023, which is an increase of $188.0 million from $56.2 million at December 31, 2022.

We focus on increasing cash flow, solidifying the liquidity position through working capital initiatives, and paying our debt obligations, while continuing to fund business growth initiatives and return of capital to shareholders. We believe that net cash provided by operating activities and availability under the ABL Facility will be adequate to finance our working capital requirements, inclusive of capital expenditures, and debt service over the next 12 months.

### *Credit Facilities*

The First Lien Term Facility and ABL Facility (collectively "Credit Facilities") contain various restrictions, covenants and collateral requirements. Refer to Note 7. Long-Term Debt of notes to our unaudited condensed consolidated financial statements for further information on the terms of the Credit Facilities. We also have a revolving credit facility for our Spain subsidiary in the amount of €2.0 million as a local source of liquidity. As of September 30, 2023, the Spain revolving facility balance was zero with a borrowing availability of €2.0 million.

Long-term debt consisted of the following (in thousands):

| | September 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| First Lien Term Facility, due May 28, 2028 | $ | 977,500 | $ | 985,000 |
| Incremental B First Lien Term Facility, due May 28, 2028 | | 123,750 | | 124,688 |
| ABL Revolving Credit Facility | | — | | — |
| Other bank debt | | 7,028 | | 4,593 |
| Finance lease obligations | | 5,212 | | 6,728 |
| Subtotal | | 1,113,490 | | 1,121,009 |
| Less: Current portion of the long-term debt | | (14,646) | | (14,531) |
| Less: Unamortized debt issuance costs | | (18,585) | | (21,423) |
| Total | $ | 1,080,259 | $ | 1,085,055 |

***ABL Facility***

The ABL Facility provides for an aggregate amount of borrowings up to $425.0 million, with a peak season commitment of $475.0 million, subject to a borrowing base calculation based on available eligible receivables, eligible inventory, and qualified cash in North America. An amount of up to 30% (or up to 40% with agent consent) of the then-outstanding commitments under the ABL Facility is available to our Canada and Spain subsidiaries. A portion of the ABL Facility not to exceed $50 million is available for the issuance of letters of credit in U.S. Dollars, of which $20.0 million is available for the issuance of letters of credit in Canadian dollars. The ABL Facility also includes a $50.0 million swingline loan facility and a $35 million First-In, Last-Out Sublimit ("FILO Sublimit"). The maturity of the facility is June 1, 2026.

During the fourth quarter of fiscal year 2022, the Company entered into the Third Amendment to its existing ABL Facility to replace the London Interbank Offered Rate ("LIBOR") with an annual floating rate based on a forward-looking rate of the Secured Overnight Financing rate ("Term SOFR") . The borrowings under the ABL Facility bear interest at a rate equal to Term SOFR plus a 0.10% credit spread adjustment and a margin of between 1.25% to 1.75%, or at a base rate plus a margin of 0.25% to 0.75% with no credit spread adjustment, while the FILO Sublimit borrowings bear interest at a rate equal to Term SOFR or a base rate plus a margin of between 2.25% to 2.75% or 1.25% to 1.75%, respectively. For the Comparable Quarter, the borrowings under the ABL Facility bore interest at a rate equal to LIBOR or a base rate plus a margin of between 1.25% to 1.75% or 0.25% to 0.75%, respectively.

For the three months ended September 30, 2023, the average borrowing base under the ABL Facility was $190.6 million and the average loan balance outstanding was zero. As of September 30, 2023, the loan balance was zero with a borrowing availability of $155.9 million.

For the nine months ended September 30, 2023, the average borrowing base under the ABL Facility was $272.6 million and the average loan balance outstanding was $23.2 million.

***First Lien Term Facilities***

On May 22, 2023, the Company entered into the Fifth Amendment to the Company's First Lien Credit Agreement (the "First Lien Term Facility" and, together with the ABL Facility, the "Credit Facilities") to replace the LIBOR based reference rate with an adjusted term Secured Overnight Financing Rate ("SOFR"). The First Lien Term Facility bears interest at a rate equal to a base rate or SOFR, plus, in either case, an applicable margin. In the case of SOFR tranches, the applicable margin is 2.75% per annum with a 0.50% floor, with a stepdown to 2.50% per annum with a 0.50% floor when net secured leverage as defined by the First Lien Credit Agreement is less than 2.5x. The loan under the First Lien Term Facility amortizes quarterly at a rate of 0.25% of the original principal amount and requires a $2.5 million repayment of principal on the last business day of each March, June, September and December. For the Comparable Quarter, the borrowings under the First Lien Term Facility bore interest at a rate equal to LIBOR or a base rate plus an applicable margin of 2.75% per annum with a 0.50% floor, with a stepdown to 2.50% per annum with a 0.50% floor when net secured leverage ratio is less than 2.5x.

The First Lien Term Facility also includes an incremental term loan in an aggregate original principal amount of $125 million (the "Incremental Term Loan B"). The Incremental Term Loan B bears interest at an annual floating rate based on a forward-looking rate of the Secured Overnight Financing rate (with a 0.50% floor) plus 3.25% and a 0.10% credit spread adjustment. The incremental loan requires a $0.3 million repayment of principal on the last business day of each March, June, September and December.

Under the agreement governing the First Lien Credit Facility (the "First Lien Credit Agreement"), the Company must make an annual mandatory prepayment of principal for between 0% and 50% of the excess cash and subject to permitted deductions, as defined in the First Lien Credit Agreement, generated in the prior calendar year. The amount due varies with the First Lien Leverage Ratio as defined in the First Lien Credit Agreement, from zero if the First Lien Leverage Ratio is less than or equal to 2.5x, to fifty percent if the First Lien Leverage Ratio is greater than 3.0x, in each case as of December 31 of the prior year. The First Lien Term Facility including the Incremental Term Loan B, matures on May 28, 2028.

As of September 30, 2023, the balance outstanding under the First Lien Term Facility was $977.5 million and the balance outstanding under the Incremental Term Loan B was $123.8 million.

For the three months ended September 30, 2023, the effective interest rate on borrowings under the First Lien Term Facility, including the impact of an interest rate hedge, was 7.08%. The effective interest rate is comprised of 8.25% for interest and 0.37% for financing costs, partially offset by 1.55% for interest income on the interest rate swaps.

For the nine months ended September 30, 2023, the effective interest rate on borrowings under the First Lien Term Facility, including the impact of an interest rate hedge, was 6.77%. The effective interest rate is comprised of 7.76% for interest and 0.35% for financing costs, partially offset by 1.34% for interest income on the interest rate swaps.

***Covenant Compliance***

The Credit Facilities contain various restrictions, covenants and collateral requirements. As of September 30, 2023, we were in compliance with all covenants under the Credit Facilities.

***Sources and Uses of Cash***

Following is a summary of our cash flows from operating, investing, and financing activities:

| (Dollars in thousands) | Nine Months Ended | |
|---|---|---|
| | September 30, 2023 | October 1, 2022 |
| Net cash provided by operating activities | $ 216,937 | $ 143,664 |
| Net cash used by investing activities | (22,610) | (84,866) |
| Net cash used by financing activities | (5,198) | (245,947) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (1,061) | (5,740) |
| Change in cash and cash equivalents and restricted cash | $ 188,068 | $ (192,889) |

Net cash provided by operating activities

Net cash provided by operating activities increased to $216.9 million for the nine months ended September 30, 2023 from $143.7 million for the nine months ended October 1, 2022, an increase of $73.2 million or 51.0%. The increase in cash provided was driven by cash generated by working capital compared to cash used for working capital during the prior-year period, partially offset by a decrease in net income.

Net cash used by investing activities

Net cash used in investing activities was $22.6 million for the nine months ended September 30, 2023 compared to $84.9 million for the nine months ended October 1, 2022, a decrease of $62.3 million or 73.4%. The decrease in cash used was driven by the absence of acquisition costs compared to the prior-year period which included $61.3 million for the acquisition of the Specialty Lighting Business.

Net cash used by financing activities

Net cash used by financing activities was $5.2 million for the nine months ended September 30, 2023 compared to $245.9 million for the nine months ended October 1, 2022, a decrease of $240.7 million or 97.9%. The higher cash used in the prior-year period was driven by $343.3 million in share repurchases, partially offset by $100.0 million of borrowings, net of payments, on the ABL Facility.

***Off-Balance Sheet Arrangements***

We had $4.3 million and $4.5 million of outstanding letters of credit on our ABL Revolving Credit Facility as of September 30, 2023 and December 31, 2022, respectively.

**Critical Accounting Estimates**

Our unaudited condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported therein. The estimates that require management's most difficult, subjective or complex judgments are described in Part II, Item 7, under the heading "Critical Accounting Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "Annual Report on Form 10-K"), which section is incorporated herein by reference, and remain unchanged through the first nine months of 2023.

**Recently Issued Accounting Standards**

See Note 2. Significant Accounting Policies of notes to our unaudited condensed consolidated financial statements for additional information.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. We are exposed to various market risks, including changes in interest rates and foreign currency rates. Periodically, we use derivative financial instruments to manage or reduce the impact of changes in interest rates and foreign currency rates. Counterparties to all derivative contracts are major financial institutions. All instruments are entered into for other than trading purposes.

There have been no material changes in the interest rate risk during the nine months ended September 30, 2023 from what we reported in our Annual Report on Form 10-K. The impact of transactional foreign exchange risk has decreased from what we previously reported in our Annual Report on Form 10-K, commensurate with the decrease in our net sales and net income for the business. Net sales made by our international operating locations that use a functional currency other than the U.S. dollar remains below approximately 20% for the nine months ended September 30, 2023.

**ITEM 4. CONTROLS AND PROCEDURES**

*Evaluation of Disclosure Controls and Procedures*

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2023, due to the material weaknesses in internal control over financial reporting as described in our Annual Report on Form 10-K.

*Continuing Material Weaknesses*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

We continue to have material weaknesses in our internal control over financial reporting as disclosed in our Annual Report on Form 10-K. We do not know the specific time frame needed to fully remediate the material weaknesses identified. These material weaknesses could result in misstatements of the Company's accounts and disclosures that would result in material misstatements of the annual or interim consolidated financial statements that would not be prevented or detected.

*Remediation of Material Weaknesses*

The Company has continued taking the steps disclosed in our Annual Report on Form 10-K intended to address the underlying causes of the control deficiencies in order to remediate the material weakness. The Company has: (i) enhanced the internal control environment including formal documentation of policies and procedures, controls over the segregation of duties within our financial reporting function and the preparation and review of journal entries to address the material weaknesses identified in our Annual Report on Form 10-K; (ii) implemented IT general controls specific to key information systems that are relevant to the preparation of our consolidated financial statements, including user access review, program change management controls, computer operations controls and testing and approval controls for program development; and (iii) implemented business process controls over all significant business processes, including implementing appropriate level of precision.

The following additional remediation activities are ongoing: (i) IT general controls are being consistently operated and evidenced such that persuasive evidence is obtained that the IT general controls are effective and sustainable; (ii) controls over key reports and data derived from systems supporting financial reporting are consistently evidenced; and (iii) controls are fully evidenced to address segregation of duties risks that could present a reasonable possibility of material misstatements.

As the Company continues to evaluate and work to improve its internal control over financial reporting, it may take additional measures to address control deficiencies, or may modify, or in appropriate circumstances not complete, certain of the remediation measures described above.

*Status of Remediation Efforts*

We believe the measures described above will facilitate the remediation of the control deficiencies we have identified and strengthen our internal control over financial reporting. We are committed to continuing to improve our currently designed internal control processes. These material weaknesses will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

*Changes in Internal Control over Financial Reporting*

Other than those noted above, there have been no changes in the Company’s internal control over financial reporting during the three months ended September 30, 2023 that had materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We have been, and in the future may be, made a party to litigation arising in the ordinary course of our business, including those relating to commercial or contractual disputes with suppliers, customers or parties to acquisitions and divestitures, intellectual property matters, product liability, the use or installation of our products, consumer matters, employment and labor matters, and environmental, safety and health matters, including claims based on alleged exposure to asbestos-containing product components. We believe that we are not currently party to any such legal proceeding that would be expected, either individually or in the aggregate, to have a material adverse effect on our business or financial condition.

On August 2, 2023, a securities class action complaint was filed in the United States District Court for the District of New Jersey against the Company and certain of its current directors and officers (Kevin Holleran and Eifion Jones) and MSD Partners and CCMP Capital Advisors, LP on behalf of a putative class of stockholders who acquired shares of our common stock between March 2, 2022 and July 27, 2022. That action is captioned *City of Southfield Fire and Police Retirement System vs. Hayward Holdings, Inc., et al.*, 2:23-cv-04146-WJM-ESK (D.N.J.) ("City of Southfield"). On September 28, 2023, a second, related securities class action complaint was filed in the United States District Court for the District of New Jersey against the Company and certain of its current directors and officers (Kevin Holleran and Eifion Jones) and MSD Partners and CCMP Capital Advisors, LP on behalf of a putative class of stockholders who acquired shares of our common stock between October 27, 2021 and July 28, 2022. That action is captioned *Erie County Employees' Retirement System vs. Hayward Holdings, Inc., et al.*, 2:23-cv-04146-WJM-ESK (D.N.J.) ("Erie County"). The plaintiff in the Erie County action has sought that its action be consolidated with the City of Southfield action. The complaints filed in both actions allege, among other things, that the Company and certain of its current directors and officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by, among other things, making materially false or misleading statements regarding growth and demand trends following our initial public offering in March 2021. The complaints seek unspecified monetary damages on behalf of the putative classes and an award of costs and expenses, including reasonable attorneys' fees. We intend to defend the claims in both actions vigorously, and are unable to estimate the potential loss or range of loss, if any, associated with this, or any similar, lawsuit.

We periodically reexamine our estimates of probable liabilities and any associated expenses and receivables and make appropriate adjustments to such estimates based on experience and developments in litigation. As a result, the current estimates of the potential impact on our consolidated financial position, results of operations and cash flows for the proceedings and claims described in the notes to our consolidated financial statements could change in the future. Regardless of outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

See Note 12. Commitments and Contingencies of notes to our unaudited condensed consolidated financial statements for additional information.

### ITEM 1A. RISK FACTORS

An investment in our common stock involves risks. For a detailed discussion of the risks that affect our business please refer to the section titled "Risk Factors" in our Annual Report on Form 10-K. Other than as noted below, there have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K.

**We are no longer a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. However, we will continue to qualify for, and may rely upon, exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies during a one-year transition period.**

Prior to March 3, 2023, we were a "controlled company" within the meaning of the New York Stock Exchange's ("NYSE") corporate governance standards because more than 50% of the voting power of our common stock was held by investment funds affiliated with CCMP Capital Advisors, L.P. ("CCMP") and MSD Partners, L.P. ("MSD"). As a result of an underwritten trade on March 3, 2023, that group's holdings fell to approximately 48% of our common stock, below the threshold at which we are considered a "controlled company" under NYSE rules. Even though we are not a "controlled company," we will continue to qualify for, and may rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies during a one-year transition period. The NYSE rules require that our Board be composed of a majority of "independent directors," as defined under the NYSE rules, by March 3, 2024, and that our compensation committee and our nominating and corporate governance committee each consist of a majority of "independent directors" by June 1, 2023 and entirely of "independent directors" by March 3, 2024. The compensation committee and nominating and corporate governance committee of our Board were composed entirely of independent directors as of June 1, 2023, and our Board is composed of a majority of independent directors.

During these transition periods, we may continue to utilize the available exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies, as permitted by the NYSE rules. If we fail to meet the above deadlines for these requirements, our common stock could be delisted from the NYSE, which would negatively impact the trading of our common shares and our business and financial condition.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The Company had no repurchases of its common stock, par value $0.001 per share, in the quarter ended September 30, 2023. On July 26, 2022, the Board of Directors renewed the initial authorization of its share repurchase program (the "Share Repurchase Program") such that the Company is authorized, commencing at that time, to repurchase from time to time up to an aggregate of $450.0 million of its common stock with such authority expiring on July 26, 2025.

Under the Share Repurchase Program, the Company may purchase shares of its common stock on a discretionary basis from time to time and may be conducted through privately negotiated transactions, including with our significant stockholders, as well as through open market repurchases or other means, including through Rule 10b5-1(c) trading plans or through the use of other techniques such as accelerated share repurchases. The amount and timing of future repurchases may vary depending on market conditions and the level of operating, financing and other investing activities.

As of September 30, 2023, $400.0 million remained available under the current authorization for additional share repurchases. The Company did not make purchases of its common stock for the three months ended September 30, 2023.

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Program | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Program |
|---|---|---|---|---|
| July 2 - August 5, 2023 | — | $ — | — | $ 400,000,000 |
| August 6 - September 2, 2023 | — | — | — | 400,000,000 |
| September 3 - September 30, 2023 | — | — | — | 400,000,000 |
| Total | — | $ — | — | $ 400,000,000 |

**ITEM 5. OTHER INFORMATION**

***Securities Trading Plans of Directors and Executive Officers***

During the three months ended September 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

## ITEM 6. EXHIBITS

| Exhibit No. | Description |
|---|---|
| 10.1 | First Amendment to the Amended and Restated Employment Agreement, dated as of July 18, 2023, between Hayward Industries, Inc., Hayward Holdings, Inc. and Kevin P. Holleran. |
| 31.1 | Certification of Chief Executive Officer of Hayward Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer of Hayward Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer of Hayward Holdings, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer of Hayward Holdings, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | Inline XBRL Instance Document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted as Exhibits 101.*) |

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this day of October 31, 2023.

**HAYWARD HOLDINGS, INC.**

| | |
|---|---|
| **By:** | /s/ Eifion Jones |
| **Name:** | Eifion Jones |
| **Title:** | Senior Vice President & Chief Financial Officer |

FIRST AMENDMENT TO THE AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This First Amendment to the Amended and Restated Employment Agreement (this “First Amendment”) is entered into and effective as of July 18, 2023 (the “Amendment Effective Date”), between Hayward Industries, Inc. (the “Company”), Hayward Holdings, Inc. (the “Parent”) and Kevin P. Holleran (the “Executive”) (the Company, the Parent and the Executive, individually, a “Party” and, collectively, the “Parties”).

WHEREAS, the Company, the Parent, and the Executive are parties to the Amended and Restated Employment Agreement dated as of March 2, 2021 (the “Employment Agreement”); and

WHEREAS, the Company, the Parent, and the Executive desire to amend the Employment Agreement as set forth below:

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby confirmed, the Company, the Parent and the Executive agree that the Employment Agreement is amended as follows:

1. Section 4(f) of the Employment Agreement is hereby amended and replaced in its entirety to read as follows:

> (f) Relocation. Consistent with the provisions of Section 5 below, during the Employment Period and until the earlier of September 30, 2023, and the date on which the Executive relocates his primary residence to the Company’s principal executive offices, the Company shall provide the Executive with (i) reasonable temporary housing and (ii) reimbursement for travel to and from Executive’s home in Augusta, Georgia to the Company’s principal executive offices (including first class airfare).
>
> Additionally, until the earlier of March 31, 2024 and the date on which the Executive relocates his primary residence to the Company’s principal executive offices, the Company shall provide the Executive with (i) reimbursement for relocation costs incurred by Executive of up to $200,000; and (ii) a gross-up for taxes (if any) incurred in respect of any taxes imposed on items in this paragraph, subject, in each case, to reasonable substantiation and documentation of the same, in accordance with the Company’s reimbursement policies, as may be in effect from time to time.

2. To the extent that there is any inconsistency between the terms and conditions of this First Amendment and the terms and conditions of the Employment Agreement, the terms and conditions of this First Amendment shall prevail.

3. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original, but such counterparts shall together constitute one and the same document. Counterparts may be delivered via facsimile, electronic mail or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

4. Except as amended hereby, the Employment Agreement remains in full force and effect and, as amended hereby, the Employment Agreement represents the entire agreement

between the Executive and the Company, and there are no other agreements, written or oral, relating to the subject matter hereof. On and after the Amendment Effective Date, all references in the Employment Agreement to “this Agreement” (including “hereof,” “herein” and similar words or phrases) shall mean the Employment Agreement, as amended by this First Amendment.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment as of the Amendment Effective Date.

HAYWARD INDUSTRIES, INC.

By: /s/ Susan M. Canning
Name: Susan M. Canning
Title: Senior Vice President

HAYWARD HOLDINGS, INC.

By: /s/ Lawrence H. Silber
Name: Lawrence H. Silber
Title: Board of Director and Chair of Compensation Committee

EXECUTIVE

/s/ Kevin P. Holleran
Kevin P. Holleran

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Holleran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hayward Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

By: /s/ Kevin Holleran

Kevin Holleran

President and Chief Executive Officer

(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eifion Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hayward Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

By: /s/ Eifion Jones

Eifion Jones

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Hayward Holdings, Inc. (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Kevin Holleran, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | |
|---|---|
| Date: October 31, 2023 | By: /s/ Kevin Holleran |
| | Kevin Holleran |
| | President and Chief Executive Officer |
| | (Principal Executive Officer) |

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Hayward Holdings, Inc. (the “Company”) for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Eifion Jones, Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2023

By: /s/ Eifion Jones

Eifion Jones

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)