Latham Group Acquires Coverstar Central - Latham's Exclusive Automatic Safety Cover Dealer in 29 States

August 6, 2024

- Acquisition Positions Latham to Drive Product Line Sales Growth and Adoption of Automatic Safety Covers and Provides Opportunities to Further Advance Fiberglass Conversion Strategy
- Vertical Integration Expected to Increase Margins
- Transaction is Expected to be Immediately Accretive to Earnings

LATHAM, N.Y., Aug. 06, 2024 (GLOBE NEWSWIRE) -- Latham Group, Inc. (Nasdaq: SWIM), the largest designer, manufacturer, and marketer of in-ground residential swimming pools in North America, Australia, and New Zealand, today announced that it has acquired Coverstar Central, Latham's exclusive automatic safety cover dealer in 29 states in the Northeast, Southeast, and Midwest regions of the country, including Texas. The all-cash transaction was completed on August 2, 2024.

Headquartered in Indianapolis, Coverstar Central is the largest automatic safety cover dealer and service provider in the U.S. The company operates six regional distribution and service centers through which it sells products and provides training, installation, and field repair services to support 400+ pool builders and dealers in its geographies. Coverstar Central is recognized throughout the pool industry for its total commitment to customer satisfaction and its excellence in providing service and technical support promptly and efficiently.

Latham's automatic pool covers offer unparalleled safety, forming an "isolation barrier" when they are closed that seals off all the sides of the pool. In addition to its safety benefits, this product line offers several important savings and maintenance benefits for pool owners, including significant reductions in water evaporation, lower pool heating and electricity costs, and reduced chemical usage.

Commenting on the transaction, Scott Rajeski, Latham's President and CEO noted, "This acquisition is fully aligned with our strategic priorities and will help to accelerate the growth and adoption of automatic safety covers. Coverstar Central has been Latham's trusted dealer partner since the launch of our automatic safety covers in 2006 and is a recognized industry leader. As one company, with a fully integrated sales and marketing strategy, we expect to accelerate the sales growth of this product, which can be fitted on any pool type. The vertical integration of our automatic safety cover product line in the acquired geographies also is expected to result in expanded Adjusted EBITDA margins. Additionally, we see opportunities to leverage Coverstar Central's long-standing relationships with pool builders in its markets to increase the awareness of, and conversion to, fiberglass pools. Importantly, Coverstar Central is an excellent cultural fit with Latham, and we look forward to welcoming its leadership and team members to our organization."

Mr. Rajeski added, "Latham Group values its long-standing relationships with the other dealers that sell its automatic safety covers in the remaining 21 states across the country and in Canada, and we plan to continue to work closely with our partners in their respective geographies to spur sales of autocovers and identify and invest in mutually beneficial growth opportunities."

"Joining Latham Group represents the natural next step in our growth trajectory, and we expect to be able to effectively deploy our combined resources to further the adoption of automatic safety covers in our markets," said John St. Clair, CEO of Coverstar Central. "Our two companies have enjoyed an excellent relationship based on our mutual commitment to superior customer service and, as one company, we will be able to strengthen our collaboration, fine-tune our services, and continue to increase awareness of this industry-leading product offering."

About Latham Group, Inc.

Latham Group, Inc., headquartered in Latham, NY, is the largest designer, manufacturer, and marketer of in-ground residential swimming pools in North America, Australia, and New Zealand. Latham has a coast-to-coast operations platform consisting of approximately 1,800 employees across 24 locations.

Forward-looking Statements

Certain statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release other than statements of historical fact may constitute forward-looking statements, including statements regarding the recent acquisition of Coverstar Central and the expected impact of the acquisition on our future operating results and financial position as well as our business strategy and plans. These statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside of our control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including: unfavorable economic conditions and related impact on consumer spending; adverse weather conditions impacting our sales, and can lead to significant variability of sales in reporting periods; natural disasters, including resulting from climate change, geopolitical events, war, terrorism, public health issues or other catastrophic events; competitive risks; our ability to attract, develop and retain highly qualified personnel; inflationary impacts, including on consumer demand; our ability to source raw materials and components for manufacturing our products, our ability to collect accounts receivables from our customers; our ability to keep pace with technological developments and standards, such as generative artificial intelligence; the consequences of industry consolidation on our customer base and pricing; interruption of our production capability at our manufacturing facilities from accident, fire,

calamity, regulatory action or other causes; product quality issues, warranty claims or safety concerns such as those due to the failure of builders to follow our product installation instructions and specifications; delays in, or systems disruptions issues caused by the implementation of our enterprise resource planning system; cyber-security breaches and data leaks, and our dependence on information technology systems; compliance with government regulations; our ability to transportation services; the protection of our intellectual property and defense of third-party infringement claims; international business risks; and our ability to secure financing and our substantial indebtedness; and other factors set forth under “Risk Factors” and elsewhere in our most recent Annual Report on Form 10-K and subsequent reports we file or furnish with the SEC. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time that may impair our business, financial condition, results of operations and cash flows.

Although we believe that the expectations reflected in the forward-looking statements are reasonable and our expectations based on third-party information and projections are from sources that management believes to be reputable, we cannot guarantee future results, levels of activities, performance or achievements. These forward-looking statements reflect our views with respect to future events as of the date hereof or the date specified herein, and we have based these forward-looking statements on our current expectations and projections about future events and trends. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date hereof. We anticipate that subsequent events and developments will cause our views to change. Our forward-looking statements further do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures or investments we may undertake.

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