

# Q2 2025 Earnings Call

August 5, 2025



*latham* Group

**SWIM** | Nasdaq Listed



# Disclaimer

## **Forward-looking Statements**

Certain statements in this presentation constitute forward-looking statements under federal securities laws. These forward-looking statements reflect our views with respect to future events and financial performance as of the date of this presentation or otherwise specified herein. Actual events and results may differ materially from those contemplated by such forward-looking statements due to risks and other factors that are set forth in our Annual Report on Form 10-K and subsequent reports filed or furnished with the SEC, as well as our earnings release issued as of the date of this presentation. Our forward-looking statements further do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures or investments we may undertake. We expressly disclaim any obligation to update any forward-looking statements, except as required by applicable law.

## **Non-GAAP Financial Measures**

This presentation includes Adjusted EBITDA (including on a last twelve months' basis), Adjusted EBITDA Margin, Net Debt, Net Debt Leverage Ratio, and Pro Forma Net Debt Leverage Ratio, including in some instances on an historical and pro forma basis, which are non-GAAP financial measures. Our pro forma presentation gives effect to the Coverstar Central, LLC ("Coverstar Central") acquisition as if it occurred as of January 1, 2024. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to GAAP financial measures, and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Reconciliations of directly comparable GAAP financial measures to these non-GAAP financial measures can be found in the Appendix to this presentation.

For the definitions of certain non-GAAP financial measures, how such non-GAAP financial measures provide useful information to investors, how management utilizes them and the limitations on their use, see our earnings release issued as of the date of this presentation.

# Latham: A Compelling Long-term Growth Story



**Serving a large and attractive market benefitting from fiberglass and autocover category share gains**



**The leading consumer brand in the residential pool market**



**Unique direct-to-homeowner model driving business for our dealer partners**



**Broadest portfolio of branded products known for quality, durability and aesthetics**

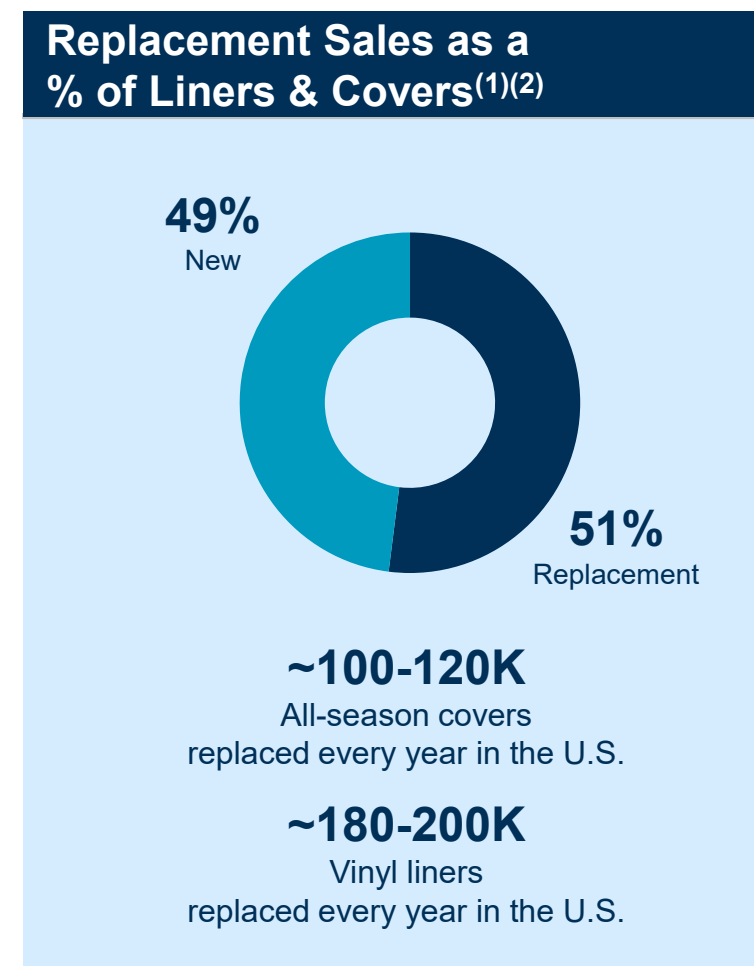
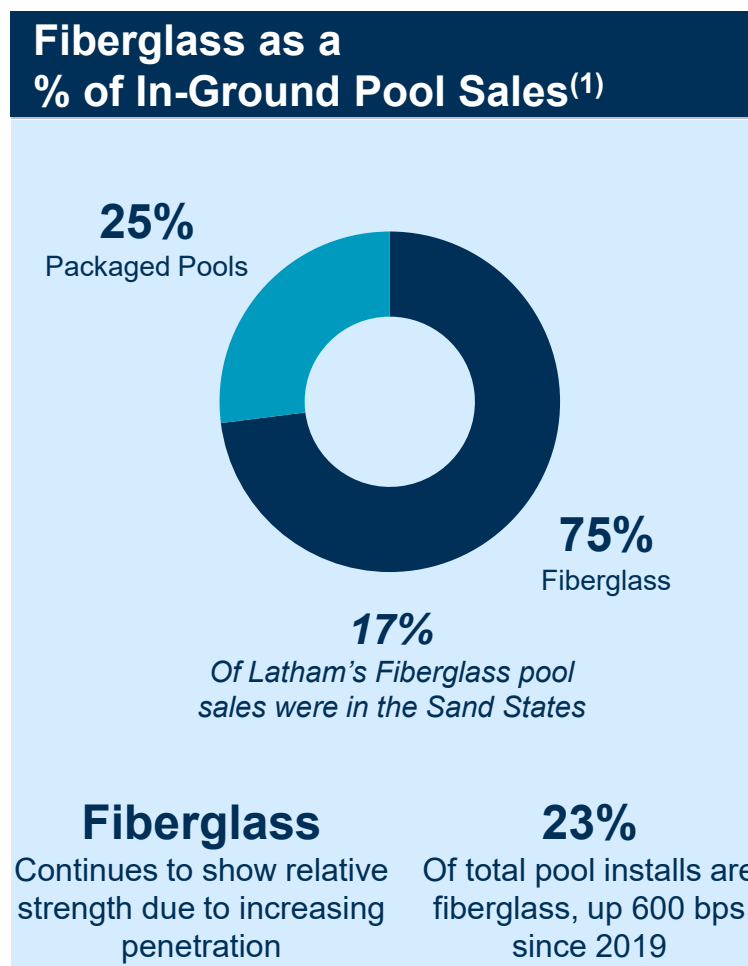
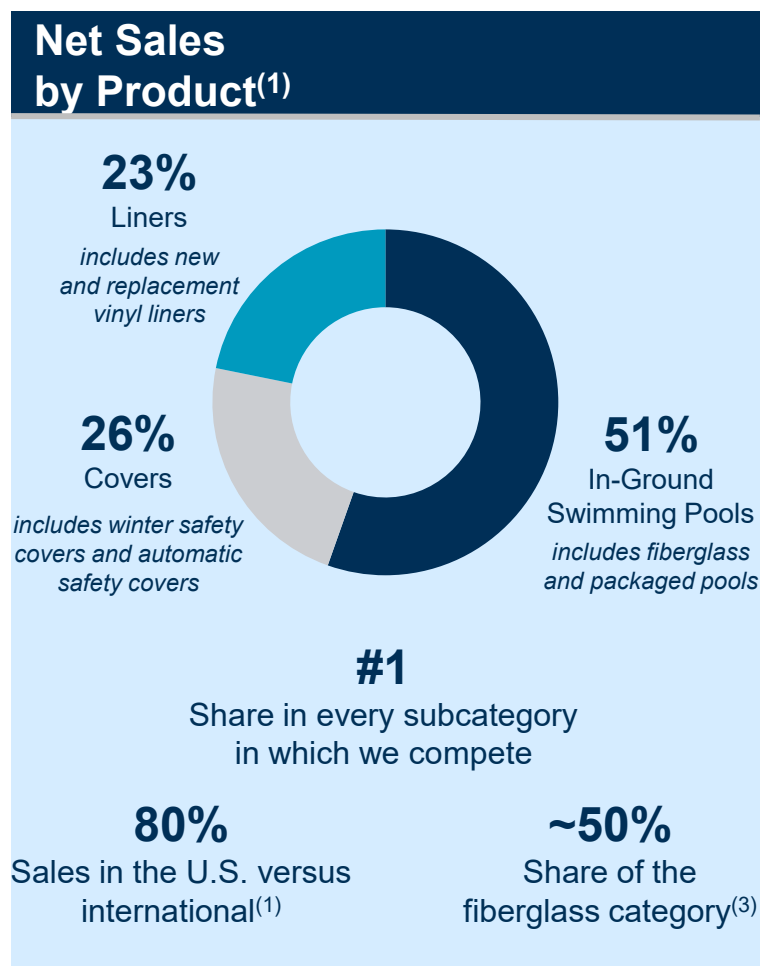


**Multiple levers to continue to drive efficiencies**



**Positioned for accelerated, profitable growth as volumes increase**

# Balanced Portfolio Serving an Attractive Market



Source: Management's analysis based on information from studies by a third-party research consulting firm commissioned by the Company, management's knowledge as market participants and PK Data.

(1) Reflects FY'24 reported figures.

(2) Based on management's internal estimates.

(3) Reflects share in North America.



# Expanding Share in the Sand States - A Key Growth Driver

1

## Expanding the Pool Dealer Base

- Driving pool builder expansion and development
- Opportunities to “stand up” new builders and convert concrete builders to Fiberglass

2

## Targeting Master Planned Communities (MPC's)

- Massive opportunity in Master Planned Communities; ~30K new homes constructed in Master Planned Communities in 2023
- 75% of largest Master Planned Communities found in Florida and Texas<sup>(1)</sup>

3

## Aligning Products with Demand

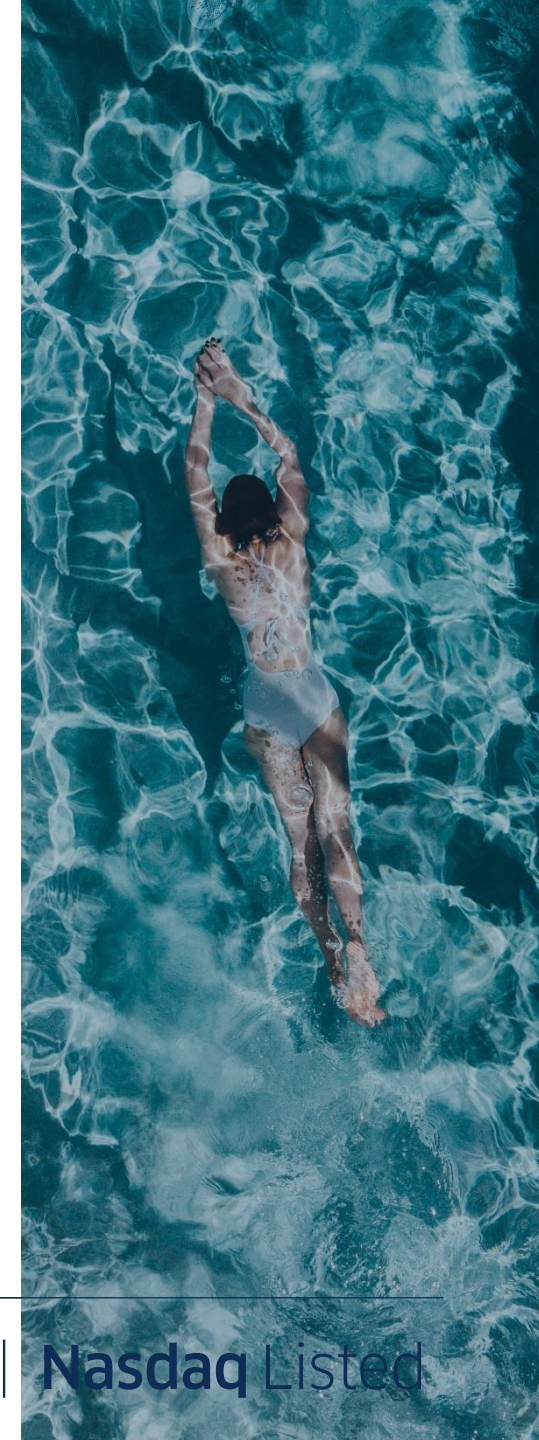
- Rectangular shapes, pool/spa combos, and plunge pools are increasingly popular in the Sand States
- Extending pool model offerings to meet this demand

4

## Marketing to Consumers & Builders

- Highlight Fiberglass benefits to consumers: faster installation, lower cost of ownership than concrete
- Highlight Fiberglass benefits to builders: more profitable, faster to scale than concrete
- Targeted Fiberglass marketing efforts, including TV campaign to drive awareness and adoption
- Hosted events at Master Planned Community in Florida, producing large turnout and solid lead generation

(1) RCLCO Real Estate Consulting, 2024 Sales Top 50, Master-Planned Communities Ranking.





## Drivers of Latham's Outperformance vs. The Market

Accelerating **Fiberglass Share Gains** Nationally and in the Sand States

1

Increased Awareness and Adoption of Automatic Safety Covers

2

Benefits from **Coverstar Central**, **Coverstar New York**, and **Coverstar Tennessee** acquisitions

3

### *2025 Market Expectations*

Forecasting continued market trough;  
New U.S. pool starts flat vs. 2024

## Full Year 2025 Outlook<sup>(1)</sup>

\$ in millions	2025 Outlook		
Metric	Low	High	YoY Growth @ Midpoint
Net Sales	\$535	\$565	8%
Adjusted EBITDA <sup>(2)</sup>	\$90	\$100	19%
Capital Expenditures	\$27	\$33	

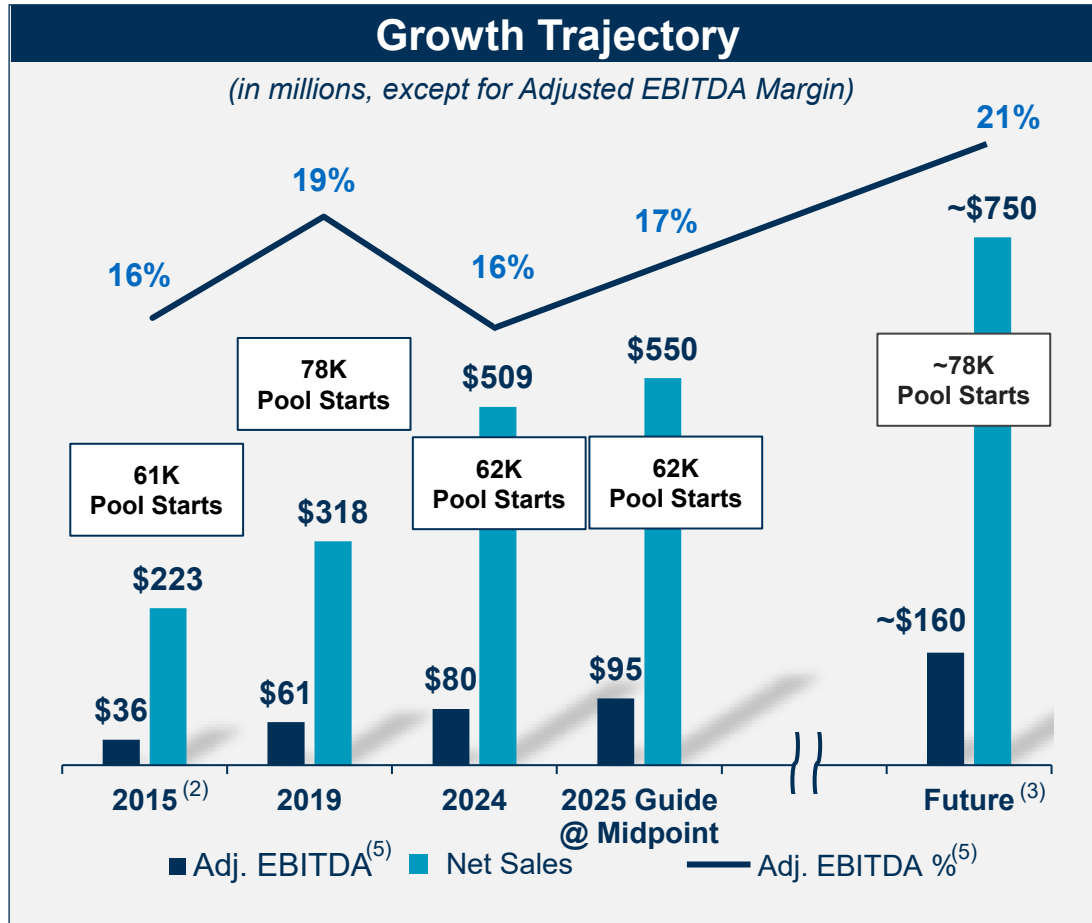
Reconfirming 8% Net Sales Growth and 19% Adjusted EBITDA growth in a flat market

(1) Represents guidance given by the Company as of August 5, 2025. These are forward-looking statements. See "Forward-Looking Statements" on page 2 of this presentation.

(2) A reconciliation of Latham's projected Adjusted EBITDA to net income (loss) for 2025 is not available without unreasonable effort due to uncertainty related to our future income tax (benefit) expense.



## Impact of Growth Initiatives & Production Efficiencies



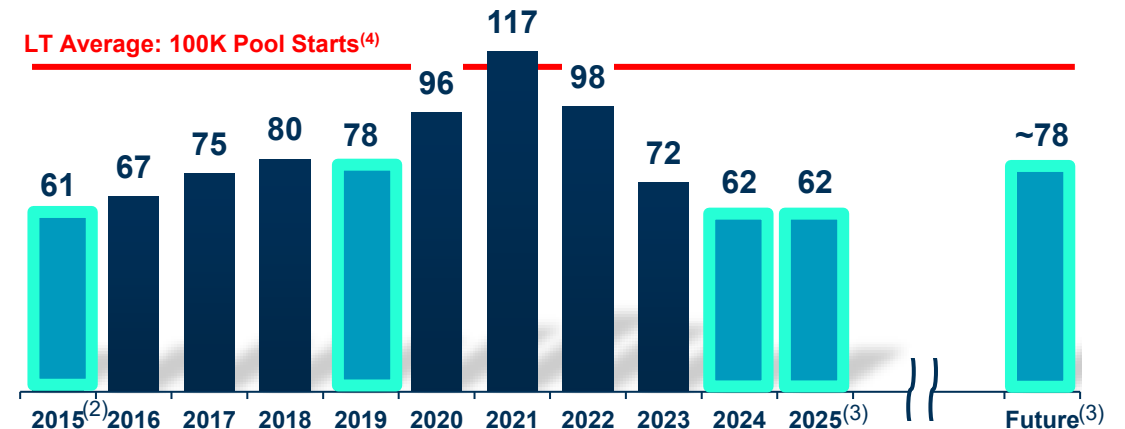
- (1) Historical U.S. pool starts determined from PK Data; 2025 and beyond are based on management estimates.
- (2) Unaudited
- (3) Management model
- (4) 25-year average (1999-2024)
- (5) See Appendix for reconciliation of Adjusted EBITDA. Adjusted EBITDA Margin is Adjusted EBITDA divided by Net Sales.

## Initiatives

1. Drive growth in Fiberglass share in the **Sand States**
2. Drive growth in **Automatic Safety Covers**, aided by the Coverstar Central, New York & Tennessee acquisitions
3. Drive growth in pool Liners and Covers, aided by the full roll-out of **“Measure by Latham”**
4. Continued impacts of **Lean Manufacturing & Value Engineering**

## U.S. Pool Starts<sup>(1)</sup>

(in thousands)





# Appendix

# Non-GAAP Reconciliations

## Adjusted EBITDA and Adjusted EBITDA Margin

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
(in thousands)				
Net income	\$ 15,980	\$ 13,279	\$ 10,018	\$ 5,415
Depreciation and amortization	12,697	10,593	25,097	20,967
Interest expense, net	7,149	6,013	13,520	10,995
Income tax expense	5,130	442	1,051	974
Loss on sale and disposal of property and equipment	115	65	46	77
Restructuring charges <sup>(a)</sup>	145	47	160	365
Stock-based compensation expense <sup>(b)</sup>	1,381	2,100	3,352	3,343
Unrealized (gains) losses on foreign currency transactions <sup>(c)</sup>	(3,643)	806	(4,059)	2,390
Strategic initiative costs <sup>(d)</sup>	918	851	1,562	1,974
Acquisition and integration related costs <sup>(e)</sup>	16	375	283	375
Other <sup>(f)</sup>	(1)	(93)	(3)	(105)
Adjusted EBITDA	\$ 39,887	\$ 34,478	\$ 51,027	\$ 46,770
Net sales	\$ 172,639	\$ 160,122	\$ 284,059	\$ 270,751
Net income margin	9.3 %	8.3 %	3.5 %	2.0
Adjusted EBITDA margin	23.1 %	21.5 %	18.0 %	17.3

(a) Represents costs that include severance and other expenses for our executive management changes.

(b) Represents non-cash stock-based compensation expense.

(c) Represents unrealized foreign currency transaction (gains) losses associated with our international subsidiaries.

(d) Represents fees paid to external consultants and other expenses for our strategic initiatives.

(e) Represents acquisition and integration costs, as well as other costs related to potential transactions.

(f) Other costs consist of other discrete items as determined by management, primarily including: (i) fees paid to external advisors for various matters and (ii) other items.

# Non-GAAP Reconciliations

## Net Debt and Net Debt Leverage Ratio

(in thousands)	June 28, 2025
Total debt	\$ 281,493
Less:	
Cash	(26,943)
Net Debt	254,540
LTM Adjusted EBITDA <sup>(1)</sup>	84,476
Net Debt Leverage Ratio	3.01
LTM Pro Forma Adjusted EBITDA <sup>(2)</sup>	86,204
Pro Forma Net Debt Leverage Ratio	2.95

(1) LTM Adjusted EBITDA is defined as Adjusted EBITDA for the most recent twelve (12) month period. See Slide 10 for the reconciliation of Adjusted EBITDA to net income (loss).

(2) LTM Pro Forma Adjusted EBITDA includes pre-acquisition portion of Adjusted EBITDA for the trailing twelve months that is not included in historical results.



# Non-GAAP Reconciliations

## Adjusted EBITDA and Adjusted EBITDA Margin

	Year Ended December 31,		
	2024	2019	2015 (unaudited)
<i>(in thousands)</i>			
Net (loss) income	\$ (17,860)	\$ 7,457	\$ (9,992)
Depreciation and amortization	44,446	21,659	14,466
Interest expense	24,840	22,639	8,228
Income tax expense (benefit)	9,120	(4,671)	3,384
Loss on sale and disposal of property and equipment	408	680	—
Restructuring charges <sup>(a)</sup>	512	980	—
Management fees <sup>(b)</sup>	—	500	539
Stock-based compensation expense <sup>(c)</sup>	7,392	808	—
Unrealized losses (gains) on foreign currency transactions <sup>(d)</sup>	6,223	(300)	505
Strategic initiative costs <sup>(e)</sup>	3,329	964	587
Acquisition and integration related costs <sup>(f)</sup>	2,348	3,612	11,696
Other <sup>(g)</sup>	(539)	6,722	6,703
Adjusted EBITDA	\$ 80,219	\$ 61,050	\$ 36,116
Net sales	\$ 508,520	\$ 317,975	\$ 223,103
Net (loss) income margin	(3.5) %	2.3 %	(4.5) %
Adjusted EBITDA margin	15.8 %	19.2 %	16.2 %

- (a) Represents costs related to a cost reduction plan that includes severance and other costs for our executive management changes and additional costs related to our cost reduction plans, which include further actions to reduce our manufacturing overhead by reducing headcount in addition to facility shutdowns.
- (b) Represents management fees paid to our Principal Stockholders in accordance with our arrangement.
- (c) Represents non-cash stock-based compensation expense.
- (d) Represents unrealized foreign currency transaction losses associated with our international subsidiaries.
- (e) Represents fees paid to external consultants and other expenses for our strategic initiatives.
- (f) Represents acquisition and integration costs as well as other costs related to potential transactions.
- (g) Other costs consist of other discrete items as determined by management, primarily including: (i) fees paid to external advisors for various matters, (ii) non-cash adjustments to record the step-up in the fair value of inventory related to the acquisition by Pamplona and the acquisition of Narellan, which are amortized through cost of sales in the annual consolidated statements of operations, and (iii) other items.