Q3 2023 Earnings Call

November 7, 2023

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

We track our non-GAAP financial measures to monitor and manage our underlying financial performance. This presentation includes the presentation of Adjusted EBITDA (including on a last twelve months' basis), Adjusted EBITDA margin, Net Debt, and Net Debt Leverage Ratio. This presentation includes certain non-GAAP financial measures. 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 measures to these non-GAAP measures can be found in the Appendix to this presentation.

For the definitions of certain non-GAAP measures, how such non-GAAP 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.

Net Debt and Net Debt Leverage Ratio are non-GAAP financial measures used in monitoring and evaluating our overall liquidity, financial flexibility, and leverage. Other companies may calculate similarly-titled non-GAAP measures differently, limiting their usefulness as comparative measures. We define Net Debt as total debt less cash and cash equivalents. We define the Net Debt Leverage Ratio as Net Debt divided by last twelve months ("LTM") of Adjusted EBITDA. We believe this measure is an important indicator of our ability to service our long-term debt obligations. There are material limitations to using Net Debt Leverage Ratio as we may not always be able to use cash to repay debt on a dollar-for-dollar basis.

Q3 / YTD 2023 Highlights

1

Cost reduction actions are delivering improved margins

- Drove a return to YoY adjusted EBITDA margin(1) expansion in Q3'23
- Sequentially, Q3 adjusted EBITDA(1) increased $5 million (or 16%) and adjusted EBITDA margin(1) improved 490 basis points vs. Q2'23 on 9% lower net sales

2

Continue to outpace the U.S. new in-ground pool installation market

- Our Q3 YTD in-ground pool net sales, which were down 23% YoY, continued to outperform the expected 30% decline(2) in U.S. new in-ground pools installations year-over-year for FY'23

3

Strong balance sheet enables us to navigate the current environment

- Expanded liquidity to $153 million(3) in Q3'23
- Repaid $10 million of debt, bringing total debt down to $302 million
- Net Debt Leverage Ratio improved to 2.7x(4) at the end of Q3'23

4

Long-term interest in pools remains strong

- Homeowner interest continues as we drove YoY website session growth in Q3 YTD
- In 2023, the number of North American fiberglass dealers installing greater than 10 pools a year has increased by nearly 100 since 2019

(1) See Appendix for the reconciliation of Adjusted EBITDA to net income (loss). Adjusted EBITDA margin is Adjusted EBITDA divided by net sales
(2) Management estimates
(3) Calculated by cash and cash equivalents plus availably on the Company's $75 million Revolving Credit Facility as of September 30, 2023
(4) Calculated by net debt divided by LTM Adjusted EBITDA for the four fiscal quarters ended September 30, 2023. See appendix for the reconciliation of Adjusted EBITDA to net income (loss) and Net Debt and Net Debt Leverage Ratio to the comparable GAAP measure

Strategic Priorities

- Drive material conversion from concrete to fiberglass
- Leverage direct-to-homeowner strategy and digital innovations
- Enhance and expand strategic partnerships with dealers
- Execute continuous improvement initiatives and prudently manage costs

Disciplined Cost Actions Supporting Margin Improvement

- Cost reduction actions and lean initiatives have yielded desired results on adjusted EBITDA margin as we drove a return to year-over-year adjusted EBITDA margin(1) expansion in Q3'23, despite softer net sales

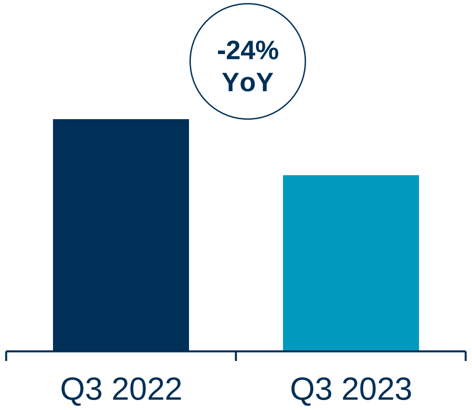
- Streamlined and rebalanced our facilities footprint by exiting 3 smaller manufacturing locations and 5 warehouses

- Continued right sizing of production and staffing levels to match demand, while maintaining flexibility to drive growth as market conditions improve

- Executed lean initiatives, facilitating inventory reductions while maintaining industry-leading lead times

- Combined, these actions keep us on track to meet cost savings targets for FY 2023 of $18 million; with an additional $6 million in cost savings to be realized in FY 2024

Manufacturing Overhead



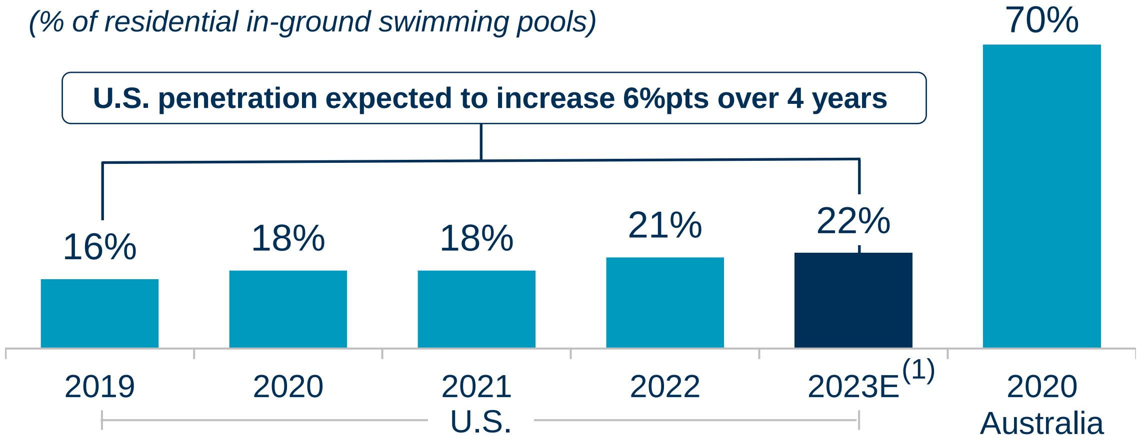
(1) See Appendix for the reconciliation of Adjusted EBITDA to net income (loss). Adjusted EBITDA margin is Adjusted EBITDA divided by net sales

U.S. Fiberglass Penetration Continues to Grow

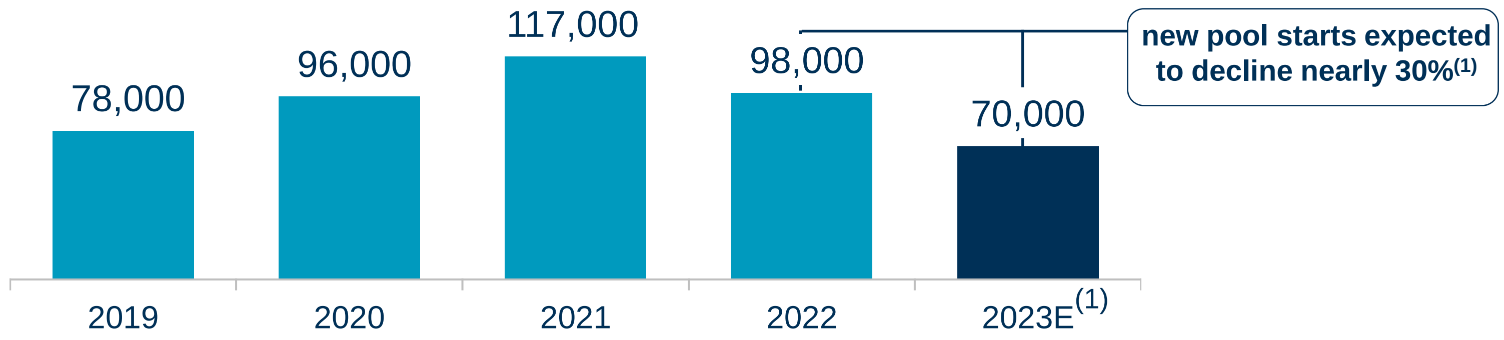
Upside opportunity compared to more mature fiberglass markets

Fiberglass Share of Pool Installations

(% of residential in-ground swimming pools)



New U.S. In-ground Residential Pool Installations(2)



Latham's Fiberglass Leadership

~50%

Share of the fiberglass category in North America

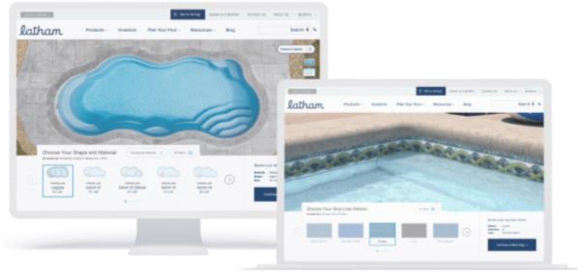
Source: Management's analysis based on information from studies by a third-party research consulting firm in 2019-2020 commissioned by the Company, management's knowledge of market participants, and PK Data

(1) Management estimates

(2) Defined as new in-ground pool starts, per PK Data

...Driven by Latham's Marketing Initiatives

Unique direct-to-homeowner and dealer strategies continue to yield results



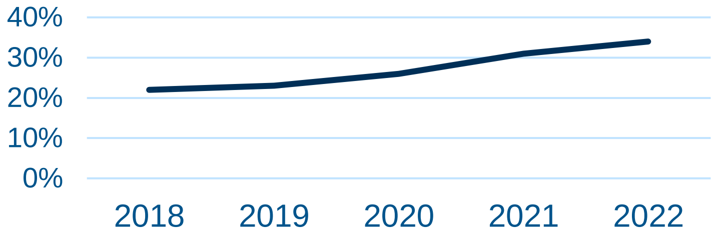
Strong underlying homeowner interest in pools

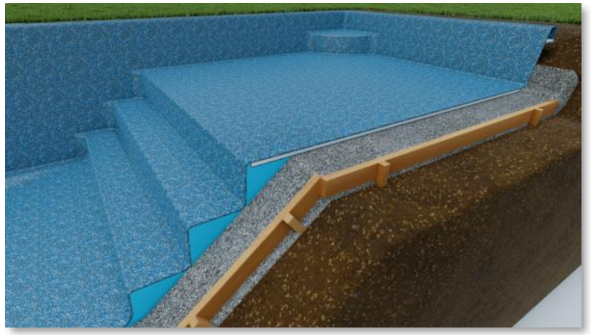
- Based on monthly search volume, Latham ranks #1 for 'fiberglass pools' and in the top 10 for 'inground pool'[(1)]
- Drove YoY Latham website session growth in Q3 YTD 2023

Successful dealer productivity & recruitment efforts

- In 2023, the number of North American fiberglass dealers installing greater than 10 pools a year has increased by nearly 100 since 2019
- Exceeded internal targets for new dealer acquisition in 2023

Percent of North American Fiberglass Dealers Installing Greater than 10 Pools Per Year





Enhancing our fiberglass products and offerings

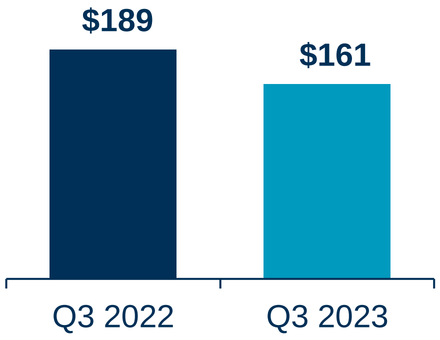
- Introduced 3 new fiberglass models – Tuscan, Enchantment, and Providence - in 2023
- Strong dealer reception of Backfill Made Easy; evaluating opportunities to rollout to other models

(1) Source: SEMRush 2023

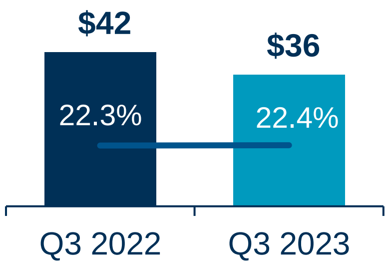
Q3 and YTD 2023 Financial Highlights

Q3

Net Sales
($ in millions)

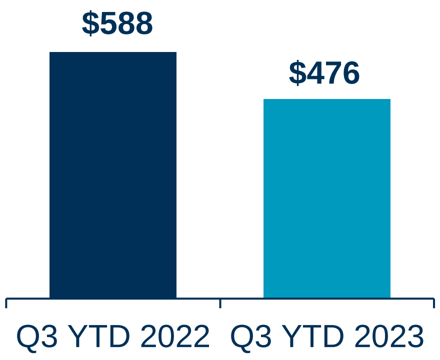


Adjusted EBITDA(1)
($ in millions)

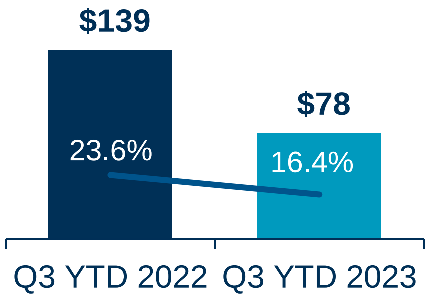


YTD

Net Sales
($ in millions)



Adjusted EBITDA(1)
($ in millions)



Key Drivers

- Year-over-year volume declines due to continued macroeconomic challenges
- Sell-through of higher cost inventory
- Right sizing of our inventory
- Benefits of cost reduction actions
- Some material deflation
- Benefits from pricing levels

(1) See Appendix for the reconciliation of Adjusted EBITDA to net income (loss). Adjusted EBITDA margin is Adjusted EBITDA divided by net sales

Disciplined Approach to Capital Allocation

Reinvesting in the Business	• Targeted investments in organic growth opportunities that generate significant returns and value creation • Focus on fiberglass production / delivery equipment and new fiberglass molds
Selective Strategic Investments in Inorganic Growth	• Selectively evaluate add-ons given industry fragmentation • Strong history of successful M&A
Maintaining a Strong Balance Sheet	• As of September 30, 2023, had cash and cash equivalents of $78 million, $75 million of borrowing availability on our $75 million Revolving Credit Facility – providing total liquidity of $153 million - and total debt of $302 million • Net Debt Leverage Ratio(1) was 2.7x at end of Q3 2023
Returning Capital to Shareholders	• As of September 30, 2023, $77 million remained available for repurchases of its shares of Common Stock pursuant to the Company's $100 million authorization

(1) Calculated by net debt divided by LTM Adjusted EBITDA for the four fiscal quarters ended September 30, 2023. See appendix for the reconciliation of Adjusted EBITDA to net income (loss) and Net Debt and Net Debt Leverage Ratio to the comparable GAAP measure

Fiscal 2023 Outlook[1]

$ in millions	Updated Outlook		Prior Outlook	
Metric	**Low**	**High**	**Low**	**High**
Net Sales	$555	$570	$570	$600
Adjusted EBITDA[2]	$82	$87	$90	$100
Capital Expenditures	$32	$35	$32	$38

Reflects

- Expected declines in U.S. new in-ground pool installations in 2023, with softness in pool demand continuing amid an ongoing challenging macroeconomic environment;
- Continued progress executing our strategy to drive material conversion from concrete to fiberglass swimming pools;
- Continued investment and momentum in our lead generation efforts and digital tools, positioning us well for the long-term;
- Benefits from our cost reduction, productivity, and continuous improvement initiatives; and
- Disciplined capital investments with a focus on the completion of projects for the Kingston, Ontario and Seminole, Oklahoma fiberglass manufacturing facilities

(1) Represents guidance given by the Company as of November 7, 2023. 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) is not available due to uncertainty related to our future income tax expense

Latham: A Compelling Long-term Growth Story

- Serving a large and attractive market benefitting from material conversion
- 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
- Broad reach, regulatory expertise and technological capabilities create significant competitive advantages
- Multiple levers to continue to drive growth across our platform
- Visionary management team with proven track record of execution

Q&A

Appendix

Non-GAAP Reconciliations
Adjusted EBITDA and Adjusted EBITDA Margin

(in thousands)	Fiscal Quarter Ended Sept 30, 2023	Fiscal Quarter Ended Oct 1, 2022	Three Fiscal Quarters Ended Sept 30, 2023	Three Fiscal Quarters Ended Oct 1, 2022
Net income (loss)	$ 6,153	$ 11,876	$ (2,500)	$ 13,339
Depreciation and amortization	10,500	9,560	29,784	28,834
Interest expense, net	5,980	4,264	21,270	9,193
Income tax expense	6,686	9,109	8,642	25,399
Loss on sale and disposal of property and equipment	118	22	131	146
Restructuring charges[(a)]	1,818	287	2,615	406
Stock-based compensation expense[(b)]	2,354	7,061	14,887	40,415
Unrealized losses on foreign currency transactions[(c)]	1,400	1,103	932	2,817
Strategic initiative costs[(d)]	1,063	532	3,065	3,019
Acquisition and integration related costs[(e)]	—	—	11	257
Loss on extinguishment of debt[(f)]	—	—	—	3,465
Underwriting fees related to offering of common stock[(g)]	—	—	—	11,437
Odessa fire[(h)]	11	(1,523)	(760)	—
Other[(i)]	—	(39)	38	140
Adjusted EBITDA	$ 36,083	$ 42,252	$ 78,115	$ 138,867
Net sales	$ 160,778	$ 189,398	$ 475,625	$ 587,812
Net income (loss) margin	3.8%	6.3%	(0.5)%	2.3%
Adjusted EBITDA margin	22.4%	22.3%	16.4%	23.6%

(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 plan announced in 2023, which includes further actions to reduce our manufacturing overhead by reducing headcount in addition to facility shutdowns.
(b) Represents non-cash stock-based compensation expense.
(c) Represents unrealized foreign currency transaction losses associated with our international subsidiaries.
(d) Represents fees paid to external consultants for our strategic initiatives.
(e) Represents acquisition and integration costs primarily related to the acquisition of Radiant, the equity investment in Premier Pools & Spas, as well as other costs related to potential transactions.
(f) Represents the loss on extinguishment of debt in connection with our debt refinancing on February 23, 2022.
(g) Represents underwriting fees related to our offering of common stock that was completed in January 2022.
(h) Represents costs incurred and insurance recoveries in excess of costs incurred for the period related to a production facility fire in Odessa, Texas.
(i) 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 of Radiant, which was amortized through cost of sales in the condensed consolidated statements of operations, and (iii) other items.

Non-GAAP Reconciliations

Net Debt and Net Debt Leverage Ratio

(in thousands)	As of September 30, 2023	As of July 1, 2023
Total debt	$ 301,621	312,041
Less:		
Cash	(78,113)	(43,116)
Net Debt	223,508	268,925
LTM Adjusted EBITDA[(a)]	82,500	88,669
Net Debt Leverage Ratio	2.7x	3.0x

(a) LTM Adjusted EBITDA is the sum of the Company's Adjusted EBITDA for the four fiscal quarters ended September 30, 2023 and July 1, 2023. See Appendix for the reconciliation of Adjusted EBITDA to net income (loss)