latham

The Pool Company

Q1 2022 EARNINGS CALL

MAY 12, 2022

SWIM | Nasdaq Listed

Disclaimer

Forward-looking Statements

Some of the statements contained in this presentation are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are generally identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and, in each case, their negative or other various or comparable terminology. These forward-looking statements reflect our views with respect to future events as of the date of this release and are based on our management's current expectations, estimates, forecasts, projections, assumptions, beliefs and information. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. All such forward-looking statements are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in this document. It is not possible to predict or identify all such risks. These risks include, but are not limited to: secular shifts in consumer demand for swimming pools and spending on outdoor living spaces; slow pace of material conversion from concrete pools to fiberglass pools in the pool industry; general economic conditions and uncertainties affecting markets in which we operate and economic volatility that could adversely impact the Company's business, including the COVID-19 pandemic; the impact of the war between the Russian Federation and Ukraine, including the impact of sanctions imposed by Western governments; changes in access to consumer credit or increases in interest rates impacting consumers' ability to finance their purchases of pools; the impact of weather on the Company's business; the Company's ability to attract new customers and retain existing customers; the Company's ability to sustain further growth and to manage it effectively; the ability of the Company's suppliers to continue to deliver the quantity or quality of materials sufficient to meet the Company's needs to manufacture the Company's products; the availability and cost of third-party transportation services for the Company's products and raw materials; product quality issues; the Company's ability to successfully defend litigation brought against the Company; the Company's ability to adequately obtain, maintain, protect and enforce the Company's intellectual property and proprietary rights and claims of intellectual property and proprietary right infringement, misappropriation or other violation by competitors and third parties; failure to hire and retain qualified employees and personnel; exposure to risks associated with international sales and operations, including foreign currency exchange rates, corruption and instability; security breaches, cyber-attacks and other interruptions to the Company's and the Company's third-party service providers' technological and physical infrastructures; catastrophic events, including war, terrorism and other international conflicts, public health issues or natural catastrophes and accidents; risk of increased regulation of the Company's operations, particularly related to environmental laws; fluctuations in our operating results; inability to compete successfully against current and future competitors; and other risks, uncertainties and factors described under the section titled "Risk Factors" in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings filed with the U.S. Securities and Exchange Commission (the "SEC") by the Company, as well as other filings that the Company will make, or has made, with the SEC. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in other filings. We expressly disclaim any obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise, 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) and Adjusted EBITDA margin, which are non-GAAP financial measures that exclude the impact of certain costs, losses and gains that are required to be included in our profit and loss measures under GAAP. Although we believe these measures are useful to investors and analysts for the same reasons it is useful to management, as discussed below, these measures are neither a substitute for, nor superior to, U.S. GAAP financial measures or disclosures. Other companies may calculate similarly-titled non-GAAP measures differently, limiting their usefulness as comparative measures. We have reconciled Adjusted EBITDA to the applicable most comparable GAAP measure, net income, throughout this presentation.

Adjusted EBITDA and Adjusted EBITDA margin are key metrics used by management and our board of directors to assess our financial performance. Adjusted EBITDA and Adjusted EBITDA margin are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry, when considered alongside other GAAP measures. We use Adjusted EBITDA and Adjusted EBITDA margin to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other companies using similar measures. We have presented Adjusted EBITDA and Adjusted EBITDA margin solely as supplemental disclosures because we believe they allow for a more complete analysis of results of operations and assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance, such as (i) depreciation and amortization, (ii) interest expense, (iii) income tax (benefit) expense, (iv) loss on sale and disposal of property and equipment, (v) restructuring charges, , (vi) stock-based compensation, (vii) unrealized (gains) losses on foreign currency transactions, (viii) strategic initiative costs, (ix) acquisition and integration related costs, (x) other and (xi) IPO costs.

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and should not be considered as alternatives to net income as a measure of financial performance or any other performance measure derived in accordance with GAAP, and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA and Adjusted EBITDA margin, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. There can be no assurance that we will not modify the presentation of Adjusted EBITDA and Adjusted EBITDA margin following this offering, and any such modification may be material. Our presentation of Adjusted EBITDA and Adjusted EBITDA margin should not be construed to imply that our future results will be unaffected by any such adjustments. In addition, other companies, including companies in our industry, may not calculate Adjusted EBITDA and Adjusted EBITDA margin at all or may calculate Adjusted EBITDA and Adjusted EBITDA margin differently and accordingly, are not necessarily comparable to similarly entitled measures of other companies, which reduces the usefulness of Adjusted EBITDA and Adjusted EBITDA margin as tools for comparison.

Adjusted EBITDA and Adjusted EBITDA margin have their limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are that Adjusted EBITDA and Adjusted EBITDA margin:

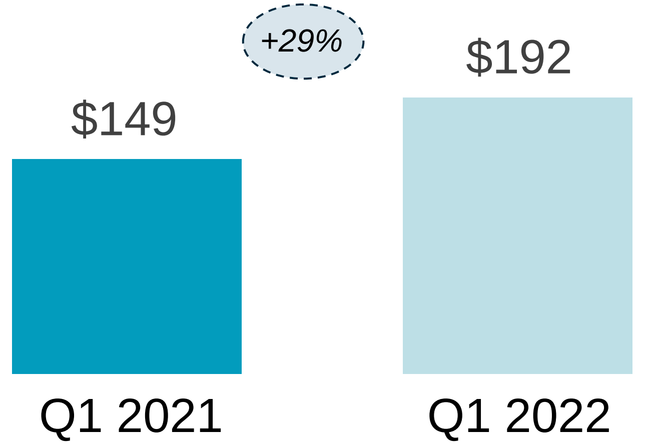
- do not reflect every expenditure, future requirements for capital expenditures or contractual commitments;
- do not reflect changes in our working capital needs;
- do not reflect the interest expense, or the amounts necessary to service interest or principal payments, on our outstanding debt;
- do not reflect income tax (benefit) expense, and because the payment of taxes is part of our operations, tax expense is a necessary element of our costs and ability to operate;
- do not reflect non-cash equity compensation, which will remain a key element of our overall equity-based compensation package; and
- do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

Although depreciation and amortization are eliminated in the calculation of Adjusted EBITDA and Adjusted EBITDA margin, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA margin do not reflect any costs of such replacements.

Q1 2022 Highlights

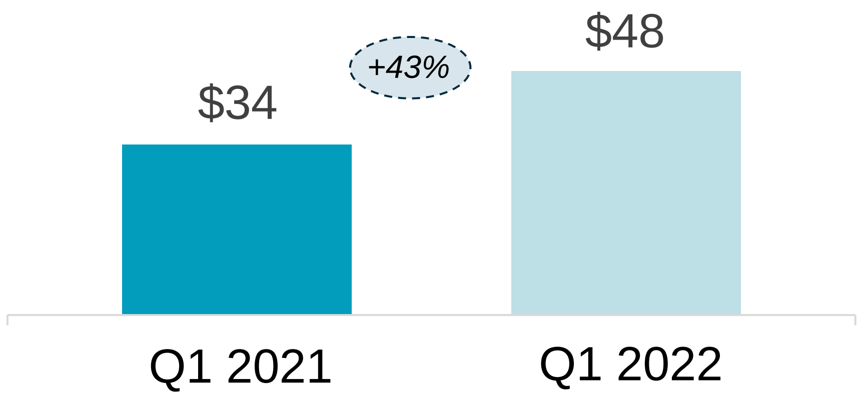
NET SALES

($ IN MILLIONS)



ADJUSTED EBITDA[1]

($ IN MILLIONS)



- Encouraged by the early excitement and anticipation from both consumers and dealers leading into peak pool building season
- Opened new world-class training center in Florida and training schedule is quickly filling up for the rest of this year
- Continued to enhance our ability to meet demand with North American fiberglass production increasing about 50% in Q1’22 over Q4’21
- Continue to make progress on fiberglass order backlog, especially on pools that were ordered at a lower prices than we are charging now
- Lead times improved across many fiberglass plants and models
- Tracking back to normalized, competitive lead times across all other product categories
- Turbocharged employee recruitment efforts and meaningfully filled open direct labor positions.

Note:
1. See Appendix for the reconciliation of Adjusted EBITDA to net (loss) income.

Q2 2022 Update

Update	Responsive Actions
• Temporary shortage of a material used in production of unique fiberglass flake for several fiberglass color offerings	• Leveraging vendor relationships to ramp up in fiberglass flake supply; expect to return to full availability in early Q3'22 • Believe the breadth of our offering and strong supplier and dealer relationships will enable us to navigate today's supply chain environment
• Unseasonable weather in April impacted dealers' ability to install pools in the Northeast, Midwest, and Canada	• Expect installations to improve with warmer weather and peak pool building months in Q2 and Q3
• Experienced fire at second smallest U.S. fiberglass facility in Odessa, Texas in April. • No employees were onsite at the time of the incident and there were no injuries	• Ongoing expansion investments provides additional available manufacturing capacity across manufacturing footprint • Quickly shifted production to other fiberglass manufacturing facilities • Leveraging Odessa facility for distribution to service the region • Expect minimal impact on full year fiscal 2022 results

Despite these near-term issues, we feel good about the actions to position ourselves for success as we enter peak pool building season and the back half of the year.

Looking Ahead

Well positioned heading into peak pool season

- Feel good about the actions we are taking to navigate Q2 challenges
- Continue to see growth across product portfolio
- Dealers continue to book orders through 2022 and into 2023
- Digital marketing engine is ensuring a healthy supply of consumer leads to drive more pool installs
- Will continue to ramp up in fiberglass volume growth in 2H'22
- Pricing actions and surcharges have enabled us to counter the impacts of inflation on raw materials, freight, and labor
- Dynamics of the large outdoor repair and remodel market remain attractive; Strong pool demand as investments in the backyard continue

Affirming Fiscal 2022 Guidance,
Implying Year-over-Year Net Sales Growth of 35% to 40% and
Year-over-Year Adjusted EBITDA Growth of 32% to 46%[1]

Building our business for the long-term

- Expanding steel panel manufacturing capabilities with new state-of-the-art, highly automated line in Fort Wayne, Indiana
  - Expected to drive a more efficient manufacturing process for steel panel package pools and add incremental capacity to support future growth
- Building Latham's largest fiberglass facility
  - New facility being built in Kingston, Ontario will serve eastern half of Canada, Northeast and upper Midwest U.S.
  - Construction progressing as planned and production expected to begin in 2023

New Highly Automated Steel Manufacturing Line in Fort Wayne, Indiana

Construction of New Fiberglass Facility in Kingston, Ontario

Note:
1. *Represents guidance given by the Company as of May 12, 2022. These are forward-looking statements. See "Forward-looking statements" on page 2 of this presentation. A reconciliation of Latham's projected Adjusted EBITDA to net income is not available due to uncertainty related to our future income tax expense.*

Q1 2022 Financial Highlights

Net sales increased 29% to $192 million	• Continued to realize the benefits of pricing actions • Net sales growth across all three product lines
Gross margins expanded 160 bps to 36.9%[1]	• Pricing actions continue to offset inflation • Increasing ASPs, particularly in fiberglass • Benefits from build of inventory from year end • Negative fixed cost leverage due to investments for future growth
SG&A increased to $45 million (23.6% of net sales)	• Primarily driven by an about $14 million increase in non-cash stock-based compensation expense • Ongoing public company costs • Increase in headcount to support future growth
Adj. EBITDA[2] increased 43% to $48 million	• Adjusted EBITDA Margin[2] increased about 250 basis points to 25.0% of net sales

Note:
1. *Excluding non-cash stock-based compensation expense, Q1 2022 gross margins were 37.5%.*
2. *See Appendix for the reconciliation of Adjusted EBITDA to net (loss) income. Adjusted EBITDA margin is Adjusted EBITDA divided by net sales.*

Capital Allocation Priorities

Reinvesting in the business to enhance future growth opportunities	• Increased capital investments in 2018 from historical levels as business transformation began to take hold • Began accelerating capex investments in 2021 to increase fiberglass capacity • Focused on opportunities that generate significant returns and value creation
Selective tuck in M&A and business development investments	• Strong history of successful M&A integration • Ample opportunity for additional add-ons given industry fragmentation • Focus on M&A that strategically expands U.S. and international footprint, adds complementary offerings, is high growth with strong margins, and/or focuses on the consumer experience through shared technology and best practices
Paying down debt	• As of April 2, 2022, had cash and cash equivalents of $18.7 million, $65.0 million undrawn on its revolving credit facility, and total debt of $324.1 million • Net debt leverage ratio was 2.1x at end of Q1 2022[1]
Returning capital to shareholders	• On May 10, 2022, the Company approved a stock repurchase program (the "Repurchase Program"), which authorized the Company to repurchase up to $100 million of its shares of Common Stock over the next three years

1. Calculated by net debt divided by LTM Adjusted EBITDA for the four fiscal quarters ended April 2, 2022.

Financial Outlook

FISCAL 2022 OUTLOOK[1]

Net Sales
$850 million to $880 million

Adjusted EBITDA
$185 million to $205 million

Capital Expenditures
$45 million to $60 million

Key Drivers:

- Continued investments in outdoor living and the backyard and strong consumer demand for our products
- Ongoing execution of strategic initiatives, including efforts to drive education and awareness of fiberglass led by the differentiated direct-to-consumer model
- Continued successful navigation of a difficult global supply chain environment
- Expecting first half of full year fiscal 2022 to represent approximately 46% to 48% of full year fiscal 2022 net sales at the midpoint of guidance

THREE TO FIVE YEAR TARGETS[2]

Net Sales Growth
10% to 12%

Adjusted EBITDA Growth
12% to 15%

Adjusted EBITDA Margin
+500 bps

Key Drivers:

- Our consumer-driven strategy, as evidenced by our proven ability to generate sales qualified leads
- Material conversion from concrete to manufactured pools, particularly fiberglass
- Latham's capacity investments
- Our disciplined approach to price and cost management

Note:

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2. *These are goals/targets and are not projections. These are forward-looking statements, which are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals/targets will be achieved. See "Forward-looking statements" on page 2 of this presentation.*

Latham: A Compelling 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


The center of your backyard lifestyle.
latham

Q&A


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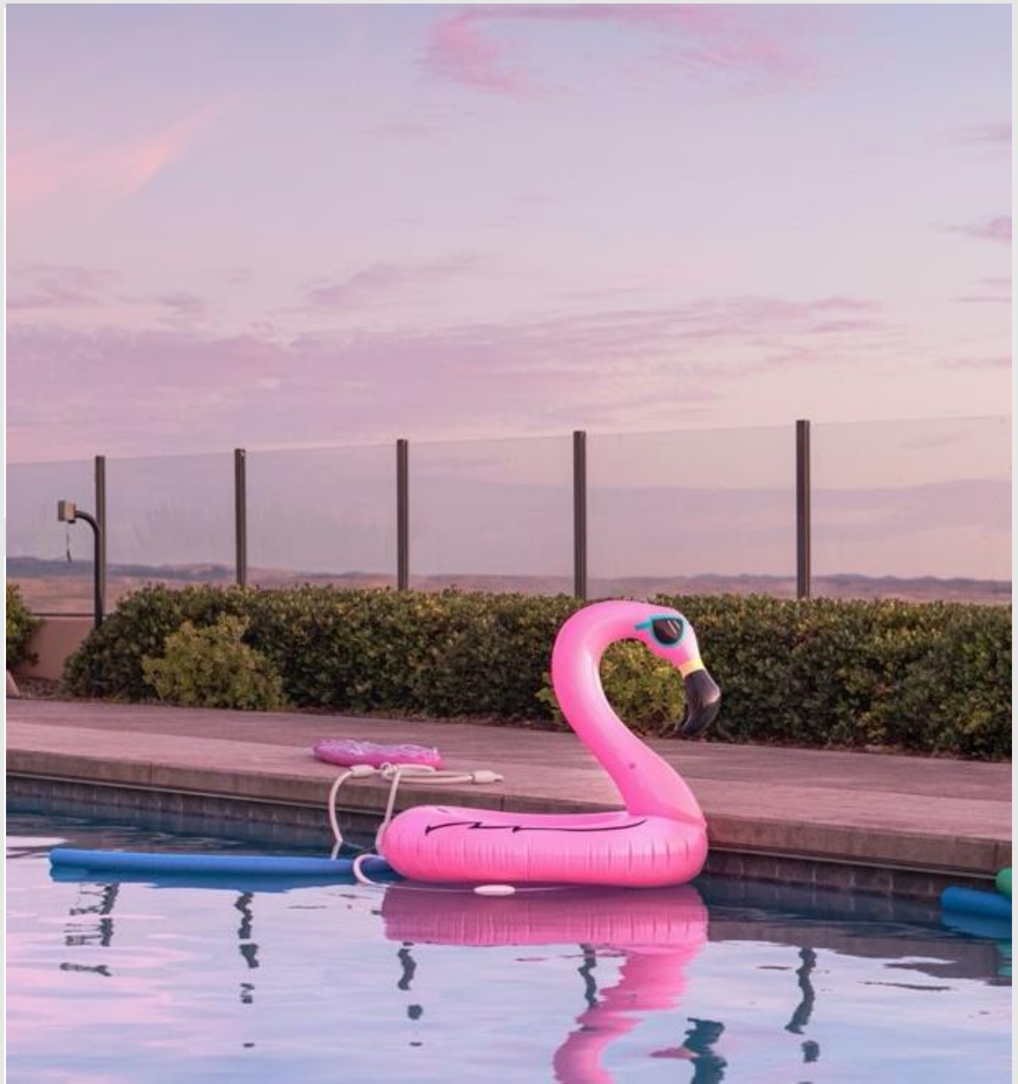
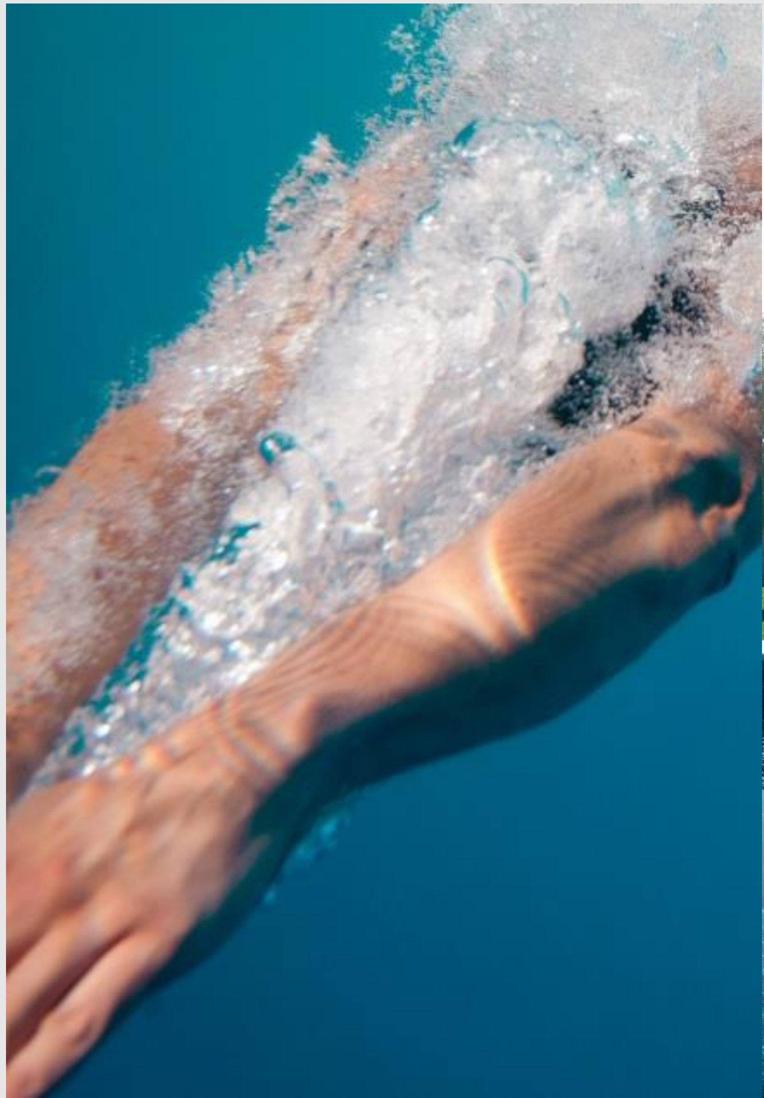
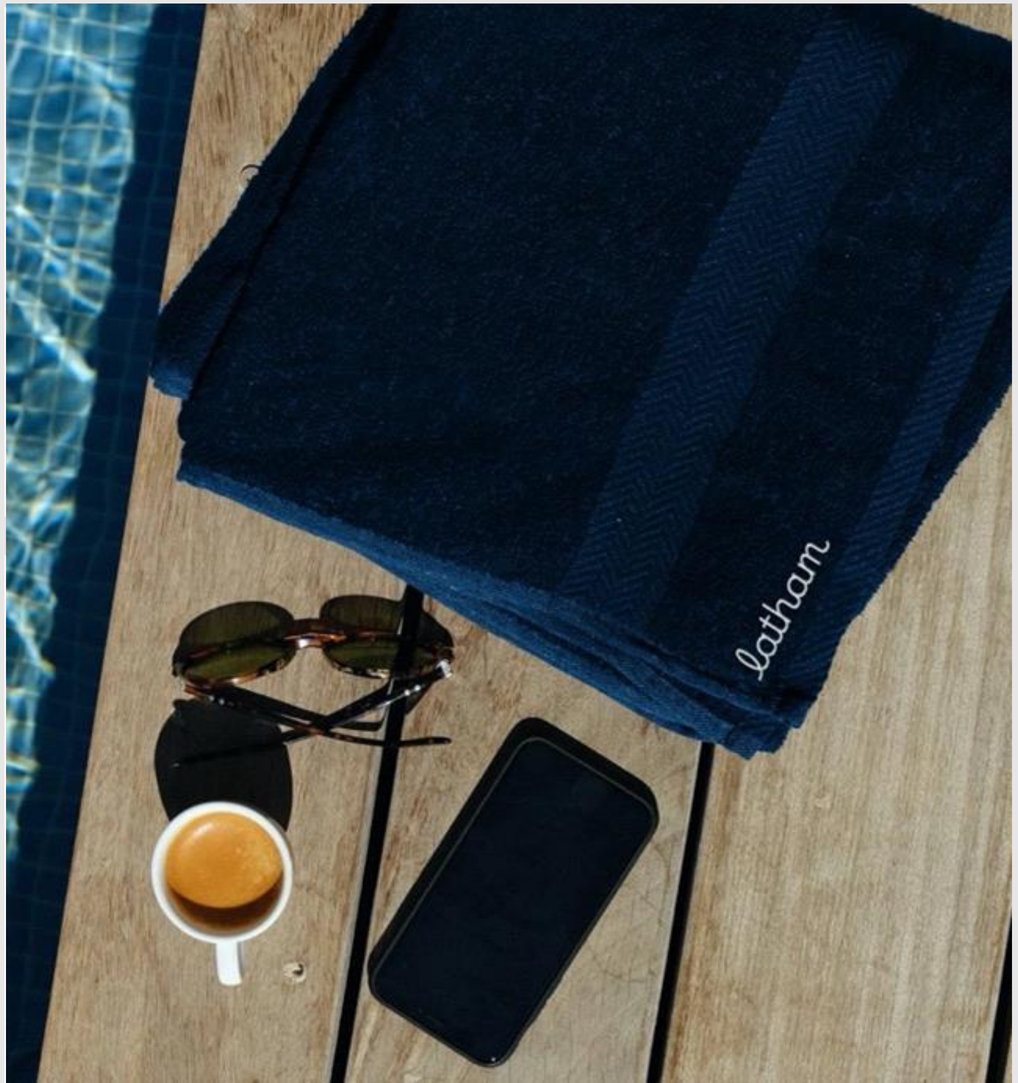
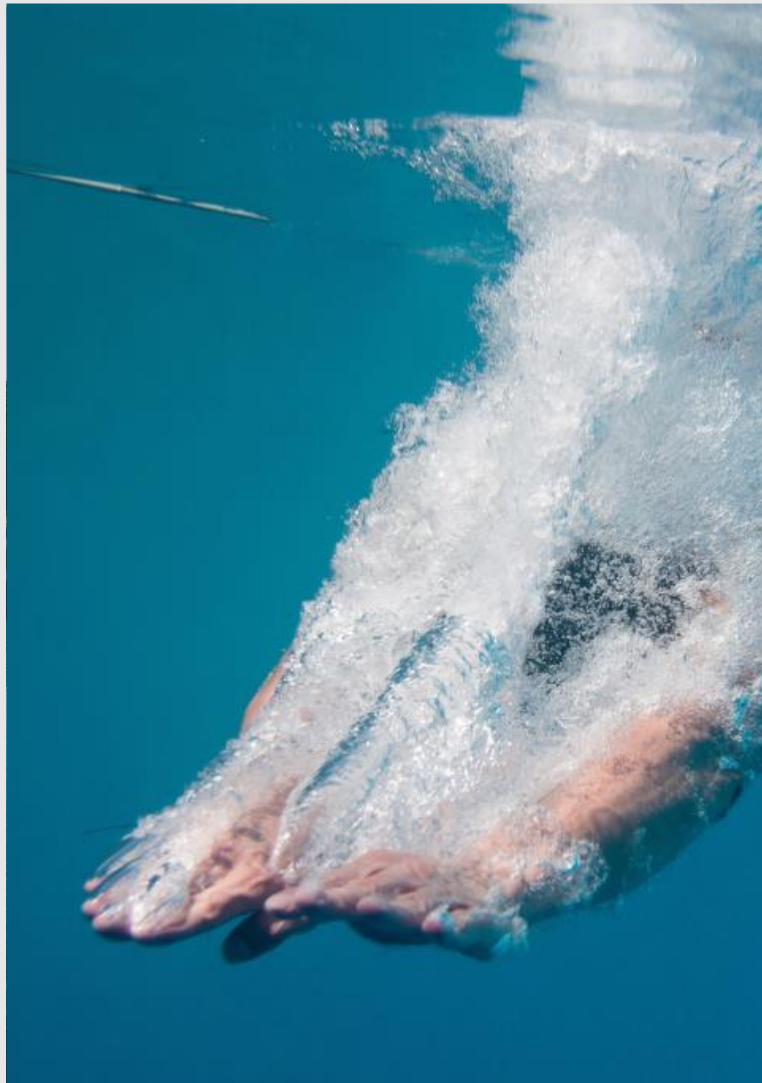




Appendix





Non-GAAP Reconciliations

(in thousands)	Fiscal Quarter Ended	
	April 2, 2022	April 3, 2021
Net (loss) income	$ (2,840)	$ 8,533
Depreciation and amortization	9,494	7,900
Interest expense	1,765	9,056
Income tax (benefit) expense	5,307	2,883
Loss on sale and disposal of property and equipment	—	165
Restructuring charges(a)	13	371
Stock-based compensation(b)	16,925	1,464
Unrealized (gains) losses on foreign currency transactions(c)	(4)	(61)
Strategic initiative costs(d)	1,818	—
Acquisition and integration related costs(e)	257	68
Loss on extinguishment of debt (f)	3,465	—
Other(g)	325	264
Underwriting fees related to offering of common stock (h)	11,437	—
IPO Costs(i)	—	2,877
Adjusted EBITDA	$ 47,962	$ 33,520
Net sales	$ 191,614	$ 148,746
Net (loss) income margin	(1.5%)	5.7%
Adjusted EBITDA Margin	25.0%	22.5%

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

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

(c) Represents unrealized foreign currency transaction (gains) and 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 refinancing.

(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 acquisitions of GLI and Radiant, which are amortized through cost of sales in the condensed consolidated statements of operations, and (iii) other items.

(h) Represents underwriting fees related to our share offering which was completed in January 2022.

(i) These expenses are primarily composed of legal, accounting and professional fees incurred in connection with our initial public offering that are not capitalizable, which are included within selling, general and administrative expense