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

FORM 10-Q

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

For the quarterly period ended **July 3, 2021**

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: **001-40358**

LATHAM GROUP, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-2797583**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
787 Watervliet Shaker Road, Latham, NY	**12110**
(Address of principal executive offices)	(Zip Code)

(800) 833-3800
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, par value $0.0001 per share	**SWIM**	**The Nasdaq Stock Market LLC**

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filers ☐ Accelerated filers ☐ Non-accelerated filers ☒ Smaller reporting companies ☐ Emerging growth companies ☒

If emerging growth companies, indicate by check mark if the registrants have 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 registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 3, 2021, 120,409,271 shares of the registrant's common stock, $0.0001 par value were outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Index to Condensed Consolidated Financial Statements (Unaudited)

Latham Group, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	July 3, 2021	December 31, 2020
Assets		
Current assets:		
Cash	$ 76,517	$ 59,310
Trade receivables, net	77,242	32,758
Inventories, net	74,475	64,818
Income tax receivable	4,452	4,377
Prepaid expenses and other current assets	10,103	6,063
Total current assets	242,789	167,326
Property and equipment, net	56,180	47,357
Equity method investment	25,276	25,384
Deferred tax assets	793	345
Deferred offering costs	—	1,041
Goodwill	115,532	115,750
Intangible assets, net	277,906	289,473
Other assets	211	—
Total assets	$ 718,687	$ 646,676
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 40,645	$ 29,789
Accounts payable - related party	1,350	500
Current maturities of long-term debt	14,234	13,042
Accrued expenses and other current liabilities	55,662	50,606
Total current liabilities	111,891	93,937
Long-term debt, net of discount and current portion	223,111	208,454
Deferred income tax liabilities, net	55,949	55,193
Liability for uncertain tax positions	5,605	5,540
Other long-term liabilities	2,056	1,943
Total liabilities	398,612	365,067
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 100,000,000 and no shares authorized as of July 3, 2021 and December 31, 2020, respectively; no shares issued and outstanding as of both July 3, 2021 and December 31, 2020	—	—
Common stock, $0.0001 par value; 900,000,000 and 500,000,000 shares authorized as of July 3, 2021 and December 31, 2020, respectively; 120,409,271 and 118,854,249 shares issued and outstanding as of July 3, 2021 and December 31, 2020, respectively	12	12
Additional paid-in capital	350,017	265,478
(Accumulated deficit) retained earnings	(31,300)	13,765
Accumulated other comprehensive income	1,346	2,354
Total stockholders' equity	320,075	281,609
Total liabilities and stockholders' equity	$ 718,687	$ 646,676

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Latham Group, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net sales	$ 180,889	$ 112,822	$ 329,635	$ 163,956
Cost of sales	122,534	68,460	218,840	109,495
Gross profit	58,355	44,362	110,795	54,461
Selling, general and administrative expense	95,288	15,360	122,460	30,792
Amortization	5,479	4,063	11,074	8,126
(Loss) income from operations	(42,412)	24,939	(22,739)	15,543
Other expense (income):				
Interest expense	7,516	4,308	16,572	9,641
Other (income) expense, net	(794)	(1,242)	(1,349)	2,499
Total other expense (income), net	6,722	3,066	15,223	12,140
Earnings from equity method investment	754	—	998	—
(Loss) income before income taxes	(48,380)	21,873	(36,964)	3,403
Income tax expense	5,218	5,459	8,101	2,440
Net (loss) income	$ (53,598)	$ 16,414	$ (45,065)	$ 963
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.49)	$ 0.17	$ (0.41)	$ 0.01
Diluted	$ (0.49)	$ 0.17	$ (0.41)	$ 0.01
Weighted average common shares outstanding:				
Basic	109,163,698	96,268,250	109,115,991	96,300,029
Diluted	109,163,698	96,654,697	109,115,991	96,719,370

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Latham Group, Inc.
Condensed Consolidated Statements of Comprehensive (Loss) Income
(in thousands)
(unaudited)

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27 2020	July 3, 2021	June 27 2020
Net (loss) income	$ (53,598)	$ 16,414	$ (45,065)	$ 963
Other comprehensive income (loss):				
Foreign currency translation adjustments	164	2,295	(1,008)	357
Total other comprehensive income (loss)	164	2,295	(1,008)	357
Comprehensive (loss) income	$ (53,434)	$ 18,709	$ (46,073)	$ 1,320

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Latham Group, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Shares	Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances at December 31, 2019	96,498,943	$ 10	$ 196,474	$ (2,218)	$ (471)	$ 193,795
Net loss	—	—	—	(15,451)	—	(15,451)
Foreign currency translation adjustments	—	—	—	—	(1,938)	(1,938)
Repurchase and retirement of treasury stock	(200,173)	—	(400)	—	—	(400)
Stock-based compensation expense	—	—	224	—	—	224
Balances at March 28, 2020	96,298,770	10	196,298	(17,669)	(2,409)	176,230
Net income	—	—	—	16,414	—	16,414
Foreign currency translation adjustments	—	—	—	—	2,295	2,295
Repurchase and retirement of treasury stock	(75,065)	—	(176)	—	—	(176)
Stock-based compensation expense	—	—	240	—	—	240
Balances at June 27, 2020	96,223,705	$ 10	$ 196,362	$ (1,255)	$ (114)	$ 195,003

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Latham Group, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances at December 31, 2020	118,854,249	$ 12	$ 265,478	$ 13,765	$ 2,354	$ 281,609
Net income	—	—	—	8,533	—	8,533
Foreign currency translation adjustments	—	—	—	—	(1,172)	(1,172)
Dividend ($1.00 per share)	—	—	(110,033)	—	—	(110,033)
Repurchase and retirement of treasury stock	(21,666,653)	(2)	(64,936)			(64,938)
Distributions	—	—	(29)	—	—	(29)
Stock-based compensation expense	—	—	1,464	—	—	1,464
Balances at April 3, 2021	97,187,596	10	91,944	22,298	1,182	115,434
Net loss	—	—	—	(53,598)	—	(53,598)
Foreign currency translation adjustments	—	—	—	—	164	164
Net proceeds from initial public offering	23,000,000	2	399,262	—	—	399,264
Repurchase and retirement of treasury stock	(12,264,438)	(1)	(216,699)	—	—	(216,700)
Issuance of restricted stock in connection with the Reorganization	8,340,126	1	(1)	—	—	—
Issuance of common stock upon conversion of Class B units	4,145,987	—	—	—	—	—
Stock-based compensation expense	—	—	75,511	—	—	75,511
Balances at July 3, 2021	120,409,271	$ 12	$ 350,017	$ (31,300)	$ 1,346	$ 320,075

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Latham Group, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020
Cash flows from operating activities:		
Net (loss) income	$ (45,065)	$ 963
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	15,670	11,609
Amortization of deferred financing costs and discounts	5,698	1,325
Stock-based compensation expense	76,975	464
Other non-cash	1,041	791
Earnings from equity method investment	(998)	—
Distributions received from equity method investment	998	—
Changes in operating assets and liabilities:		
Trade receivables	(44,472)	(25,688)
Inventories	(9,455)	(792)
Prepaid expenses and other current assets	(3,680)	871
Income tax receivable	(75)	(115)
Other assets	830	—
Accounts payable	11,007	10,659
Accrued expenses and other current liabilities	5,580	9,513
Other long-term liabilities	113	639
Net cash provided by operating activities	14,167	10,239
Cash flows from investing activities:		
Purchases of property and equipment	(12,967)	(6,205)
Proceeds from sale of equipment	16	—
Return of equity method investment	108	—
Net cash used in investing activities	(12,843)	(6,205)
Cash flows from financing activities:		
Proceeds from borrowings on term loan	172,813	—
Payments on term loan	(161,275)	(4,425)
Proceeds from borrowings on revolving credit facility	16,000	5,000
Payments on revolving credit facility	(16,000)	(5,000)
Deferred financing fees paid	(1,250)	—
Distributions	(29)	—
Dividend to Class A unitholders	(110,033)	—
Proceeds from initial public offering, net of underwriting discounts, commissions and offering costs	399,264	—
Repurchase and retirement of treasury stock	(281,638)	(576)
Net cash provided (used in) by financing activities	17,852	(5,001)
Effect of exchange rate changes on cash	(1,969)	1,857
Net increase in cash	17,207	890
Cash at beginning of period	59,310	56,655
Cash at end of period	$ 76,517	$ 57,545
Supplemental cash flow information:		
Cash paid for interest	$ 10,267	$ 10,237
Income taxes paid, net	$ 6,751	$ 131
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	$ 530	$ 173
Capitalized internal-use software included in accounts payable – related party	$ 1,350	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

1. NATURE OF THE BUSINESS

Latham Group, Inc. ("the Company") wholly owns Latham Pool Products, Inc. ("Latham Pool Products") (together, "Latham") and is a designer, manufacturer and marketer of in-ground residential swimming pools in North America, Australia and New Zealand. Latham offers a portfolio of pools and related products, including in-ground swimming pools, pool liners and pool covers.

On December 18, 2018, Latham Investment Holdings, LP ("Parent"), an investment fund managed by affiliates of Pamplona Capital Management (the "Sponsor"), Wynnchurch Capital, L.P. and management acquired all of the outstanding equity interests of Latham Topco., Inc. a newly incorporated entity in the State of Delaware. Latham Topco, Inc. changed its name to Latham Group, Inc. on March 3, 2021.

Initial Public Offering, Reorganization and Stock Split

On April 27, 2021, the Company completed its initial public offering (the "IPO"), pursuant to which it issued and sold 23,000,000 shares of common stock, inclusive of 3,000,000 shares sold by the Company pursuant to the full exercise of the underwriters' option to purchase additional shares. The aggregate net proceeds received by the Company from the IPO were $399.3 million, after deducting underwriting discounts and commissions and other offering costs.

Prior to the closing of the Company's IPO on April 27, 2021 (the "Closing of the IPO"), the Company's parent entity, Parent, merged with and into Latham Group, Inc., with Latham Group, Inc. surviving the merger (the "Reorganization"). The purpose of the Reorganization was to allow existing indirect owners of the Company to become direct shareholders of the Company.

In connection with the Reorganization, Class A units of the Parent (the "Class A units")were converted into shares of the Company's common stock, and Class B units of the Parent (the "Class B units") were converted into an economically equivalent number of restricted and unrestricted shares of the Company's common stock on a pro rata basis. The Reorganization was accounted for as an equity reorganization between entities under common control. As the Class A units were akin to common shares as all holders held economic interest of the Parent and were entitled to distributions on a pro rata basis to their respective the individual holders' ownership, the conversion of Class A units to common shares as part of the Reorganization was considered to be the equivalent to a stock split , which requires retrospective treatment for accounting purposes. Accordingly, all share and per share amounts in these condensed consolidated financials statements and related notes have been retroactively restated, where applicable, for all periods herein, to give effect to the conversion ratio applied in connection with the Reorganization.

Class B units were historically accounted for as compensatory arrangements in accordance with ASC 718 "*Compensation – Stock Compensation*", akin to stock appreciation rights, that when vested would share on the economic appreciation of the equity value of Parent over the agreed hurdles. As a result of the Reorganization, the Company determined that only vested Class B units are considered outstanding for accounting purposes. A portion of the Class B units vest based on continued employment by the holder, or time-vesting units, and the remaining Class B units vest upon defined performance and market conditions, or performance-vesting units. Therefore, the Company has considered any unvested restricted shares as contingentable issuable shares until they vest. The conversion of time-vesting Class B units to restricted shares is retrospectively included in the weighted-average common shares outstanding for diluted net income (loss) per share using the treasury stock method for each period in which the individual unit holder's threshold was met at the reporting date and therefore the individual unit holder would have participated in a hypothetical distribution to the Parent unit holders. The conversion of performance-vesting Class B units to restricted shares is not included in the shares outstanding for diluted net income (loss) per share for any period prior to the Reorganization and IPO as the performance vesting thresholds were not satisfied and the performance units were not considered probable to vest historically.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company's unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information

The consolidated balance sheet at December 31, 2020 was derived from audited financial statements but does not include all disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements as of July 3, 2021 and for the fiscal quarters and two fiscal quarters ended July 3, 2021 and June 27, 2020 have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with Latham Group, Inc.'s audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 included in the Company's Registration Statement on Form S-1, as amended, File No. 333-254930 on file with the SEC. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the Company's financial position as of July 3, 2021 and results of operations for the fiscal quarters and two fiscal quarters ended July 3, 2021 and June 27, 2020 and cash flows for the two fiscal quarters ended July 3, 2021 and June 27, 2020 have been made. The Company's results of operations for the fiscal quarter and two fiscal quarters ended July 3, 2021 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2021.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. Estimates are evaluated on an ongoing basis and revised as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known.

Seasonality

Although the Company generally has demand for its products throughout the year, its business is seasonal and weather is one of the principal external factors affecting the business. Historically, net sales and net income are highest during spring and summer, representing the peak months of swimming pool use, pool installation and remodeling and repair activities. Sales periods having severe weather may also affect net sales.

Accounting Policies

Refer to the Company's final prospectus for the IPO filed pursuant to Rule 424(b)(4) under the Securities Act with the SEC on April 26, 2021 ("the Prospectus") for a discussion of the Company's accounting policies, as updated below.

Stock-based Compensation

Stock-based compensation is measured and recognized based on the grant date fair value of the awards. The Class B units of the Parent were granted to employees in the form of Profits Interest Units ("PIUs"). The Company determined the grant date fair value of PIUs using the Black-Scholes option pricing model. As part of the Reorganization the vested and unvested PIUs of the Parent, were converted on a pro rata basis into equivalent restricted stock units and restricted stock awards of the Company's underlying common stock. The fair value of the awards is expensed using a graded vesting method over the requisite service period in which employees earn the awards. The Company accounts for forfeitures of stock-based awards as they occur rather than applying an estimated forfeiture rate to stock-based compensation expense.

The Black-Scholes pricing model requires critical assumptions including risk-free rate, volatility, expected term and expected dividend yield. The expected term is computed using the simplified method. The Company uses the simplified method to calculate expected term of the PIUs as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the stock-based award. The Company considers the historical volatility of the Company's stock price, as well as implied volatility. The Company utilized a dividend yield of zero, as it had no history or plan of declaring dividends on its common stock. The assumptions underlying these valuations represented the Company's best estimate, which involved inherent

uncertainties and the application of judgment. As a result, if the Company had used significantly different assumptions or estimates, the fair value of the Company's stock-based compensation expense could have been materially different.

Contemporaneously with the pricing of the Company's IPO, on April 22, 2021, the Company effected its Omnibus Incentive Plan in which it granted to certain employees of the Company restricted stock awards, restricted stock units and option awards inclusive of the as converted Class B units as a result of the Reorganization (see Note 14).

Equity Method Investments

Investments and ownership interests in common stock or in-substance common stock are accounted for under the equity method accounting if the Company has the ability to exercise significant influence over the entity but does not have a controlling financial interest. Under the equity method, investments are initially recognized at cost and adjusted to reflect the Company's interest in net earnings, dividends received and other-than-temporary impairments. The Company records its interest in the net earnings of its equity method investee, along with adjustments for amortization of basis differences, investee capital transactions and other comprehensive income (loss), within earnings from equity method investment in the condensed consolidated statements of operations. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to the underlying basis differences. Profits or losses related to intra-entity sales with its equity method investee are eliminated until realized by the investor or investee.

The Company records its proportionate share of earnings or losses of Premier Holdco, LLC ("Premier Pools & Spas") within earnings from equity method investment in the condensed consolidated statements of operations on a three-month lag. The Company recorded its interest in the net earnings of Premier Pools & Spas of $0.8 million and $1.0 million, respectively, for the fiscal quarter and two fiscal quarters ended July 3, 2021, which included a less than $0.1 million and $0.1 million adjustment for the amortization of basis differences, within earnings from equity method investment in the condensed consolidated statements of operations during the fiscal quarter and two fiscal quarters ended July 3, 2021. As the Company initially invested in Premier Pools & Spas on October 30, 2020 there was no earnings from equity method investment recorded during the fiscal quarter and the two fiscal quarters ended June 27, 2020. The Company received distributions of $0.9 million and $1.1 million during the fiscal quarter and two fiscal quarters ended July 3, 2021, respectively.

For presentation in the condensed consolidated statements of cash flows, the Company utilizes the cumulative earnings approach for purposes of determining whether distributions should be classified as either a return on investment, which are be included in operating activities, or a return of investment, which would be included in investing activities. Under the cumulative earnings approach, the Company compares the distributions received to its cumulative equity-method earnings since inception. Any distributions received up to the amount of cumulative equity earnings are be considered a return on investment and classified in operating activities. Any excess distributions would be considered a return of investment and classified in investing activities.

Equity method goodwill is not amortized or tested for impairment; instead the Company evaluates equity method investments for impairment when events or changes in circumstances indicate that the decline in value below the carrying amount of its equity method investment is determined to be other than temporary. In such a case, the decline in value below the carrying amount of its equity method investment is recognized in the condensed consolidated statements of operations in the period the impairment occurs.

Recently Issued Accounting Pronouncements

The Company qualifies as "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and has elected to "opt in" to the extended transition related to complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company will adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and will do so until such time that the Company either (i) irrevocably elects to "opt out" of such extended transition period or (ii) no longer qualifies as an emerging growth company. The Company may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is

recognized based on an effective interest method or on a straight-line basis over the term of the lease. In addition, a lessee is required to record (i) a right-of-use asset and a lease liability on its balance sheet for all leases with accounting lease terms of more than 12 months regardless of whether it is an operating or financing lease and (ii) lease expense in its consolidated statement of operations for operating leases and amortization and interest expense in its consolidated statement of operations for financing leases. Leases with a term of 12 months or less may be accounted for similar to prior guidance for operating leases today. In July 2018, the FASB issued *ASU No. 2018-11, Leases (Topic 842)*, which added an optional transition method that allows companies to adopt the standard as of the beginning of the year of adoption as opposed to the earliest comparative period presented. In November 2019, the FASB issued guidance delaying the effective date for all entities, except for public business entities. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2020. In June 2020, the FASB issued additional guidance delaying the effective date for all entities, except for public business entities. For public entities, ASU 2016-02 was effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These changes will result in earlier recognition of credit losses. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses*, which narrowed the scope and changed the effective date for nonpublic entities for ASU 2016-13. The FASB subsequently issued supplemental guidance within ASU 2019-05, *Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief* ("ASU 2019-05"). ASU 2019-05 provides an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For public entities that are SEC filers, excluding entities eligible to be smaller reporting companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, ASU 2016-13 is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-13 will have on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), which is intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its consolidated financial statements. In addition to that main objective, the amendments in the update make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP. Additional updates to further clarify the guidance in ASU 2017-12 were issued by the FASB in October 2018 within ASU 2018-16. For public entities, the amendment is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For nonpublic entities, ASU 2017-12 is effective for fiscal years beginning after December 15, 2020 and interim periods beginning after December 15, 2021. Early application is permitted in any interim period after the issuance of the update. The Company is currently evaluating the impact that the adoption of ASU 2017-12 will have on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. For public entities, ASU 2019-12 is effective for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. For nonpublic companies, ASU 2019-12 is effective for annual periods beginning after December 15, 2021, and interim periods within those reporting periods. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2019-12 will have on its consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments — Equity Securities (Topic 321), Investments — Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)* ("ASU 2020-01"), which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. For public entities, ASU 2020-01 is effective for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. For nonpublic companies, ASU 2020-01 is effective for annual periods beginning after December 15, 2021, and

interim periods within those reporting periods. The Company is currently evaluating the impact that the adoption of ASU 2020-01 will have on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. This guidance is effective for all entities upon issuance on March 12, 2020 and may be applied through December 31, 2022. The expedients and exceptions in this guidance are optional, and the Company is evaluating the potential future financial statement impact of any such expedient or exception that it may elect to apply as the Company evaluates the effects of adopting this guidance on its consolidated financial statements.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, this guidance applies to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. The ASU became effective as of March 12, 2020 and can be adopted anytime during the period of January 1, 2020 through December 31, 2022. The Company is currently evaluating the impact that the adoption of ASU 2021-01 will have on its consolidated financial statements.

3. ACQUISITIONS

GL International, LLC

On October 22, 2020, Latham Pool Products acquired GL International, LLC ("GLI") for a total purchase price of $79.7 million (the "GLI Acquisition"). The results of GLI's operations have been included in the condensed consolidated financial statements since that date. GLI specializes in manufacturing custom pool liners and safety covers. As a result, this acquisition expanded the Company's liner and safety cover product offerings. In connection with the GLI Acquisition, consideration paid was $79.7 million in cash, or $74.7 million net of cash acquired of $5.0 million, and excluding a net working capital adjustment receivable of $0.8 million. The net working capital adjustment receivable was settled during fiscal quarter ended April 3, 2021. The cash consideration was funded from existing cash on hand. The Company incurred $2.4 million in transaction costs.

The Company accounted for the GLI Acquisition using the acquisition method of accounting in accordance with FASB ASC 805, Business Combinations ("ASC 805"). This requires that the assets acquired and liabilities assumed be measured at fair value. The Company estimated, using Level 3 inputs, the fair value of certain fixed assets using a combination of the cost approach and the market approach. Inventories were valued using the comparative sales method, less the cost of disposal. Specific to intangible assets, dealer relationships were valued using the multi-period excess earnings method, whereas trade names were valued using the relief from royalty method. The Company recorded the assets acquired and liabilities assumed at their respective fair values as of the acquisition date.

The following summarizes the purchase price allocation for the GLI Acquisition:

(in thousands)	October 22, 2020
Total consideration	$ 79,743
Allocation of purchase price:	
Cash	5,007
Trade receivables	10,639
Inventories	11,854
Prepaid expenses and other current assets	3,949
Property and equipment	1,402
Intangible assets	46,700
Total assets acquired	79,551
Accounts payable	3,536
Accrued expenses and other current liabilities	8,853
Other long-term liabilities	524
Total liabilities assumed	12,913
Total fair value of net assets acquired, excluding goodwill:	66,638
Goodwill	$ 13,105

The excess of the purchase price over the fair value of the identifiable assets acquired and the liabilities assumed in the acquisition was allocated to goodwill in the amount of $13.1 million. Goodwill resulting from the GLI Acquisition was attributable to the expanded market share and product offerings. Goodwill resulting from the GLI Acquisition is deductible for tax purposes.

The Company allocated a portion of the purchase price to specific intangible asset categories as follows:

Definite-lived intangible assets:	Fair Value (in thousands)	Amortization Period (in years)
Trade names	$ 9,500	9
Dealer relationships	37,200	8
	$ 46,700	

Pro Forma Financial Information (Unaudited)

The following pro forma financial information presents the statements of operations of the Company combined with GLI as if the acquisition occurred on January 1, 2020. The pro forma results do not include any anticipated synergies, cost savings or other expected benefits of an acquisition. The pro forma financial information is not necessarily indicative of what the financial results would have been had the acquisition been completed on January 1, 2020 and is not necessarily indicative of the Company's future financial results.

(in thousands)	Fiscal Quarter Ended June 27, 2020	Two Fiscal Quarters Ended June 27, 2020
Net sales	$ 133,772	$ 192,692
Net income (loss)	$ 20,182	$ (646)

The pro forma financial information presented above has been calculated after adjusting for the results of the GLI Acquisition for the fiscal quarter and the two fiscal quarters ended June 27, 2020 to reflect the accounting effects as a result of the acquisition, including the amortization expense from acquired intangible assets, the depreciation and amortization expense from acquired property and equipment, the additional cost of sales from acquired inventory, interest expense from debt financing, and any related tax effects.

4. EQUITY METHOD INVESTMENT

On October 30, 2020, the Company entered into a securities purchase agreement to purchase 28% of the common units of Premier Pools & Spas for $25.4 million. The Company concluded that it holds common stock of Premier Pools & Spas and has the ability to exercise significant influence over Premier Pools & Spas but does not have a controlling financial interest. Accordingly, the Company accounts for this investment using the equity method of accounting. The Company's proportionate share of the earnings or losses of the investee are reported as a separate line in the condensed consolidated statements of operations.

Premier Pools & Spas is a holding company for its manufacturing and franchising companies including PFC LLC, Premier Franchise Management LLC, Premier Pools Management LLC, and Premier Fiberglass LLC (the "Premier Companies"). The Premier Companies are a leading swimming pool-building brand that uses its franchisee network to sell and install pools around the United States.

In connection with Latham's Investment in Premier Pools & Spas, the Company entered into an exclusive supply agreement with Premier Pools & Spas, the Premier Companies, and Premier Pools & Spas' franchisees ("Premier Franchisees") (together, the "Customer"). Premier Pools & Spas does not consolidate the operations of the Premier Franchisees. Per the supply agreement, Latham is the exclusive supplier of the Premier Franchisees for specific pool and pool products. These products include fiberglass products and package pool products. The initial term of the supply agreement is ten years.

For the first three years of the supply agreement, the Customer is entitled to a low-teens percentage rebate for all fiberglass pools sold and an additional growth rebate of a low single-digit to low-teens percentage based on year over year sales growth on fiberglass pools (the "Rebates"). The Rebates will be paid directly to Premier Pools Management Corp. Holdco.

As of July 3, 2021, the Company's carrying amount for the equity method investment in Premier Pools & Spas was $25.3 million. During the two fiscal quarters ended July 3, 2021, Premier Pools & Spas paid the Company dividends of $1.1 million that are presented on the condensed consolidated statement of cash flows as distribution received from equity method investment of $1.0 million and return of equity method investment of $0.1 million, respectively. The Company has elected a three-month financial reporting lag. The Company recorded its interest in net earnings of Premier Pools & Spas of $0.8 million and $1.0 million for the fiscal quarter and two fiscal quarters ended July 3, 2021, along with a basis difference adjustment of less than $0.1 million and $0.1 million, respectively.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value.

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 — Unobservable inputs that reflect the Company's own assumptions incorporated into valuation techniques. These valuations require significant judgment.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. When there is more than one input at different levels within the hierarchy, the fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of a particular input to the fair value measurement in its entirety requires substantial judgment and consideration of factors specific to the asset or liability. Level 3 inputs are inherently difficult to estimate. Changes to these inputs can have significant impact on fair value measurements. Assets and liabilities measured at fair value using Level 3 inputs are based on one or more of the following valuation techniques: market approach, income approach or cost approach. There were no transfers between fair value measurement levels during the two fiscal quarters ended July 3, 2021 or June 27, 2020.

Assets and liabilities measured at fair value on a nonrecurring basis

The Company's non-financial assets such as goodwill, intangible assets and property and equipment are measured at fair value upon acquisition or remeasured to fair value when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 2 and Level 3 inputs.

Assets and liabilities measured at fair value on a recurring basis

On May 31, 2019 (the "Acquisition Date"), Latham Pool Products acquired Narellan Group Pty Limited and its subsidiaries (collectively "Narellan") for a total purchase price of $35.2 million (the "Narellan Acquisition"). In connection with the Narellan Acquisition, consideration paid included $20.2 million in cash, $7.6 million in equity consideration and $7.4 million of contingent consideration as of the Acquisition Date. The Company agreed to pay the contingent consideration in the form of cash and equity consideration to the seller if certain EBITDA targets were achieved for any of the trailing twelve months periods ended December 31, 2019, June 30, 2020 or the year ended December 31, 2020 (the "Contingent Consideration"). The fair value of the Contingent Consideration at the Acquisition Date was $7.4 million. On September 25, 2020, the Company amended the terms of the Narellan Share Purchase Agreement and settled the Contingent Consideration with the selling shareholders of Narellan based upon estimated EBITDA for the year ended December 31, 2020.

The fair value of the Company's Contingent Consideration is measured and recorded on the condensed consolidated balance sheets using Level 3 inputs because it is valued based on unobservable inputs and other estimation techniques due to the absence of quoted market prices. The Company values the Contingent Consideration using a Monte Carlo simulation, which relies on management's projections of EBITDA and the estimated probability of achieving such targets. The changes in the fair value of the Contingent Consideration for the fiscal quarter and the two fiscal quarters ended June 27, 2020 of $0.9 million and $(0.2) million, respectively, were due to foreign currency translation.

Estimates of fair value are subjective in nature, involve uncertainties and matters of significant judgment, and are made at a specific point in time. Thus, changes in key assumptions from period to period could significantly affect the estimate of fair value.

The Monte Carlo simulation utilized the following unobservable inputs to determine the fair value of the Contingent Consideration as of June 27, 2020:

	Two Fiscal Quarters Ended June 27, 2020
EBITDA Risk Adjustment	17.30 %
Annual EBITDA Volatility	55.00 %
Risk-free rate of return	2.10 %

Pension Plan

The fair value of the benefit plan assets related to the Company's pension plan is measured and was recorded on the condensed consolidated balance sheets using Level 2 inputs. The fair value of the Company's plan assets was $1.3 million as of June 27, 2020. During the year ended December 31, 2020, the Company terminated its defined benefit pension plan.

Fair value of financial instruments

The Company considers the carrying amounts of cash, trade receivables, prepaid expenses and other current assets, accounts payable, and accrued expenses and other current liabilities, to approximate fair value due to the short-term maturities of these instruments.

Term loan

The term loan is carried at amortized cost; however, the Company estimates the fair value of the term loan for disclosure purposes. The fair value of the term loan is determined using inputs based on observable market data of a non-public exchange using, which are classified as Level 2 inputs. The following table sets forth the carrying amount and fair value of the term loan (in thousands):

	July 3, 2021		December 31, 2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Term loan	$ 237,345	$ 238,532	$ 221,496	$ 221,081

Interest rate swap

The Company estimates the fair value of the interest rate swap (see Note 8) on a quarterly basis using Level 2 inputs, including the forward LIBOR curve. The fair value is estimated by comparing (i) the present value of all future monthly fixed rate payments versus (ii) the variable payments based on the forward LIBOR curve. As of July 3, 2021 and December 31, 2020, the Company's interest rate swap liability was $0.7 million and $0.3 million, respectively, which was recorded within other long-term liabilities on the condensed consolidated balance sheets.

6. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The carrying amount of goodwill as of July 3, 2021 and as of December 31, 2020 was $115.5 million and $115.8 million, respectively. The change in the carrying value during the two fiscal quarters ended July 3, 2021 was solely due to fluctuations in foreign currency exchange rates.

Intangible Assets

Intangible assets, net as of July 3, 2021 consisted of the following (in thousands):

	July 3, 2021			
	Gross Carrying Amount	Foreign Currency Translation	Accumulated Amortization	Net Amount
Trade names and trademarks	$ 135,100	$ 789	$ 13,323	$ 122,566
Patented technology	16,126	117	4,335	11,908
Pool design	5,728	474	854	5,348
Franchise relationships	1,187	97	620	664
Dealer relationships	160,376	39	24,212	136,203
Non-competition agreements	2,476	—	1,258	1,218
	$ 320,993	$ 1,515	$ 44,602	$ 277,906

The Company recognized $5.5 million and $11.1 million of amortization expense related to intangible assets during the fiscal quarter and the two fiscal quarters ended July 3, 2021, respectively.

Intangible assets, net as of December 31, 2020 consisted of the following (in thousands):

	December 31, 2020			
	Gross Carrying Amount	Foreign Currency Translation	Accumulated Amortization	Net Amount
Trade names and trademarks	$ 135,100	$ 1,047	$ 10,258	$ 125,889
Patented technology	16,126	155	3,452	12,829
Pool designs	5,728	629	648	5,709
Franchise relationships	1,187	130	470	847
Dealer relationships	160,376	52	17,697	142,731
Non-competition agreements	2,476	—	1,008	1,468
	$ 320,993	$ 2,013	$ 33,533	$ 289,473

The Company recognized $4.1 million and $8.1 million of amortization expense related to intangible assets during the fiscal quarter and the two fiscal quarters ended June 27, 2020, respectively.

The Company estimates that amortization expense related to definite-lived intangible assets will be as follows in each of the next five years and thereafter (in thousands):

Year Ended	Estimated Future Amortization Expense
Remainder of fiscal 2021	$ 10,653
2022	21,959
2023	21,768
2024	20,948
2025	20,791
Thereafter	181,787
Total	$ 277,906

7. INVENTORIES, NET

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

	July 3, 2021	December 31, 2020
Raw materials	$ 48,676	$ 37,010
Finished goods	25,799	27,808
	$ 74,475	$ 64,818

8. LONG-TERM DEBT

The components of the Company’s outstanding debt obligations consisted of the following (in thousands):

	July 3, 2021	December 31, 2020
Term loan	$ 241,872	$ 228,147
Revolving credit facility	—	—
Less: Unamortized discount and debt issuance costs	(4,527)	(6,651)
Total debt	237,345	221,496
Less: Current portion of long-term debt	(14,234)	(13,042)
Total long-term debt	$ 223,111	$ 208,454

Revolving Credit Facility

On December 18, 2018, the Latham Pool Products entered into an agreement (the "Credit Agreement") with Nomura Corporate Funding Americas, LLC ("Nomura") that included a revolving line of credit (the "Revolver") and letters of credit ("Letters of Credit" or collectively with the Revolver, the "Revolving Credit Facility"), as well as a term loan (as described below). The Revolving Credit Facility was utilized to finance ongoing general corporate and working capital needs with the Revolver of up to $30.0 million. The Revolving Credit Facility matures on December 18, 2023. On April 27, 2021, upon completion of the IPO, the Company used $16.0 million of the net proceeds from the IPO to repay $16.0 million then outstanding on the Revolver.

The Revolving Credit Facility allows for either Eurocurrency borrowings, bearing interest ranging from 4.50% to 4.75%, or base rate borrowings, bearing interest ranging from 3.50% to 3.75% depending on the First Lien Net Leverage Ratio, as defined in the Credit Agreement. A commitment fee accrues on any unused portion of the commitments under the Revolving Credit Facility. The commitment fee is due and payable quarterly in arrears and is equal to the applicable margin times the actual daily amount by which the $30.0 million initial commitment exceeds the sum of the outstanding borrowings under the Revolver and outstanding Letters of Credit obligations. The applicable margin ranges from 0.375% to 0.500% as determined by the Company's First Lien Net Leverage Ratio as defined in the Credit Agreement.

The Company is required to meet certain financial covenants, including maintaining specific liquidity measurements. There are also negative covenants, including certain restrictions on the Company's ability to incur additional indebtedness, create liens, make investments, consolidate or merge with other entities, enter into transactions with affiliates and make prepayments. As of July 3, 2021 and December 31, 2020, the Company was in compliance with all financial-related covenants related to the Credit Agreement. There were no amounts outstanding as of both July 3, 2021 and December 31, 2020, on the Revolving Credit Facility or Letters of Credit.

Term Loan Facility

On December 18, 2018, in connection with the Acquisition, the Company entered into the Credit Agreement with Nomura to borrow $215.0 million (the "Original Term Loan"). The Company incurred debt issuance costs of $11.5 million related to the transaction.

The Original Term Loan was amended on May 29, 2019, to provide additional borrowings of $23.0 million at a discount of $0.7 million (the "First Amendment") to fund the Narellan Acquisition. Any portion of the First Amendment not used to fund the Narellan Acquisition was required to be applied to repay the First Amendment in an aggregate amount equal to such portion of the First Amendment, without any premium or penalty.

On August 6, 2020, the Company entered into a Form of Affiliated Lender Assignment and Assumption with Nomura (the "Assignment"). Under the Assignment, the Company repaid $5.0 million of the outstanding principal balance.

On October 14, 2020, the Company entered into a subsequent amendment under the Original Term Loan with Nomura to borrow an additional $20.0 million (the "Second Amendment" and collectively with the Original Term Loan and the First Amendment, the "Term Loan"). The Company accounted for the borrowings under the Second Amendment as new debt and recorded $0.1 million of third-party costs as a direct reduction to the carrying amount of long-term debt on the condensed consolidated balance sheet. There were no financing costs incurred with the Second Amendment. The Term Loan has a maturity date of June 18, 2025. Interest and principal payments are due quarterly.

On January 25, 2021, the Company entered into a subsequent amendment to the Term Loan with Nomura to borrow an additional $175.0 million (the "Third Amendment" and collectively with the "Term Loan", the "Amended Term Loan"). In connection with the Third Amendment, the Company is required to repay the outstanding principal balance of the Amended Term Loan in fixed quarterly payments of $5.8 million, commencing March 31, 2021. The amendment did not change the maturity date of the Term Loan and the Amended Term Loan bears interest under the same terms as the Term Loan. The Company accounted for $165.0 million of the borrowings under the Third Amendment as new debt and $10.0 million of the borrowings under the Third Amendment as a debt modification. The Company recorded an aggregate of $1.2 million of debt issuance costs as a direct reduction to the carrying amount of long-term debt on the condensed consolidated balance sheet. During the fiscal quarter ended July 3, 2021, in accordance with the terms of the Amended Term Loan, the Company elected to change the terms of the prepayment schedule from an inverse application to a pro rata application and as a result the Company is required to repay the outstanding principal balance of the Amended Term Loan in fixed quarterly payments of $3.6 million, commencing June 30, 2021.

The Amended Term Loan allowed for the $175.0 million of proceeds to be distributed to Class A unitholders. On February 2, 2021, the Company used the proceeds of the Amended Term Loan to repurchase and retire treasury stock of $64.9 million and to pay a dividend to Class A unitholders of $110.0 million.

On April 27, 2021, upon completion of the IPO, the Company used $152.7 million of the net proceeds from the IPO to repay $152.7 million of the Amended Term Loan.

The Term Loan bears interest at (1) a base rate equal to the highest of (i) the Federal Funds Rate plus 1⁄2 of 1%, (ii) the "prime rate" published in the Money Rates section of the Wall Street Journal and (iii) LIBOR plus 1.00% (2) plus a Loan Margin of (i) 6.00% for Eurocurrency Rate Loans and (ii) 5.00% for Base Rate Loans, as defined in the Credit Agreement. Principal payments under the First Amendment were calculated as 0.629% of the outstanding principal balance. Outstanding borrowings as of July 3, 2021 and December 31, 2020 were $237.3 million and $221.5 million, respectively, net of discount and debt issuance costs of $4.5 million and $6.7 million, respectively. In connection with the Term Loan, the Company is subject to various financial reporting, financial and other covenants, including maintaining specific liquidity measurements.

As of July 3, 2021, the unamortized debt issuance costs and discount on the Term Loan were $3.4 million and $1.1 million, respectively. As of December 31, 2020, the unamortized debt issuance costs and discount on the Term Loan were $6.3 million and $0.4 million, respectively. The effective interest rate was 11.57% and 8.03% for the fiscal quarters ended July 3, 2021 and June 27, 2020, respectively, and 10.34% and 8.03% for the two fiscal quarters ended July 3, 2021 and June 27, 2020, respectively.

Interest rate risk associated with the Company's Credit Agreement is managed through an interest rate swap which the Company executed on April 30, 2020. The swap has an effective date of May 18, 2020 and a termination date of May 18, 2023. Under the terms of the swap, the Company fixed its LIBOR borrowing rate at 0.442% on a notional amount of $200.0 million. The interest rate swap is not designated as a hedging instrument for accounting purposes (see Note 2 and Note 5). The Company recorded interest expense associated with the Revolving Credit Facility, Second Amendment, Third Amendment and interest rate swap, as follows (in thousands):

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Interest expense	$ 4,630	3,896	$ 10,522	8,316
Amortization of debt issuance costs	2,173	388	4,246	1,247
Amortization of original issue discount	720	24	1,452	78
Interest rate swap	(7)	—	352	—
Total interest expense	$ 7,516	$ 4,308	$ 16,572	$ 9,641

Principal payments due on the outstanding debt in the next five fiscal years, excluding any potential payments based on excess cash flow levels, are as follows (in thousands):

Year Ended	Term Loan Facility
Remainder of fiscal 2021	$ 7,117
2022	14,234
2023	14,234
2024	14,234
2025	192,053
	$ 241,872

The obligations under the Credit Agreement are guaranteed by certain wholly owned subsidiaries (the "Guarantors") of the Company as defined in the security agreement. The obligations under the Credit Agreement are secured by substantially all of the Guarantors' tangible and intangible assets, including their accounts receivables, equipment, intellectual property, inventory, cash and cash equivalents, deposit accounts and security accounts. The Credit Agreement also restricts payments and other distributions unless certain conditions are met, which could restrict the Company's ability to pay dividends.

9. PRODUCT WARRANTIES

The warranty reserve activity consisted of the following (in thousands):

	Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020
Balance at the beginning of the year	$ 2,882	$ 2,846
Accruals for warranties issued	3,338	1,012
Less: Settlements made (in cash or in kind)	(2,504)	(1,226)
Balance at the end of the year	$ 3,716	$ 2,632

10. NET SALES

The following table sets forth the Company's disaggregation of net sales by product line (in thousands):

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
In-ground swimming pools	$ 108,001	$ 62,129	$ 201,644	$ 91,587
Covers	26,223	16,822	50,229	27,833
Liners	46,665	33,871	77,762	44,536
	$ 180,889	$ 112,822	$ 329,635	$ 163,956

11. INCOME TAXES

The effective income tax rate for the fiscal quarter and two fiscal quarters ended July 3, 2021 was (10.8)% and (21.9)%, respectively, compared to 25.0% and 71.7% for the fiscal quarter and two fiscal quarters ended June 27, 2020, respectively. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended July 3, 2021 was primarily attributable to the impact of stock compensation expense pursuant to the Reorganization. The results for the fiscal quarter ended July 3, 2021 include pre-tax stock compensation expense of $73.5 million related to the Reorganization for which there is no associated tax benefit. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended April 3, 2021 was impacted primarily by state income tax expense. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter and two fiscal quarters ended June 27, 2020 was primarily impacted by the Company switching to an income position for the fiscal quarter ended June 27, 2020. The pre-tax income for the two fiscal quarters included losses in tax jurisdictions for which the company did not record a tax benefit, which increased the effective income tax rate for the fiscal quarter ended June 27, 2020.

12. SHAREHOLDERS' EQUITY

Equity Structure Prior to Reorganization

Prior to the IPO and the Reorganization, the Parent owned 100% of the issued and outstanding common stock of the Company. The capital structure of the Parent consisted of two different classes of limited partnership interests, Class A and Class B units (profits interests). Prior to the Reorganization, none of the Class B units would have been vested for accounting purposes due to the Parent's $0 Repurchase Right, which applied in the event of a voluntary termination or termination without cause, since it functions as a vesting condition.

Equity Structure Subsequent to the Reorganization

On April 13, 2021, the Company's certificate of incorporation was amended, which amended and restated certain terms of the certificate of incorporation. Under the amended certificate of incorporation, the Company had authority to issue 500,000,000 shares of common stock, par value $0.0001 per share. On April 12, 2021, the Company's board of directors declared and on April 13, 2021, the Company effected a 109,673.709-for-one stock split of its issued and outstanding shares of common stock.

As a part of the equity Reorganization, on April 22, 2021, 194,207,115 Class A units converted into 97,187,596 shares of common stock and 26,158,894 Class B units converted into 4,145,987 shares of common stock and 8,340,126 shares of unvested restricted stock. Refer to Note 1 for detail regarding the Company's Reorganization and conversion of Class A and Class B units to common and restricted shares.

Amendment and Restatement of Certificate of Incorporation

On April 22, 2021, the Company's certificate of incorporation was further amended and restated to, among other things, increase the authorized shares to 1,000,000,000, of which 900,000,000 are shares of common stock, par value $0.0001 per share and 100,000,000 are shares of preferred stock, par value 0.0001 per share.

As of July 3, 2021 and December 31, 2020 112,153,832 and 118,854,249 shares of common stock are issued and outstanding for accounting purposes, respectively.

13. PROFITS INTEREST UNITS

Prior to the Reorganization, the Company's Parent granted PIUs in the form of Class B units of the Parent to certain key employees and directors for purposes of retaining them and enabling such individuals to participate in the long-term growth and financial success of the Company. The following table summarizes the activity for all PIUs during the two fiscal quarters ended July 3, 2021 and the year ended December 31, 2020:

	Number of PIUs	Weighted Average Grant-Date Fair Value
Balance at January 1, 2020	21,734,170	$ 0.60
Granted	7,843,107	0.35
Forfeited	(2,152,315)	0.43
Balance at December 31, 2020	27,424,962	
Granted	—	
Forfeited	(1,266,068)	0.34
Balance at April 21, 2021	26,158,894	
Converted at IPO in connection with the Reorganization	(26,158,894)	$ 0.43
Balance at July 3, 2021	—	

On January 29, 2021 an employee holder of PIUs terminated his employment with the Company, at which time all 1,055,057 of his performance-vesting units were forfeited. At the time of his termination, the employee held 527,528 of time-vesting units, of which 211,011 time-vesting units were vested. Per the terms of his termination agreement, the Company accelerated the vesting of an additional 105,506 time-vesting units, such that the total time-vesting units vested were equal to 316,517 upon his termination and the remaining 211,011 of unvested time-vesting units were forfeited upon his termination. As the employee's profits interest units had not vested from an accounting perspective, the retention and immediate vesting of the retained time-vesting units was accounted for as a cancellation of the original award and a new grant under the revised terms. A cumulative catch-up charge of $1.1 million was recorded during the fiscal quarter ended April 3, 2021 to reflect the incremental fair value of the awards as of the date of the modification, as compared to the grant-date fair value.

14. STOCK-BASED COMPENSATION

On April 12, 2021, the Company's stockholders approved the 2021 Omnibus Incentive Plan (the "Omnibus Incentive Plan"), which became effective on April 22, 2021, upon pricing of the IPO. The Omnibus Incentive Plan provides for the issuance of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based and cash-based awards. The maximum aggregate number of shares reserved for issuance under the Omnibus Incentive Plan is 13,170,212 shares. The maximum grant date fair value of cash and equity awards that may be awarded to a non-employee director under the Omnibus Incentive Plan during any one fiscal year, together with any cash fees paid to such non-employee director during such fiscal year, will be $750 thousand.

Contemporaneously with the pricing of the Company's IPO, on April 22, 2021 the Company granted 8,340,126 of restricted stock awards, 341,301 of restricted stock units and 886,862 of option awards under the Omnibus Incentive Plan to employees of the Company. Of the 8,340,126 restricted stock awards granted, (i) 6,799,414 vest every six months in equal installments beginning on December 27, 2021 and ending on December 27, 2023, and (ii) 1,540,712 vest every six months in equal installments, beginning on December 27, 2021 and ending on December 27, 2024. Of the 341,301 restricted stock unit awards granted, (i) 251,828 vest 1/3 on the nine-month anniversary of the Closing of the IPO, 1/3 on the first anniversary of the Closing of the IPO, and 1/3 on the two-year anniversary of the Closing of the IPO; (ii) 22,367 vest on the first anniversary of the Closing of the IPO; (iii) 51,316 vest on the nine-month anniversary of the Closing of the IPO; and (iv) 15,790 vest evenly on each of the first three anniversaries of the Closing of the IPO. All 886,862 of the option awards vest 25% annually on each of the first four anniversaries of the Closing of the IPO. The option awards were granted with a strike price of $19.00 per share. Under the terms of the Omnibus Incentive Plan, all stock options will expire if not exercised within ten years of the grant date.

Stock-based compensation expense for the fiscal quarters and two fiscal quarters ended July 3, 2021 was $75.5 million and $77.0 million, respectively. Stock-based compensation expense for the fiscal quarters and two fiscal quarters ended June 27, 2020 was and $0.2 million and $0.5 million, respectively. Stock-based compensation expense of $4.9 million and $70.6 was recorded in cost of sales and selling, general and administrative expense, respectively, for the fiscal quarter ended July 3, 2021. Stock-based compensation expense of $4.9 million and $72.1 was recorded in cost of sales and selling, general and administrative expense, respectively, for the two fiscal quarters ended July 3, 2021. Stock-based compensation expense for the fiscal quarters and two fiscal quarters ended June 27, 2020 was was recorded in selling, general and administrative expense on the condensed consolidated statements of operations. Of the $75.5 million of stock-based compensation expense recorded during the fiscal quarter ended July 3, 2021, $0.5 million was due to the accelerated vesting of restricted stock and $49.0 million was due to the modification as a result of the Reorganization. The remaining $26.0 million in stock-based compensation expense for the fiscal quarter ended July 3, 2021 was recognized based on the grant date fair value over the requisite service period. Refer to Note 12 above for detail regarding the Company's equity-based awards issued in the form of PIUs prior to the Reorganization and IPO. As of July 3, 2021, total unrecognized stock-based compensation expense related to all unvested stock-based awards of $145.4 million, which is expected to be recognized over a weighted-average period of 1.84 years.

The following table sets forth the significant assumptions used in the Black-Scholes option-pricing model on a weighted-average basis to determine the fair value of option awards granted:

	Two Fiscal Quarters Ended July 3, 2021
Risk-free interest rate	0.63 %
Expected volatility	38.16 %
Expected term (in years)	6.25
Expected dividend yield	0.00 %

Restricted Stock Awards

The following table represents the Company's restricted stock awards activity during the two fiscal quarters ended July 3, 2021:

	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2021	—	$ —
Granted	8,340,126	19.00
Vested	(84,687)	19.00
Forfeited	—	—
Outstanding at July 3, 2021	8,255,439	$ 19.00

Restricted Stock Units

The following table represents the Company's restricted stock units activity during the two fiscal quarters ended July 3, 2021:

	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2021	—	$ —
Granted	341,301	19.00
Vested	—	—
Forfeited	(809)	19.00
Outstanding at July 3, 2021	340,492	$ 19.00

Stock Options

The following table represents the Company's stock option activity during the two fiscal quarters ended July 3, 2021:

	Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding on January 1, 2021	—	$ —	—	$ —
Granted	886,862	19.00		
Exercised	—			
Forfeited	—			
Outstanding at July 3, 2021	886,862	$ 19.00	9.80	$ 10,802
Vested and expected to vest at July 3, 2021	886,862	$ 19.00	9.80	$ 10,802
Options exercisable at July 3, 2021	—	—	—	—

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock.

The weighted average grant-date fair value of stock options granted during the two fiscal quarters ended July 3, 2021 was $7.20 per share.

15. NET INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per share attributable to common stockholders was calculated as follows (in thousands, except share and per share data):

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Numerator:				
Net income (loss) attributable to common stockholders	$ (53,598)	$ 16,414	$ (45,065)	$ 963
Denominator:				
Weighted-average common shares outstanding				
Basic	109,163,698	96,268,250	109,115,991	96,300,029
Diluted	109,163,698	96,654,697	109,115,991	96,719,370
Net income (loss) per share attributable to common stockholders:				
Basic	$ (0.49)	$ 0.17	$ (0.41)	$ 0.01
Diluted	$ (0.49)	$ 0.17	$ (0.41)	$ 0.01

The following table includes the number of shares that may be dilutive common shares in the future that were not included in the computation of diluted net income (loss) per share because the effect was anti-dilutive:

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Restricted stock awards	5,075,346	54,124	8,721,817	39,858
Restricted stock units	112,449	—	55,613	—
Stock options	81,017	—	40,068	—

16. RELATED PARTY TRANSACTIONS

BrightAI Services

Starting in 2020, BrightAI rendered services to the Company, for which the cost was capitalized as internal-use software. A co-founder of BrightAI Services has served on the Company's board of directors since December 9, 2020. During the two fiscal quarters ended July 3, 2021 and the year ended December 31, 2020, the Company incurred $1.3 million and $0.5 million, respectively, associated with services performed by BrightAI, which is recorded as construction in progress within property and equipment, net on the condensed consolidated balance sheet as of July 3, 2021. As of July 3, 2021 and December 31, 2020, the Company had accounts payable - related party to BrightAI of $1.4 million and $0.5 million, respectively. There were no services rendered by BrightAI during the two fiscal quarters ended June 27, 2020.

Expense Reimbursement and Management Fees

The Company had an expense reimbursement agreement (the "management fee arrangement") with the Sponsor and Wynnchurch Capital, L.P. for ongoing consulting and advisory services. The management fee arrangement provided for the aggregate payment of up to $1.0 million each year for reimbursement of expenses incurred with services provided and, depending on the extent of services provided, management fees. The management fee arrangement terminated upon consummation of the Company's IPO.

There were no management fees incurred by the Company during the two fiscal quarters ended July 3, 2021 and June 27, 2020. As of both July 3, 2021 and June 27, 2020, there was less than $0.1 million outstanding amounts payable to the Sponsor and Wynnchurch Capital, L.P.

Operating Lease

In May 2019, in connection with the Narellan Acquisition, the Company assumed an operating lease for the manufacture, sale and storage of swimming pools and associated equipment with Acquigen Pty Ltd, which is owned by an employee who is also a shareholder of the Company. The lease expires in June 2028. As of July 3, 2021 and December 31, 2020, future minimum lease payments totaled $3.9 million and $4.2 million, respectively, related to this lease. The Company recognized $0.1 million of rent expense related to this lease during each of the fiscal quarters ended July 3, 2021 and June 27, 2020, as well as $0.2 million of rent expense during each of the two fiscal quarters ended July 3, 2021 and June 27, 2020, which is recognized within selling, general and administrative expense on the condensed consolidated statements of operations.

17. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

During 2020, the Company made operational changes in how its CODM manages the business including organizational alignment, performance assessment and resource allocation. The segment disclosure is based on the intention to provide the users of the financial statements with a view of the business from the Company's perspective. The Company conducts its business as one operating and reportable segment that designs, manufactures and markets in-ground swimming pools, liners and covers.

Geographic Information

Net sales by geography is based on the delivery address of the customer as specified in purchase order. Net sales by geographic area was as follows (in thousands):

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
Net sales				
United States	$ 142,712	$ 92,770	$ 261,782	$ 131,776
Canada	27,401	15,470	48,516	21,412
Australia	6,501	3,631	12,251	7,748
New Zealand	1,772	769	3,528	1,416
Other	2,503	182	3,558	1,604
Total	$ 180,889	$ 112,822	$ 329,635	$ 163,956

Our long-lived assets by geographic area, which consist of property and equipment, net assets were as follows (in thousands):

	July 3, 2021	December 31, 2020
Long-lived assets		
United States	$ 45,394	$ 37,680
Canada	4,400	3,050
Australia	4,735	4,979
New Zealand	1,651	1,648
Total	$ 56,180	$ 47,357

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our final prospectus for our initial public offering filed pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended, or the Securities Act, with the Securities and Exchange Commission, or SEC, on April 26, 2021 (the "Prospectus").

Cautionary Note Regarding Forward-Looking Statements

This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms "anticipate," "believe," "confident," "continue," "could," "estimate," "expect," "intend," "likely," "may," "plan," "possible," "potential," "predict," "project," "should," "target," "will," "would" and, in each case, their negative or other various or comparable terminology. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this Quarterly Report on Form 10-Q titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. These statements involve known and unknown risks, uncertainties and other important factors that 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. Important factors that could cause our results to vary from expectations 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 our business, including the COVID-19 pandemic; 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 our business; our ability to attract new customers and retain existing customers; our ability to sustain further growth and to manage it effectively; the ability of our suppliers to continue to deliver the quantity or quality of materials sufficient to meet our needs to manufacture our products; the availability and cost of third-party transportation services for our products and raw materials; product quality issues; our ability to successfully defend litigation brought against us; our ability to adequately obtain, maintain, protect and enforce our 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 our and our 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 our 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 set forth in this Quarterly Report on Form 10-Q, including those set forth under section titled "Risk Factors." These forward-looking statements reflect our views with respect to future events as of the date of this Quarterly Report on Form 10-Q and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q and, 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 of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.

Overview

We are the largest designer, manufacturer and marketer of in-ground residential swimming pools in North America, Australia and New Zealand. We hold the #1 market position in North America in every product category in which we compete. We believe that we are the most sought-after brand in the pool industry and the only pool company that has established a direct relationship with the homeowner. We are Latham, The Pool Company.

With an operating history that spans over 65 years, we offer the industry's broadest portfolio of pools and related products, including in-ground swimming pools, pool liners and pool covers.

We have a heritage of innovation. In an industry that has traditionally marketed on a business-to-business basis (pool manufacturer to dealer), we pioneered the first "direct-to-homeowner" digital and social marketing strategy that has transformed the homeowner's purchase journey. Through this marketing strategy, we are able to create demand for our pools and generate and provide high quality, purchase-ready consumer leads to our dealer partners.

Partnership with our dealers is integral to our collective success, and we have enjoyed long-tenured relationships averaging over 14 years. In 2020, we sold to over 6,000 dealers; we also entered into a new and exclusive long-term strategic partnership with the nation's largest franchised dealer network. We support our dealer network with business development tools, co-branded marketing programs and in-house training, as well as a coast-to-coast operations platform consisting of over 2,000 employees across 32 facilities. The broad geographic reach of our manufacturing and distribution network allows us to deliver a fiberglass pool in a cost-effective manner to approximately 95% of the U.S. population in two days. No other competitor in the residential in-ground swimming pool industry has more than three manufacturing facilities.

The full resources of our company are dedicated to designing and manufacturing high-quality pool products with the homeowner in mind, and positioning ourselves as a value-added partner to our dealers.

We conduct our business as one operating and reportable segment that designs, manufactures and markets in-ground swimming pools, liners and covers.

Recent Developments

Highlights for the fiscal quarter ended July 3, 2021

- Increase in net sales of 60.3%, or $68.1 million, to $180.9 million for the fiscal quarter ended July 3, 2021, compared to $112.8 million for the fiscal quarter ended June 27, 2020.
- Increase in net loss of $70.0 million, to $53.6 million for the fiscal quarter ended July 3, 2021, compared to a net income of $16.4 million for the fiscal quarter ended June 27, 2020, representing a (29.6)% net loss margin for the fiscal quarter ended July 3, 2021.
- Increase in Adjusted EBITDA (as defined below) of $9.7 million, to $42.8 million for the fiscal quarter ended July 3, 2021, compared to $33.1 million for the fiscal quarter ended June 27, 2020.

Highlights for the two fiscal quarters ended July 3, 2021

- Increase in net sales of 101.1%, or $165.6 million, to $329.6 million for the two fiscal quarters ended July 3, 2021, compared to $164.0 million for the two fiscal quarters ended June 27, 2020.
- Increase in net loss of $46.1 million, to $45.1 million for the fiscal quarter ended July 3, 2021, compared to a net income of $1.0 million for the fiscal quarter ended June 27, 2020, representing a (13.7)% net loss margin for the two fiscal quarters ended July 3, 2021.
- Increase in Adjusted EBITDA (as defined below) of $45.2 million, to $76.4 million for the fiscal quarter ended July 3, 2021, compared to $31.2 million for the fiscal quarter ended June 27, 2020.

Initial Public Offering

On April 27, 2021, we completed our initial public offering (the "IPO") in which we sold 23,000,000 shares of common stock, inclusive of 3,000,000 shares sold by us pursuant to the full exercise of the underwriters' option to purchase additional shares. The aggregate net proceeds received by us from the IPO were $399.3 million, after deducting underwriting discounts and commissions and other offering costs. We used the net proceeds to (i) pay down $152.7 million of the Amended Term Loan (as defined below) under

the Credit Agreement (as defined below), (ii) repay the $16.0 million outstanding on the Revolving Credit Facility (as defined below), (iii) repurchase 12,264,438 shares of common stock from certain existing shareholders for $216.7 million and (iv) fund general corporate requirements, including working capital, for $13.9 million.

Contemporaneously with the pricing of the IPO, on April 22, 2021, we have put in place our Omnibus Incentive Plan, pursuant to which we granted to certain of our employees restricted stock awards, restricted stock units and option awards (the "Omnibus Plan").

Reorganization

Prior to the closing of the IPO, our parent entity, Latham Investment Holdings, LP ("Parent") merged with and into Latham Group, Inc., with Latham Group, Inc. surviving the merger (the "Reorganization"). The purpose of the Reorganization was to reorganize our structure so that our existing investors would own only common stock rather than limited partnership interests in our Parent. In connection with the Reorganization, 194,207,115 Class A units of our Parent ("Class A units") were converted into 97,187,596 shares of our common stock and 26,158,894 Class B units of our Parent were converted into 4,145,987 shares of common stock and 8,340,126 shares of restricted stock. The Reorganization was accounted for as a transaction between entities under common control and retrospectively applied starting December 2018, the earliest period in which common control existed.

Stock Split

On April 13, 2021, our Board of Directors approved a 109,673.709-for-one stock split of our common stock, par value $0.0001. Accordingly, all share and per share data for all periods presented have been adjusted retroactively to reflect the impact of the amended certificate of incorporation and the stock split.

Charter Amendment

On April 13, 2021, our certificate of incorporation was amended, which amended and restated certain terms of the certificate of incorporation. Under the amended certificate of incorporation, we had the authority to issue 500,000,000 shares of common stock, par value $0.0001 per share.

On April 22, 2021, as part of the Reorganization, our certificate of incorporation was further amended and restated to, among other things, increase the authorized shares to 1,000,000,000, of which 900,000,000 are shares of common stock, par value $0.0001 per share and 100,000,000 are shares of preferred stock, par value 0.0001 per share.

Key Performance Indicators

Net Sales

We derive our revenue from the design, manufacture and sale of in-ground swimming pools, pool covers and liners. We sell fiberglass pools, which are one-piece manufactured fiberglass pools that are ready to be installed in a consumer's backyard and custom vinyl pools, which are manufactured pools that are made out of non-corrosive steel or composite polymer frame, on top of which a vinyl liner is installed. We sell liners for the interior surface of vinyl pools (including pools that were not manufactured by us). We also sell all-season covers, which are winterizing mesh and solid pool covers that protect pools against debris and cold or inclement weather and automatic safety covers for pools that can be operated with a switch.

Our sales are made through one-step and two-step business-to-business distribution channels. In our one-step distribution channel, we sell our products directly to dealers who, in turn, sell our products to consumers. In our two-step distribution channel, we sell our products to distributors who warehouse our products and sell them on to dealers, who ultimately sell our products to consumers.

Each product shipped is considered to be one performance obligation. With the exception of our extended service warranties and our custom product contracts, we recognize our revenue when control of our promised goods is transferred to our customers, either upon shipment or arrival at our customer's destination depending upon the terms of the purchase order. Sales are recognized net of any estimated rebates, cash discounts or other sales incentives. Revenue that is derived from our extended service warranties, which are separately priced and sold, is recognized over the term of the contracts. Revenue from custom products is recognized over time utilizing an input method that compares the cost of cumulative work-in-process to date to the most current estimates for the entire cost

of the performance obligation. Custom products are generally delivered to the customer within three days of receipt of the purchase order.

Gross Margin

Gross margin is gross profit as a percentage of our net sales. Gross margin is dependent upon several factors, such as changes in prices of raw materials, the volume and relative sales mix among product lines, the average price of our products sold and plant performance, among other factors. Gross margin is also impacted by the costs of distribution and occupancy costs, which can vary.

Our gross profit is variable in nature and generally follows changes in net sales. The components of our cost of sales may not be comparable to the components of cost of sales or similar measures of other companies. As a result, our gross profit and gross margin may not be comparable to similar data made available by other companies.

Adjusted EBITDA and Adjusted EBITDA Margin

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, to establish our annual management incentive bonus plan compensation and to compare our performance against that of other peer companies using similar measures. We define Adjusted EBITDA as net income (loss) plus (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 expense, (vii) unrealized (gains) losses on foreign currency transactions, (viii) other non-cash items, (ix) strategic initiative costs, (x) acquisition and integration related costs, (xi) other, (xii) IPO costs, and (xiii) COVID-19-related expenses (income). We believe excluding these items allows for better comparison of our financial results across reporting periods.

We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales. Our definitions of Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies.

For a discussion of Adjusted EBITDA and Adjusted EBITDA margin and the limitations on their use, and the reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, and our calculation of Adjusted EBITDA margin see “—Non-GAAP Financial Measures” below.

Results of Operations

Fiscal Quarter Ended July 3, 2021 Compared to Fiscal Quarter Ended June 27, 2020

The following table summarizes our results of operations for the fiscal quarters ended July 3, 2021 and June 27, 2020:

	Fiscal Quarter Ended					
	July 3, 2021	% of Net Sales	June 27, 2020	% of Net Sales	Change Amount	Change % of Net Sales
	(dollars in thousands)					
Net sales	$ 180,889	100.0 %	$ 112,822	100.0 %	$ 68,067	0.0 %
Cost of sales	122,534	67.7 %	68,460	60.7 %	54,074	7.0 %
Gross profit	58,355	32.3 %	44,362	39.3 %	13,993	(7.0)%
Selling, general and administrative expense	95,288	52.7 %	15,360	13.6 %	79,928	39.1 %
Amortization	5,479	3.0 %	4,063	3.6 %	1,416	(0.6)%
(Loss) income from operations	(42,412)	23.4 %	24,939	22.1 %	(67,351)	1.3 %
Other expense (income):						
Interest expense	7,516	4.2 %	4,308	3.8 %	3,208	0.4 %
Other (income) expense, net	(794)	0.4 %	(1,242)	1.1 %	448	(0.7)%
Total other expense (income), net	6,722	3.7 %	3,066	2.7 %	3,656	1.0 %
Earnings from equity method investment	754	0.4 %	—	0.0 %	754	0.4 %
(Loss) income before income taxes	(48,380)	26.7 %	21,873	19.4 %	(70,253)	7.3 %
Income tax expense	5,218	2.9 %	5,459	4.8 %	(241)	(1.9)%
Net (loss) income	$ (53,598)	29.6 %	$ 16,414	14.5 %	$ (70,012)	15.1 %
Adjusted EBITDA[(a)]	$ 42,848	23.7 %	$ 33,095	29.3 %	$ 9,753	(5.6)%

(a) Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Measures” for a reconciliation to net income (loss), the most directly comparable GAAP measure, and for information regarding our use of Adjusted EBITDA.

Net Sales

Net sales was $180.9 million for the fiscal quarter ended July 3, 2021, compared to $112.8 million for the fiscal quarter ended June 27, 2020. The $68.1 million, or 60.3%, increase in net sales was due to a $54.1 million increase from volume and a $14.0 million increase from pricing. The $54.1 million volume increase stemming from strong consumer demand for our products and continued growth in the number of new exclusive Latham Dealers and includes $18.2 million due to having three months of GLI’s net sales in our net sales in the fiscal quarter ended July 3, 2021. The increase in total net sales of $68.1 million across our product lines was $45.9 million for in-ground swimming pools, $12.8 million for liners and $9.4 million for covers.

Cost of Sales and Gross Margin

Cost of sales was $122.5 million for the fiscal quarter ended July 3, 2021, compared to $68.5 million for the fiscal quarter ended June 27, 2020. Gross margin decreased by 7.0% to 32.3% of net sales for the fiscal quarter ended July 3, 2021 compared to 39.3% of net sales for the fiscal quarter ended June 27, 2020. The $54.0 million, or 79.0% increase in cost of sales was primarily due to an increase in net sales, partially offset by the addition of non-cash stock-based compensation expense of $4.9 million. The 7.0% decrease in gross margin was due to, temporary cost-savings initiatives implemented in response to the COVID-19 pandemic and lower rebates and incentive plan accruals in the fiscal quarter ended June 27, 2020, which reflected modest sales volumes, as compared to the fiscal quarter ended July 3, 2021, which was impacted by the inclusion of non-cash stock-based compensation, expense, higher growth-related rebates from sales growth and challenges in the supply chain, including constrained raw material supply that has resulted in intermittent manufacturing inefficiencies, and cost inflation. These factors were not fully offset by the timing of price increases and benefits of positive mix shift dynamics.

Selling, General and Administrative Expense

Selling, general and administrative expense was $95.3 million for the fiscal quarter ended July 3, 2021, compared to $15.4 million for the fiscal quarter ended June 27, 2020, and increased as a percentage of net sales by 39.1%. The $79.9 million, or 520.4% increase in selling, general and administrative expense was primarily due to $70.4 million increase in stock-based compensation expense, $2.8 million increase in wages from an increase in headcount, particularly for customer-facing activities to support growth of the business, and as a result of the increase in the number of employees following the acquisition of GLI, $1.1 million increase due to legal, accounting and professional fees incurred in connection with our IPO that were not capitalizable and $0.6 million increase in incentive plan accruals reflecting strong sales performance.

Amortization

Amortization was $5.5 million for the fiscal quarter ended July 3, 2021, compared to $4.1 million for the fiscal quarter ended June 27, 2020. The $1.4 million, or 34.9% increase in amortization was due to the increase in our definite-lived intangible assets resulting from our acquisition of GLI International, LLC (“GLI”) in October 2020.

Interest Expense

Interest expense was $7.5 million for the fiscal quarter ended July 3, 2021, compared to $4.3 million for the fiscal quarter ended June 27, 2020. The $3.2 million, or 74.5% increase in interest expense was primarily due to an increase in the outstanding balance of long-term debt and amortization from increased deferred financing fees from entering into an amendment to the Term Loan, compared to the fiscal quarter ended June 27, 2020.

Other (Income) Expense, Net

Other (income) expense, net was $(0.8) million for the fiscal quarter ended July 3, 2021, compared to $(1.2) million for the fiscal quarter ended June 27, 2020. The $0.4 million decrease in other (income) expense, net was due to a $0.4 million unfavorable change in net foreign currency transaction gains and losses associated with our international subsidiaries, compared to the fiscal quarter ended June 27, 2020.

Earnings from Equity Method Investment

Earnings from equity method investment of Premier Pools & Spa was $0.8 million for the fiscal quarter ended July 3, 2021, compared to no equity in net earnings of Premier Pools & Spa for the fiscal quarter ended June 27, 2020 as the equity method investment was made in October 2020.

Income Tax Expense

Income tax expense was $5.2 million for the fiscal quarter ended July 3, 2021, compared to $5.5 million for the fiscal quarter ended June 27, 2020. Our effective tax rate was (10.8)% for the fiscal quarter ended July 3, 2021, compared to 25.0% for the fiscal quarter ended June 27, 2020. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended July 3, 2021 was primarily attributable to the impact of stock compensation expense pursuant to the Reorganization. The results for the fiscal quarter ended July 3, 2021 include pre-tax stock compensation expense of $73.5 million related to the Reorganization for which there is no associated tax benefit. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended June 27, 2020 was primarily impacted by our switching to an income position for the fiscal quarter ended June 27, 2020.

Net (Loss) Income

Net (loss) income was $(53.6) million for the fiscal quarter ended July 3, 2021, compared to $16.4 million of net income for the fiscal quarter ended June 27, 2020. The $70.0 million, or 426.5% increase in net loss was primarily due to the factors described above.

Net (Loss) Income Margin

Net loss margin was (29.6)% for the fiscal quarter ended July 3, 2021, compared to net income margin of 14.5% for the fiscal quarter ended June 27, 2021. The (44.1)% increase in net (loss) income margin was due to a $70.0 million increase in net loss and an $68.1 million increase in net sales, compared to the fiscal quarter ended June 27, 2020 due to the factors described above.

Adjusted EBITDA

Adjusted EBITDA was $42.8 million for the fiscal quarter ended July 3, 2021, compared to $33.1 million for the fiscal quarter ended June 27, 2020. The $9.7 million, or 29.5%, increase in Adjusted EBITDA was primarily due to a $10.1 million increase in earnings before depreciation and amortization, interest expense, income tax (benefit) expense and stock based compensation expense, as well as a $1.1 million increase in legal, accounting and professional fees incurred in connection with our IPO that are not capitalizable.

Adjusted EBITDA Margin

Adjusted EBITDA margin was 23.7% for the fiscal quarter ended July 3, 2021, compared to 29.3% for the fiscal quarter ended June 27, 2020. The 5.6% decrease in Adjusted EBITDA margin was primarily due to a $9.7 million increase in Adjusted EBITDA and a $68.1 million increase in net sales, compared to the fiscal quarter ended June 27, 2020.

Two Fiscal Quarters Ended July 3, 2021 Compared to Two Fiscal Quarters Ended June 27, 2020

The following table summarizes our results of operations for the two fiscal quarters ended July 3, 2021 and June 27, 2020:

	Two Fiscal Quarters Ended					
	July 3, 2021	% of Net Sales	June 27, 2020	% of Net Sales	Change Amount	Change % of Net Sales
	(dollars in thousands)					
Net sales	$ 329,635	100.0 %	$ 163,956	100.0 %	$ 165,679	0.0 %
Cost of sales	218,840	66.4 %	109,495	66.8 %	109,345	(0.4)%
Gross profit	110,795	33.6 %	54,461	33.2 %	56,334	0.4 %
Selling, general and administrative expense	122,460	37.2 %	30,792	18.8 %	91,668	18.4 %
Amortization	11,074	3.4 %	8,126	5.0 %	2,948	(1.6)%
(Loss) income from operations	(22,739)	6.9 %	15,543	9.5 %	(38,282)	(2.6)%
Other expense (income):						
Interest expense	16,572	5.0 %	9,641	5.9 %	6,931	(0.9)%
Other (income) expense, net	(1,349)	0.4 %	2,499	1.5 %	(3,848)	(1.1)%
Total other expense (income), net	15,223	4.6 %	12,140	7.4 %	3,083	(2.8)%
Earnings from equity method investment	998	0.3 %	—	0.0 %	998	0.3 %
(Loss) income before income taxes	(36,964)	11.2 %	3,403	2.1 %	(40,367)	9.1 %
Income tax expense	8,101	2.5 %	2,440	1.6 %	5,661	0.9 %
Net (loss) income	$ (45,065)	13.7 %	$ 963	0.6 %	$ (46,028)	13.1 %
Adjusted EBITDA[(a)]	$ 76,368	23.2 %	$ 31,210	19.0 %	$ 45,158	4.2 %

(a) Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Measures” for a reconciliation to net income (loss), the most directly comparable GAAP measure, and for information regarding our use of Adjusted EBITDA.

Net Sales

Net sales was $329.6 million for the two fiscal quarters ended July 3, 2021, compared to $164.0 million for the two fiscal quarters ended June 27, 2020. The $165.6 million, or 101.1%, increase in net sales was due to a $143.7 million increase from volume and a $21.9 million increase from pricing. The $143.7 million volume increase across our product lines primarily attributable to continued strong consumer demand and order volumes across the Company's product portfolio, expanded strategic partnerships with Latham's exclusive dealers, and includes $34.1 million due to having six months of GLI's net sales in our net sales in the two fiscal quarters ended July 3, 2021. The increase in total net sales of $165.6 million across our product lines was $110.0 million for in-ground swimming pools, $33.2 million for liners and $22.4 million for covers.

Cost of Sales and Gross Margin

Cost of sales was $218.8 million for the two fiscal quarters ended July 3, 2021, compared to $109.5 million for the two fiscal quarters ended June 27, 2020. Gross margin increased by 0.4% to 33.6% of net sales for the two fiscal quarters ended July 3, 2021 compared to 33.2% of net sales for the two fiscal quarters ended June 27, 2020. The $109.3 million, or 99.9% increase in cost of sales was primarily the result of the overall increase in sales volume, inflation in the cost of our raw materials and $4.9 million of non-cash stock-based compensation expense. The 0.4% increase in gross margin was primarily due to price increases, higher utilization of fixed cost structure, and a mix shift towards in-ground pools, partially offset by supply chain headwinds and inflation, higher growth-related rebates driven by strong sales growth, and stock-based compensation expense.

Selling, General and Administrative Expense

Selling, general and administrative expense was $122.5 million for the two fiscal quarters ended July 3, 2021, compared to $30.8 million for the two fiscal quarters ended June 27, 2020, and increased as a percentage of net sales by 18.4%. The $91.7 million, or 297.7% increase in selling, general and administrative expense was primarily due to $71.6 million increase in stock-based compensation expense, $5.7 million increase in wages from an increase in headcount particularly for customer-facing activities to support growth of the business and as a result of the increase in the number of employees following the acquisition of GLI, $4.0 million increase due to legal, accounting and professional fees incurred in connection with our IPO that were not capitalizable; and $2.8 million increase in incentive plan accruals reflecting strong sales performance.

Amortization

Amortization was $11.1 million for the two fiscal quarters ended July 3, 2021, compared to $8.1 million for the two fiscal quarters ended June 27, 2020. The $3.0 million, or 36.3%, increase in amortization was due to the increase in our definite-lived intangible assets resulting from our acquisition of GLI in October 2020.

Interest Expense

Interest expense was $16.6 million for the two fiscal quarters ended July 3, 2021, compared to $9.6 million for the two fiscal quarters ended June 27, 2020. The $7.0 million, or 71.9%, increase in interest expense was primarily due to an increase in the outstanding balance of long-term debt and amortization from increased deferred financing fees from entering into an amendment to the Term Loan (as defined below), compared to the two fiscal quarters ended June 27, 2020.

Other (Income) Expense, Net

Other (income) expense, net was $(1.3) million for the two fiscal quarters ended July 3, 2021, compared to $2.5 million for the two fiscal quarters ended June 27, 2020. The $3.8 million increase in other (income) expense, net was due to a $3.8 million favorable change in net foreign currency transaction gains and losses associated with our international subsidiaries, compared to the two fiscal quarters ended June 27, 2020.

Earnings from Equity Method Investment

Earnings from equity method investment of Premier Pools & Spa was $1.0 million for the two fiscal quarters ended July 3, 2021, compared to no equity in net earnings of Premier Pools & Spa for the two fiscal quarters ended June 27, 2020 as the equity method investment was made in October 2020.

Income Tax Expense

Income tax expense was $8.1 million for the two fiscal quarters ended July 3, 2021, compared to $2.4 million for the two fiscal quarters ended June 27, 2020. Our effective tax rate was (21.9)% for the two fiscal quarters ended July 3, 2021, compared to 71.7% for the two fiscal quarters ended June 27, 2020. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended July 3, 2021 was primarily attributable to the impact of stock compensation expense pursuant to the Reorganization. The results for the fiscal quarter ended July 3, 2021 include pre-tax stock compensation expense of $73.5 million related to the Reorganization for which there is no associated tax benefit. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter ended April 3, 2021 was impacted primarily by state income tax expense. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for the fiscal quarter and two fiscal quarters ended June 27, 2020 was primarily impacted by our switching to an income position for the fiscal quarter ended June 27, 2020. The pre-tax income for the two fiscal quarters included losses in tax jurisdictions for which we did not record a tax benefit, which increased the effective income tax rate for the fiscal quarter ended June 27, 2020.

Net (Loss) Income

Net loss was $(45.1) million for the two fiscal quarters ended July 3, 2021, compared to $1.0 million of net income for the two fiscal quarters ended June 27, 2020. The $46.1 million, or 4,779.6% increase in net loss was primarily due to the factors described above.

Net (Loss) Income Margin

Net loss margin was (13.7)% for the two fiscal quarters ended July 3, 2021, compared to net income margin of 0.6% for the two fiscal quarters ended June 27, 2021. The (14.3)% increase in net (loss) income margin was due to a $45.1 million increase in net loss and an $165.6 million increase in net sales, compared to the two fiscal quarters ended June 27, 2020 due to the factors described above.

Adjusted EBITDA

Adjusted EBITDA was $76.4 million for the two fiscal quarters ended July 3, 2021, compared to $31.2 million for the two fiscal quarters ended June 27, 2020. The $45.2 million, or 144.7%, increase in Adjusted EBITDA was primarily due to a $47.1 million increase in earnings before depreciation and amortization, interest expense, income tax (benefit) expense and stock based compensation expense, as well as a $4.0 million increase in legal, accounting and professional fees incurred in connection with our IPO that are not capitalizable, partially offset by a $3.4 million decrease in unrealized (gains) losses on foreign currency transactions, which included changes in the fair value of the contingent consideration recorded in connection with the acquisition of Narellan Group Pty Limited and its subsidiaries, which was settled in September 2020.

Adjusted EBITDA Margin

Adjusted EBITDA margin was 23.2% for the two fiscal quarters ended July 3, 2021, compared to 19.0% for the two fiscal quarters ended June 27, 2020. The 4.2% increase in Adjusted EBITDA margin was primarily due to a $45.2 million increase in Adjusted EBITDA and an $165.6 million increase in net sales, compared to the fiscal quarter ended June 27, 2020.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

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 expense, (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.

Management compensates for these limitations by primarily relying on our GAAP results, while using Adjusted EBITDA and Adjusted EBITDA margin as supplements to the corresponding GAAP financial measures.

The following table provides a reconciliation of our net income to Adjusted EBITDA for the periods presented and the calculation of Adjusted EBITDA margin:

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020	July 3, 2021	June 27, 2020
	(dollars in thousands)			
Net (loss) income	$ (53,598)	$ 16,414	$ (45,065)	$ 963
Depreciation and amortization	7,770	5,854	15,670	11,609
Interest expense	7,516	4,308	16,572	9,641
Income tax expense	5,218	5,459	8,101	2,440
Loss on sale and disposal of property and equipment	22	(3)	187	—
Restructuring charges(a)	36	347	407	633
Stock-based compensation(b)	75,511	240	76,975	464
Unrealized gains (losses) on foreign currency transactions(c)	(731)	(1,176)	(792)	2,565
Strategic initiative costs(d)	376	1,457	376	2,549
Acquisition and integration related costs(e)	4	126	72	238
Other(f)	(355)	69	(91)	108
IPO Costs(g)	1,079	—	3,956	—
Adjusted EBITDA	$ 42,848	$ 33,095	$ 76,368	$ 31,210
Net sales	$ 180,889	$ 112,822	$ 329,635	$ 163,956
Net (loss) income margin	(29.6)%	14.5 %	(13.7)%	0.6 %
Adjusted EBITDA margin	23.7 %	29.3 %	23.2 %	19.0 %

(a) Represents severance and other costs for our executive management changes.
(b) Represents non-cash stock-based compensation expense. Of the expense recorded during the fiscal quarter ended July 3, 2021, $0.5 million was due to the accelerated vesting of restricted stock and $49.0 million was due to the modification as a result of the Reorganization.
(c) Represents foreign currency transaction (gains) and losses associated with our international subsidiaries and changes in the fair value of the contingent consideration recorded in connection with the acquisition of Narellan Group Pty Limited and its subsidiaries, which was settled in September 2020.
(d) Represents fees paid to external consultants for our strategic initiatives, including our rebranding initiative.
(e) Represents acquisition and integration costs primarily related to the acquisition of GLI, the equity investment in Premier Pools & Spas, as well as other costs related to a transaction that was abandoned.
(f) Other costs consist of other discrete items as determined by management, including (i) fees paid to external consultants for tax restructuring, (ii) the cost for legal defense of a specified matter, (iii) the cost incurred and insurance proceeds related to our production facility fire in Picton, Australia in 2020, (iv) temporary cleaning, equipment and salary costs incurred in response to the COVID-19 pandemic, offset by government grants received in the United States, Canada and New Zealand and (v) non-cash adjustments to record the step-up in the fair value of inventory related to the acquisition of GLI, which are amortized through cost of sales in the condensed consolidated statements of operations.
(g) Represents items management believes are not indicative of ongoing operating performance. These expenses are primarily composed of legal, accounting and professional fees incurred in connection with the IPO that are not capitalizable, which are included within selling, general and administrative expense.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are net cash provided by operating activities and availability under our Revolving Credit Facility. Historically, we have funded working capital requirements, capital expenditures, payments related to acquisitions, and debt service requirements with internally generated cash on hand and through our Amended Term Loan and Revolving Credit Facility (each as defined below under "—Our Indebtedness") and through the issuance of shares of our common stock. Our primary cash needs are to fund working capital, capital expenditures, debt service requirements and any acquisitions we may undertake. As of July 3, 2021, we had $76.5 million of cash, $237.3 million of outstanding borrowings and an additional $30.0 million of availability under our Revolving Credit Facility, which was undrawn. In April 2021, we completed our IPO, pursuant to which we issued and sold 23,000,000 shares of common stock, inclusive of 3,000,000 shares sold by us pursuant to the full exercise of the underwriters' option to purchase additional shares. We received net proceeds of $399.3 million.

Our primary working capital requirements are for the purchase of inventory, payroll, rent, facility costs and other selling, general and administrative costs. Our working capital requirements fluctuate during the year, driven primarily by seasonality and the timing of raw material purchases. Our capital expenditures are primarily related to growth, including production capacity, storage and delivery equipment. We are in the midst of a multi-year capital plan to invest in our facilities, technology and systems, including investments to expand our fiberglass manufacturing capacity. We expect to fund these capital expenditures from net cash provided by operating activities.

We believe that our existing cash, cash generated from operations and availability under our Revolving Credit Facility, will be adequate to fund our operating expenses and capital expenditure requirements over the next 12 months. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect.

Our Indebtedness

Revolving Credit Facility

On December 18, 2018, Latham Pool Products entered into an agreement (the "Credit Agreement") with Nomura Corporate Funding Americas, LLC ("Nomura") that included a revolving line of credit (the "Revolver") and letters of credit ("Letters of Credit" or collectively with the Revolver, the "Revolving Credit Facility"), as well as a Term Loan (as described and defined below). The Revolving Credit Facility is utilized to finance ongoing general corporate and working capital needs with the Revolver of up to $30.0 million. The Revolving Credit Facility matures on December 18, 2023.

The Revolving Credit Facility allows for either Eurocurrency borrowings, which bear interest ranging from 4.50% to 4.75%, or U.S. dollar base rate borrowings, which bear interest ranging from 3.50% to 3.75% depending on the First Lien Net Leverage Ratio, as defined in the Credit Agreement. A commitment fee accrues on any unused portion of the commitments under the Revolving Credit Facility. The commitment fee is due and payable quarterly in arrears and is equal to the applicable margin times the actual daily amount by which the $30.0 million initial commitment exceeds the sum of the outstanding borrowings under our Revolving Credit Facility. The applicable margin ranges from 0.375% to 0.500% as determined by our First Lien Net Leverage Ratio as defined in the Credit Agreement.

We are required to meet certain financial covenants, including maintaining specific liquidity measurements. There are also negative covenants, including certain restrictions on our ability to incur additional indebtedness, create liens, make investments, consolidate or merge with other entities, enter into transactions with affiliates and make prepayments.

As of July 3, 2021 we had no outstanding borrowings under the Revolving Credit Facility.

Term Loan Facility

Pursuant to the Credit Agreement, Latham Pool Products also borrowed $215.0 million in term loans (the "Term Loan"). The Term Loan was amended in May 2019 and October 2020 to provide additional borrowings (the "Amended Term Loan"). The Term Loan was further amended on January 25, 2021, to provide an additional incremental term loan of $175.0 million (the "Third Amendment"). We accounted for $165.0 million of the borrowings under the Third Amendment as new debt and $10.0 million of the borrowings under the Third Amendment as a debt modification. We recorded an aggregate of $1.2 million of debt issuance costs as a direct reduction to the carrying amount of long-term debt on the condensed consolidated balance sheets. On January 25, 2021, Latham Pool Products borrowed the incremental term loan, and the proceeds were used on February 2, 2021 to repurchase and retire treasury stock in the amount of $64.9 million and to make a $110.0 million dividend to Class A unitholders. The Term Loan, together with the Third Amendment, are referred to as the "Amended Term Loan."

The Amended Term Loan bears interest at (1) a base rate equal to the highest of (i) the Federal Funds Rate, as defined in the Credit Agreement, plus 1⁄2 of 1.00%, (ii) the "prime rate" published in the Money Rates section of the Wall Street Journal and (iii) LIBOR plus 1.00% (2) plus a Loan Margin, as defined in the Credit Agreement, of (i) 6.00% for Eurocurrency Rate Loans and (ii) 5.00% for Base Rate Loans, as defined in the Credit Agreement. The Amended Term Loan has a maturity date of June 18, 2025. Interest and principal payments are due quarterly.

In accordance with the terms of the Amended Term Loan, we elected to change the terms of the prepayment schedule from an inverse application to a pro rata application and as a result we are required to repay the outstanding principal balance of the Amended Term Loan in fixed quarterly payments of $3.6 million, commencing June 30, 2021. In connection with the Amended Term Loan, we are subject to various financial reporting, financial and other covenants, including maintaining specific liquidity measurements.

The obligations under the Credit Agreement are guaranteed by certain of our wholly owned subsidiaries as defined in the security agreement. The obligations under the Credit Agreement are secured by substantially all of the guarantors' tangible and intangible assets, including, but not limited to, their accounts receivables, equipment, intellectual property, inventory, cash and cash equivalents, deposit accounts and security accounts. The Credit Agreement also restricts payments and other distributions unless certain conditions are met, which could restrict our ability to pay dividends.

As of July 3, 2021, we were in compliance with all covenants under the Revolving Credit Facility and the Amended Term Loan.

As of July 3, 2021 we had $237.3 million of outstanding borrowings under the Amended Term Loan. On April 27, 2021, we used a portion of the net proceeds of our IPO to repay $152.7 million of the Amended Term Loan.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Two Fiscal Quarters Ended	
	July 3, 2021	June 27, 2020
	(in thousands)	
Net cash provided by operating activities	$ 14,167	$ 10,239
Net cash used in investing activities	(12,843)	(6,205)
Net cash provided by (used in) financing activities	17,852	(5,001)
Effect of exchange rate changes on cash	(1,969)	1,857
Net increase in cash	$ 17,207	$ 890

Operating Activities

During the two fiscal quarters ended July 3, 2021, operating activities provided $14.2 million of cash. Net income, after adjustments for non-cash items, provided cash of $54.3 million. Cash provided by operating activities was further driven by changes in our operating assets and liabilities of $(40.2) million. Net cash used in changes in our operating assets and liabilities for the two fiscal quarters ended July 3, 2021 consisted primarily of a $44.5 million increase in trade receivables, a $9.5 million increase in inventories, a $3.7 increase in prepaid expenses and other current assets, and a $0.1 increase in income tax receivable, partially offset by an $11.0 million increase in accounts payable, a $5.6 increase in accrued expenses and other current liabilities, a $0.8 million decrease in other assets and a $0.1 million increase in other long-term liabilities. The change in trade receivables was primarily due to the timing of and increase in net sales, and the increase in inventories was primarily due to increased production and inventory build in response to existing and anticipated customer demand. The changes in accrued expenses and other current liabilities and accounts payable were primarily due to timing of payments.

During the two fiscal quarters ended June 27, 2020, operating activities provided $10.2 million of cash. Net income, after adjustments for non-cash items, provided cash of $15.2 million. Cash used in operating activities was further driven by changes in our operating assets and liabilities of $(4.9) million. Net cash used in changes in our operating assets and liabilities for the two fiscal quarters ended June 27, 2020 consisted primarily of a $25.7 million increase in trade receivables, a $0.8 million increase in inventories, partially offset by a $10.7 million increase in accounts payable, $9.5 increase in accrued expenses and other current liabilities, and a $0.9 decrease in prepaid expenses and other current assets. The change in trade receivables was primarily due to the timing of net sales, and the increase in inventories was primarily due to increased production in response to customer demand. The changes in accrued expenses and other current liabilities and accounts payable were primarily due to timing of payments.

Investing Activities

During the two fiscal quarters ended July 3, 2021, investing activities used $12.8 million of cash, primarily consisting of purchases of property and equipment for $13.0 million. The purchase of property and equipment was to expand capacity for inventory production in order to meet increasing customer demand.

During the fiscal quarter ended June 27, 2020, investing activities used $6.2 million of cash, consisting of purchases of property and equipment of $6.2 million.

Financing Activities

During the two fiscal quarters ended July 3, 2021, financing activities provided $17.9 million of cash, primarily consisting of proceeds from our IPO, net of underwriting discounts, commissions and offering costs of $399.3 million, proceeds from borrowings on the Amended Term Loan of $172.8 million and borrowings on the Revolving Credit Facility of $16.0 million, partially offset by the repurchase of treasury stock of $281.6 million, payments on long-term debt borrowings of $161.3 million, dividends to Class A unitholders of $110.0 million, and payments on Revolving Credit Facility borrowings of $16.0 million.

During the two fiscal quarters ended June 27, 2020, financing activities used $5.0 million of cash, consisting of payments on long-term debt borrowings of $4.4 million and repurchase and retirement of treasury stock of $0.6 million.

Contractual Obligations

Long-term indebtedness and interest on long-term indebtedness changed materially due to the Third Amendment dated January 25, 2021, which increased the outstanding principal balance of the Term Loan by $175.0 million. A portion of these proceeds were used to repurchase and retire treasury stock in the amount of $64.9 million on February 2, 2021. The Third Amendment did not change the Term Loan's maturity date of June 18, 2025, at which time the remaining principal is due. The Third Amendment increased the fixed quarterly principal payments from $3.3 million under the Second Amendment to $5.8 million. Upon completion of the IPO we used $152.7 million of the net proceeds from the IPO to repay $152.7 million of the Amended Term Loan. During the fiscal quarter ended July 3, 2021, in accordance with the terms of the Amended Term Loan, we elected to change the terms of the prepayment schedule from an inverse application to a pro rata application and as a result we are required to repay the outstanding principal balance of the Amended Term Loan in fixed quarterly payments of $3.6 million, commencing June 30, 2021. Due to the revised principal payments under the Amended Term Loan, the required principal payments are $7.1 million in the next year, $28.5 million in the next one to three years, and $206.3 million in the next four to five years. At the new assumed interest rate of 7.73% as of January 25, 2021, the interest payments are $10.5 million in the next year, $38.9 million in the next one to three years, and $25.9 million in the next four to five years.

There have been no other material changes, outside of the ordinary course of business, to these contractual obligations during the quarter ended July 3, 2021 from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" in our Prospectus with the exception of long-term indebtedness. See "—Our Indebtedness."

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. Throughout the preparation of these financial statements, we have made estimates and assumptions that impact the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements and revenues and expenses during the reporting period. Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in our Prospectus. These estimates are based on historical results, trends and other assumptions we believe to be reasonable. We evaluate these estimates on an ongoing basis. Actual results may differ from estimates. For additional information about our critical accounting policies and estimates, see the disclosure included in our Prospectus as well as Note 2 - Summary of Significant Accounting Policies in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recently Issued and Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential loss that may result from market changes associated with our business or with an existing or forecasted financial transaction. The value of a financial instrument may change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. We are exposed to changes in interest rates and foreign currency exchange rates because we finance certain operations through variable rate debt instruments and denominate some of our transactions in foreign currencies. Changes in these rates may have an impact on future cash flow and earnings. We manage these risks through normal operating and financing activities. During the fiscal quarter ended July 3, 2021, there have been no material changes to the information included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations— Quantitative and Qualitative Disclosures about Market Risk” in our Prospectus.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Form 10-Q. Based on such evaluation, our CEO and CFO have concluded that as of July 3, 2021, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in disputes or litigation relating to claims arising out of our operations. We are not currently a party to any legal proceedings that could reasonably be expected to have a material adverse effect on our business, financial condition and results of operations.

Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Prospectus, the risk factors that materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Prospectus and the other information set forth elsewhere in this Form 10-Q. You should be aware that these risk factors and other information may not described every risk that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Initial Public Offering

On April 22, 2021, we completed our IPO, which closed on April 27, 2021. Pursuant to the Registration Statement on Form S-1 (Registration No. 333-254930), which was declared effective by the SEC on April 22, 2021, we registered 23,000,000 shares of common stock. All 23,000,000 shares of our common stock were sold in the IPO at a price per share to the public of $19.00 for an aggregate offering price of $437.0 million. Barclays Capital Inc., BofA Securities, Inc., Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC were the representatives of the underwriters. The following tables show the per share and total underwriting discounts and commissions paid by us to the underwriters:

Underwriting Discounts and Commissions Paid By Us	
Per Share	$ 1.33
Total	$ 30,590,000

The total gross proceeds of the IPO were approximately $437.0 million and the total net proceeds of the IPO were approximately $399.3 million. Of the proceeds, approximately $30.6 million was used to pay underwriting discounts and commissions and $7.1 million was used to pay other offering costs. Of the remaining proceeds, $168.7 million was used to repay $168.7 million of our indebtedness under our Amended Term Loan and the Revolving Credit Facility and $216.7 million was used to purchase 12,264,438 shares of common stock from our principal stockholders and a current employee. The remaining $13.9 million of the proceeds will be used for general corporate purposes, including working capital.

There has been no material change in the planned use of the IPO net proceeds from the use of proceeds described in the Prospectus.

Issuances of Common Stock

In connection with our Reorganization, we issued 109,673,709 shares of common stock to our principal stockholders, our senior management and board members, and our current and former employees on April 22, 2021. The shares of common stock were issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act on the basis that the transaction did not involve a public offering. No underwriters were involved in the transaction.

Item 6. Exhibits

Exhibit No.	Description
2.1#	Merger Agreement by and between Latham Group, Inc. and Latham Investment Holdings, L.P., dated as of April 22, 2021 (incorporated by reference to Latham Group Inc.'s quarterly report on Form 10-Q filed with the Commission on June 3, 2021 (File No. 001-40358)).
3.1	Amended and Restated Certificate of Incorporation of Latham Group, Inc., dated as of April 22, 2021 (incorporated by reference to Latham Group Inc.'s quarterly report on Form 10-Q filed with the Commission on June 3, 2021 (File No. 001-40358)).
3.2	Amended and Restated Bylaws of Latham Group, Inc., dated as of April 22, 2021 (incorporated by reference to Latham Group Inc.'s quarterly report on Form 10-Q filed with the Commission on June 3, 2021 (File No. 001-40358)).
10.1*	Stockholders Agreement by and among Latham Group, Inc. and the stockholders party thereto, dated as of April 27, 2021
10.2*	Registration Rights Agreement by and among Latham Group, Inc. and the stockholders party thereto, dated as of April 27, 2021
10.3*	Form of Indemnification Agreement by and among the Latham Group, Inc. and each of its directors and executive officers
10.4 †*	Latham Pool Products, Inc. Management Incentive Bonus Plan
10.5 †*	Latham Group, Inc. 2021 Omnibus Equity Incentive Plan
10.6 †*	Form of Nonqualified Option Award Agreement under the 2021 Omnibus Equity Incentive Plan
10.7 †*	Form of Restricted Stock Award Agreement under the 2021 Omnibus Equity Incentive Plan
10.8 †*	Form of Restricted Stock Unit Award Agreement under the 2021 Omnibus Equity Incentive Plan
31.1*	Certification of CEO, pursuant to SEC Rule 13a-14(a) and 15d-14(a)
31.2*	Certification of CFO, pursuant to SEC Rule 13a-14(a) and 15d-14(a)
32.1*	Certification by the CEO, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification by the CFO, 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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*	Filed herewith.
#	Portions of this exhibit have been omitted pursuant to Item 601(a)(v) of Regulation S-K
†	Indicates management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date August 5, 2021

LATHAM GROUP, INC.

/s/ James Mark Borseth
James Mark Borseth
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

EXECUTION VERSION

STOCKHOLDERS AGREEMENT

DATED AS OF APRIL 27, 2021

AMONG

LATHAM GROUP, INC.

AND

THE OTHER PARTIES HERETO

TABLE OF CONTENTS

STOCKHOLDERS AGREEMENT

This Stockholders Agreement is entered into as of April 27, 2021 by and among Latham Group, Inc., a Delaware corporation (the "Company"), and each of the Principal Stockholders (as defined below).

BACKGROUND:

WHEREAS, the Company is currently contemplating an underwritten initial public offering ("IPO") of shares of its Common Stock (as defined below); and

WHEREAS, in connection with, and effective upon, the date of completion of the IPO (the "Closing Date"), the Company and the Principal Stockholders wish to set forth certain understandings between such parties, including with respect to certain governance matters.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
INTRODUCTORY MATTERS

1.1 Defined Terms. In addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein:

"Affiliate" has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof.

"Agreement" means this Stockholders Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof.

"beneficially own" has the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Board" means the board of directors of the Company.

"Change in Control" means any transaction or series of related transactions (whether by merger, consolidation, recapitalization, liquidation or sale or transfer of Common Stock or assets (including equity securities of the Subsidiaries) or otherwise) as a result of which any Person or group, within the meaning of Section 13(d)(3) of the Exchange Act (other than the Principal Stockholders and their respective Affiliates, any group of which the foregoing are members and any other members of such a group), obtains ownership, directly or indirectly, of (i) Common Stock that represent more than 50% of the total voting power of the outstanding capital

stock of the Company or applicable successor entity or (ii) all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis.

"Closing Date" has the meaning set forth in the Background.

"Company" has the meaning set forth in the Preamble.

"Common Stock" means the shares of common stock, par value $0.0001 per share, of the Company, and any other capital stock of the Company into which such stock is reclassified or reconstituted and any other common stock of the Company.

"Control" (including its correlative meanings, "Controlled by" and "under common Control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

"Controlled Entity" means, without limitation, any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise controlled by the Company.

"Director" means any member of the Board.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"IPO" has the meaning set forth in the Background.

"Law" means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"Necessary Action" means, with respect to a specified result, all actions necessary to cause such result, including (i) voting or providing a written consent or proxy with respect to the shares of Common Stock or other equity securities of the Company, (ii) causing the adoption of stockholders' resolutions and amendments to the organizational documents of the Company, (iii) executing agreements and instruments, and (iv) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"Pamplona Designee" has the meaning set forth in Section 2.1(a).

"Pamplona Investor" means Pamplona Capital Partners V, L.P., an exempted limited partnership organized under the laws of the Cayman Islands.

"Pamplona Investor Entities" means the Pamplona Investor, its Affiliates and their respective successors and Permitted Assigns; provided, that for purposes of determining any ownership threshold hereunder relevant to the Pamplona Investor Entities, such threshold shall be determined based on the ownership of the Pamplona Investor and its Affiliates (and not, for the avoidance of doubt, any Permitted Assigns).

"Permitted Assigns" means with respect to a Pamplona Investor Entity, a Transferee of shares of Common Stock that agrees to become party to, and to be bound to the same extent as its Transferor by the terms of, this Agreement.

"Person" means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

"Principal Stockholder Designee" has the meaning set forth in Section 2.1(b).

"Principal Stockholder Entities" means each Pamplona Investor Entity and Wynnchurch Investor Entity.

"Principal Stockholders" means, collectively, the Pamplona Investor and the Wynnchurch Investors, and each, a "Principal Stockholder".

"Repurchase" has the meaning set forth in Section 2.3(f).

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, representatives or trustees thereof is at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or Controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall

be or Control the managing member, managing director or other governing body or general partner of such limited liability company, partnership, association or other business entity.

"Total Number of Directors" means the total number of Directors comprising the Board.

"Transfer" (including its correlative meanings, "Transferor", "Transferee" and "Transferred") shall mean, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, "Transfer" shall have such correlative meaning as the context may require.

"Wynnchurch Designee" has the meaning set forth in Section 2.1(b).

"Wynnchurch Investor Entities" means each Wynnchurch Investor and its Affiliates.

"Wynnchurch Investors" means, collectively, Wynnchurch Capital Partners IV, L.P., a Cayman Islands limited partnership, and WC Partners Executive IV, L.P. a Cayman Islands limited partnership.

1.2 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party. Unless the context otherwise requires: (a) "or" is disjunctive but not exclusive, (b) words in the singular include the plural and in the plural include the singular, and (c) the words "hereof", "herein", and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

ARTICLE II
CORPORATE GOVERNANCE MATTERS

2.1 Election of Directors.

(a) Following the Closing Date, the Pamplona Investor (together with any Permitted Assigns who are assigned such rights in accordance with the terms hereof) shall have the right, but not the obligation, to nominate to the Board an aggregate number of designees equal to at least: (i) a majority of the Total Number of Directors, so long as the Pamplona Investor Entities collectively beneficially own 50% or more of the outstanding shares of Common Stock; (ii) 40% of the Total Number of Directors, in the event that the Pamplona Investor Entities collectively beneficially own 40% or more, but less than 50%, of the outstanding shares of Common Stock; (iii) 30% of the Total Number of Directors, in the event that the Pamplona

Investor Entities collectively beneficially own 30% or more, but less than 40%, of the outstanding shares of Common Stock; (iv) 20% of the Total Number of Directors, in the event that the Pamplona Investor Entities collectively beneficially own 20% or more, but less than 30%, of the outstanding shares of Common Stock; and (v) 10% of the Total Number of Directors, in the event that the Pamplona Investor Entities collectively beneficially own 5% or more, but less than 20%, of the outstanding shares of Common Stock. For purposes of calculating the number of Directors that the Pamplona Investor (together with any Permitted Assigns who are assigned such rights in accordance with the terms hereof) is entitled to designate pursuant to the immediately preceding sentence, any fractional amounts shall automatically be rounded up to the nearest whole number (*e.g.*, one and one quarter (1 1/4) Directors shall equate to two (2) Directors), and any such calculations shall be made after taking into account any increase in the Total Number of Directors. Each such individual whom the Pamplona Investor (together with any Permitted Assigns who are assigned such rights in accordance with the terms hereof) shall actually nominate pursuant to this Section 2.1(a) and who is thereafter elected to the Board to serve as a Director shall be referred to herein as a "Pamplona Designee".

(b) Following the Closing Date, the Wynnchurch Investors shall have the right, but not the obligation, to nominate to the Board one (1) designee in the event that the Wynnchurch Investor Entities collectively beneficially own five percent (5)% or more of the outstanding shares of Common Stock. Each such individual whom the Wynnchurch Investors shall actually nominate pursuant to this Section 2.1(b) and who is thereafter elected to the Board to serve as a Director shall be referred to herein as a "Wynnchurch Designee" and, together with each Pamplona Designee, collectively, the "Principal Stockholder Designees".

(c) Except as provided in Section 2.1(a) or Section 2.1(b), as applicable, the Pamplona Investor and the Wynnchurch Investors, as applicable, shall have the exclusive right to, at any time, from time to time, remove their respective designees from the Board, and the Company and the Principal Stockholders shall take all Necessary Action to cause the removal of any such designee at the request of the designating Investor.

(d) Following the Closing Date and subject to applicable Laws and stock exchange regulations, the Pamplona Investor shall have the right, but not the obligation, to have representatives appointed to serve on each committee of the Board in the same proportion as the Pamplona Designees' representation on the Board. Following the Closing Date and subject to applicable Laws and stock exchange regulations, the Pamplona Investor shall have the right, but not the obligation, to have a representative appointed as an observer to any committee of the Board to which the Pamplona Investor (i) does not elect to have a representative appointed or (ii) is prohibited by applicable Laws or stock exchange regulations from having a representative appointed, in each case for so long as the Pamplona Investor has the right to designate at least one (1) director for nomination under this Agreement. Following the Closing Date and subject to applicable Laws and stock exchange regulations, the Wynnchurch Investor shall have the right, but not the obligation, to have a representative appointed as an observer to any committee of the Board for so long as the Wynnchurch Investor has the right to designate at least one (1) director for nomination under this Agreement.

(e) In the event that the Pamplona Investor or the Wynnchurch Investors have nominated less than the total number of designees the Pamplona Investor or the Wynnchurch Investors shall be entitled to nominate pursuant to Section 2.1(a) or Section 2.1(b), as applicable, the Pamplona Investor and the Wynnchurch Investors, as applicable, shall have the right, at any time, to nominate such additional designees to which they are entitled, in which case the Company, the Principal Stockholders and the Directors shall take all Necessary Action, to the fullest extent permitted by applicable Law (including with respect to fiduciary duties under Delaware law), to (x) enable the Pamplona Investor or the Wynnchurch Investors, as applicable, to nominate and effect the election or appointment of such additional individuals, whether by increasing the size of the Board or otherwise, and (y) designate such additional individuals nominated by the Pamplona Investor or the Wynnchurch Investors, as applicable, to fill such newly-created vacancies or to fill any other existing vacancies.

(f) In the event that a vacancy is created at any time by the death, retirement or resignation of any Director designated pursuant to Section 2.1(a) or Section 2.1(b), the remaining Directors, the Principal Stockholders and the Company shall, to the fullest extent permitted by applicable Law (including with respect to fiduciary duties under Delaware law), cause the vacancy created thereby to be filled by a new designee of the Pamplona Investor or the Wynnchurch Investors, as applicable, as soon as possible, and the Company and the Principal Stockholders hereby agree to take, to the fullest extent permitted by applicable Law (including with respect to fiduciary duties under Delaware law), at any time and from time to time, all Necessary Action to accomplish the same.

(g) The Company agrees, to the fullest extent permitted by applicable Law (including with respect to fiduciary duties under Delaware law), to include the individuals designated pursuant to this Section 2.1 in the slate of nominees recommended by the Board for election at any meeting of stockholders called for the purpose of electing Directors and to take all Necessary Action to cause the election of each such designee to the Board, including nominating each such individual to be elected as a Director as provided herein, recommending such individual's election and soliciting proxies or consents in favor thereof.

2.2 Voting Agreement. Each Principal Stockholder agrees to, and to cause its Affiliates to, cast all votes to which such Principal Sponsor or any of its Affiliates is entitled in respect of its Common Stock, whether at any annual or special meeting, by written consent or otherwise, so as to cause to be elected to the Board those individuals designated in accordance with Section 2.1 and to otherwise effect the intent of this Article II.

2.3 Consent Rights. For so long as the Pamplona Investor Entities collectively beneficially own at least 25% of the outstanding shares of Common Stock, the following actions by the Company or any of its Subsidiaries shall require the approval of the Pamplona Investor, in

addition to the Board's approval (or the approval of the required governing body of any Subsidiary of the Company):

(a) entering into or effecting a Change in Control;

(b) entering into any agreement providing for the acquisition or divestiture of assets or equity security of any Person, in each case providing for aggregate consideration in excess of $50 million;

(c) entering into any joint venture or similar business alliance having a fair market value as of the date of formation thereof (as reasonably determined by the Board) in excess of $50 million;

(d) initiating a voluntary liquidation, dissolution, receivership, bankruptcy or other insolvency proceeding involving the Company or any Subsidiary of the Company that is a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the Exchange Act;

(e) any material change in the nature of the business of the Company or any Subsidiary, taken as a whole;

(f) any redemption, acquisition or other purchase of any shares of Common Stock (a "Repurchase") other than Repurchases in accordance with any existing compensation plan of the Company or any Subsidiary or a Repurchase from an employee in connection with such employee's termination of employment with the Company or any Subsidiary;

(g) any payment or declaration of any dividend or other distribution on any shares of Common Stock or entering into any recapitalization transaction the primary purpose of which is to pay a dividend;

(h) the incurrence of indebtedness for borrowed money (including through capital leases, the issuance of debt securities or the guarantee of indebtedness of another Person) in an aggregate principal amount in excess of $50 million, other than (x) the incurrence of trade payables arising in the ordinary course of business of the Company and its Subsidiaries or (y) borrowings under the Company's term loan or revolving credit facility (or amendments, extensions, or replacements thereof);

(i) terminating the employment of the Chief Executive Officer of the Company or hiring a new Chief Executive Officer of the Company;

(j) increasing or decreasing the size of the Board; and

(k) any transaction with or involving any Affiliate of the Company or any Affiliate of any stockholder of the Company that beneficially owns in excess of ten percent (10%) of the voting power of the Company (in each case, other than any Pamplona Investor Entity), other than any transaction or series of related transactions in the ordinary course of business and on arms-length third-party terms and in an amount less than $10 million.

2.4 Permitted Disclosure. Each Pamplona Designee and Wynnchurch Designee is permitted to disclose to the Pamplona Investor Entities (other than any portfolio company of such Pamplona Investor Entity or its Affiliates) and Wynnchurch Investor Entities (other than any portfolio company of such Wynnchurch Investor Entity or its Affiliates), respectively, information about the Company and its Affiliates he or she receives as a result of being a Director.

ARTICLE III
INFORMATION

3.1 Books and Records; Access. The Company shall, and shall cause its Subsidiaries to, keep proper books, records and accounts, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each of its Subsidiaries in accordance with generally accepted accounting principles. The Company shall, and shall cause its Subsidiaries to, permit the Principal Stockholder Entities (other than any portfolio company of such Principal Stockholder Entity or its Affiliates) and their respective designated representatives, at reasonable times and upon reasonable prior notice to the Company, to review the books and records of the Company or any of such Subsidiaries and to discuss the affairs, finances and condition of the Company or any of such Subsidiaries with the officers of the Company or any such Subsidiary. In addition to other information that might be reasonably requested by the Principal Stockholder Entities from time to time (other than any portfolio company of such Principal Stockholder Entity or its Affiliates), the Company shall also provide (i) direct access to the Company's auditors and officers upon request, (ii) copies of all materials provided to the board of directors (or committee of the board of directors) at the same time as provided to the directors (or members of a committee of the board of directors) of the Company, (iii) access to appropriate officers and directors of the Company and its Subsidiaries at such times as may be requested by the Principal Stockholder Entities for consultation with the Principal Stockholder Entities with respect to matters relating to the business and affairs of the Company and its Subsidiaries, (iv) information in advance with respect to any significant corporate actions, including, without limitation, extraordinary dividends, stock redemptions or repurchases, mergers, acquisitions or dispositions of assets, issuances of significant amounts of debt or equity and material amendments to the organizational documents of the Company or any of its Subsidiaries, and to provide the Principal Stockholder Entities with the right to consult with the Company and its Subsidiaries with respect to such actions and (v) to the extent otherwise prepared by the Company, operating and capital expenditure budgets and periodic information packages relating to the operations and cash flows of Company and its Subsidiaries. Notwithstanding the foregoing, or anything else to the contrary contained herein, (x) the Company shall not be required to disclose any privileged information of the Company so long as the Company has used its reasonable best efforts to provide such information to the Principal Stockholder Entities without the loss of any such privilege and notified the Principal Stockholder Entities that such information has not been provided and (y) all of the rights of the Pamplona Investor Entities and the Wynnchurch Investor Entities, as applicable, under this Section 3.1 shall terminate when the Pamplona Investor Entities

or the Wynnchurch Investor Entities, as applicable, no longer collectively beneficially own at least five percent (5)% of the outstanding shares of Common Stock.

3.2 Confidentiality. The Principal Stockholders agree that such Principal Stockholders will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor their investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement, unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.2 by such Principal Stockholders or Principal Stockholder Entity), (b) is or has been independently developed or conceived by the Principal Stockholders without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Principal Stockholders by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that a Principal Stockholder may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, provided that prior to such disclosure such advisor has agreed to be bound to provisions which are the same substantially similar to the provisions of this Subsection 3.2 or otherwise is obligated to keep such information confidential; (ii) to any prospective purchaser of any securities from such Principal Stockholders, provided that prior to such disclosure such prospective purchaser has agreed to be bound to provisions which are the same or substantially similar to the provisions of this Subsection 3.2; (iii) to any Affiliate (other than any portfolio company of such Principal Stockholder Entity or its Affiliates), partner, member, stockholder, or wholly owned subsidiary of such Principal Stockholders in the ordinary course of business, provided that such Principal Stockholders informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; (iv) to investors or prospective investors in any investment fund managed (currently or in the future) by any Person that directly or indirectly manages a Principal Stockholder or any affiliate thereof; or (v) as may otherwise be required by law, provided that the Principal Stockholders, to the extent legally permitted, promptly notify the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure. The Principal Stockholders acknowledge and agree that they are aware that the U.S. securities laws prohibit any person who has material non-public information from purchasing or selling securities of the Company, or from communicating such material non-public information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

ARTICLE IV
GENERAL PROVISIONS

4.1 Termination. This Agreement shall terminate at such time as no Principal Stockholder is entitled to nominate a Director pursuant to Section 2.1(a) or Section 2.1(b), as applicable. All of the rights and obligations (whether as a Principal Stockholder or otherwise) of

(a) the Pamplona Investor Entities, their respective Affiliates and their respective successors and Permitted Assigns shall terminate upon the Pamplona Investor Entities ceasing to own any shares of Common Stock and (b) the Wynnchurch Investor Entities, their respective Affiliates and their respective successors shall terminate upon the Wynnchurch Investor Entities ceasing to own any shares of Common Stock; provided, that all of the rights of the Pamplona Investor Entities and the Wynnchurch Investor Entities, as applicable, under Section 3.1 and Section 4.8 shall terminate upon the Pamplona Investor Entities or the Wynnchurch Investor Entities, as applicable, ceasing to collectively beneficially own at least five percent (5%) of the outstanding shares of Common Stock.

4.2 Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, mailed first class mail (postage prepaid), sent by reputable overnight courier service (charges prepaid) or sent by electronic mail, to the Company at the address or e-mail address set forth below and to any other recipient at the address or e-mail address indicated on the Company's records, or at such address or e-mail address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when, the day delivered personally, five (5) days after deposit in the U.S. mail, one (1) day after deposit with a reputable overnight courier service, or the day sent by electronic mail (receipt confirmed).

The Company's address is:

Latham Group, Inc.
787 Watervliet Shaker Road
Latham, New York 12110
Attention: General Counsel

with a copy (not constituting notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Angelo Bonvino, John C. Kennedy

Pamplona Investor's address is:

c/o Pamplona Capital Management LLC
667 Madison Avenue, 22nd Floor
New York, NY 10065
Attention: Andrew Singer

with a copy (not constituting notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Angelo Bonvino, John C. Kennedy

Wynnchurch Investors' address is:

c/o Wynnchurch Capital, LLC
6250 N. River Road, Suite 10-100
Rosemont, IL 60018
Attention: Christopher P. O'Brien; Carl Howe

with a copy (not constituting notice) to:

Foley & Lardner LLP
500 Woodward Ave, Suite 2700
Detroit, MI 48226
Attention: Omar Lucia, Thomas B. Spillane

4.3 Amendment; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and the Pamplona Investor; provided, however, that any such amendment, supplement or modification to Section 2.1(b) or that otherwise, by its terms, adversely and uniquely affects the Wynnchurch Investor Entities without similarly affecting the Pamplona Investor Entities shall require the consent of the Wynnchurch Investors. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

4.4 Further Assurances. The parties hereto will sign such further documents, cause such meetings to be held and resolutions passed, exercise their votes and do and perform and cause to be done such further acts and things necessary, proper or advisable in order to give

full effect to this Agreement and every provision hereof. To the fullest extent permitted by Law, the Company shall not directly or indirectly take any action that is intended to, or would reasonably be expected to result in, any Principal Stockholder Entity being deprived of the rights contemplated by this Agreement.

4.5 Assignment. This Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. This Agreement and any right hereunder may not be assigned by a Principal Stockholder without the express prior written consent of the Company, and any attempted assignment, without such consents, will be null and void; *provided*, *however*, that each Pamplona Investor Entity shall be entitled to assign, in whole or in part, to any of its Permitted Assigns without such prior written consent any of its rights hereunder.

4.6 Indemnification.

(a) The Company, will, and will cause its Subsidiaries to, jointly and severally, indemnify, exonerate and hold each Principal Stockholder and its respective partners, stockholders, members, Affiliates, directors, officers, fiduciaries, managers, controlling Persons, employees and agents and each of the partners, stockholders, members, Affiliates, directors, officers, fiduciaries, managers, controlling Persons, employees and agents of each of the foregoing (collectively, the "Indemnitees") free and harmless from and against any and all liabilities, losses, damages and costs and out-of-pocket expenses in connection therewith (including reasonable attorneys' fees and expenses) incurred by the Indemnitees or any of them before or after the date of this Agreement (collectively, the "Indemnified Liabilities"), arising out of any action, cause of action, suit, litigation, investigation, inquiry, arbitration or claim (each, an "Action") arising directly or indirectly out of, or in any way relating to, (i) Indemnitees' ownership of the Company's securities or such Indemnitees' control or ability to influence the Company or any of its Subsidiaries (other than any such Indemnified Liabilities (x) to the extent such Indemnified Liabilities arise out of any breach of this Agreement, any other agreement by such Indemnitee or its Affiliates or other related Persons or the breach of any fiduciary or other duty or obligation of such Indemnitee to its direct or indirect equity holders, creditors or Affiliates, (y) to the extent such control or the ability to control the Company or any of its Subsidiaries derives from such Stockholder's or its Affiliates' capacity as an officer or director of the Company or any of its Subsidiaries or (z) to the extent such indemnification would violate any applicable law) or (ii) the business, operations, properties, assets or other rights or liabilities of the Company or any of its Subsidiaries; provided, however that if and to the extent that the foregoing undertaking may be unavailable or unenforceable for any reason, the Company, will, and will cause its Subsidiaries to, jointly and severally make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable Law. For the purposes of this Section 4.6, none of the circumstances described in the limitations contained in the immediately preceding sentence shall be deemed to apply absent a final non-appealable judgment of a court of

competent jurisdiction to such effect, in which case to the extent any such limitation is so determined to apply to any Indemnitee as to any previously advanced indemnity payments made by the Company, then such payments shall be promptly repaid by such Indemnitee to the Company.

(b) The Company, will, and will cause its Subsidiaries to, jointly and severally, reimburse any Indemnitee for all reasonable costs and expenses (including reasonable attorneys' fees and expenses and any other litigation-related expenses) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any Action for which the Indemnitee would be entitled to indemnification under the terms of this Section 4.6, or any action or proceeding arising therefrom, whether or not such Indemnitee is a party thereto. The Company or its Subsidiaries, in the defense of any Action for which an Indemnitee would be entitled to indemnification under the terms of this Section 4.6, may, without the consent of such Indemnitee, consent to entry of any judgment or enter into any settlement if and only if it (i) includes as a term thereof the giving by the claimant or plaintiff therein to such Indemnitee of an unconditional release from all liability with respect to such Action, (ii) does not impose any limitations (equitable or otherwise) on such Indemnitee, and (iii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such Indemnitee, and provided that the only penalty imposed in connection with such settlement is a monetary payment that will be paid in full by the Company or its Subsidiaries.

(c) The Company acknowledges and agrees that the Company shall, and to the extent applicable shall cause its Subsidiaries to, be fully and primarily responsible for the payment to the Indemnitee in respect of Indemnified Liabilities in connection with any Jointly Indemnifiable Claims (as defined below), pursuant to and in accordance with (as applicable) the terms of (i) the Delaware General Corporation Law, as amended, (ii) the certificate of incorporation or similar organizational documents, as amended, of the Company, (iii) the bylaws or similar organizational documents, as amended, of the Company, (iv) any director or officer indemnification agreement, (v) this Agreement, (vi) any other agreement between the Company or any Controlled Entity and the Indemnitee pursuant to which the Indemnitee is indemnified, (vii) the laws of the jurisdiction of incorporation or organization of any Controlled Entity and/or (viii) the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Controlled Entity (clauses (i) through (viii), collectively, the "Indemnification Sources"), irrespective of any right of recovery the Indemnitee may have from any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any Controlled Entity or the insurer under and pursuant to an insurance policy of the Company or any Controlled Entity) from whom an Indemnitee may be entitled to indemnification with respect to which, in whole or in part, the Company or any Controlled Entity may also have an indemnification obligation (together, the "Indemnitee-Related Entities"). Under no circumstance shall the Company or any Controlled

Entity be entitled to any right of subrogation or contribution by the Indemnitee-Related Entities and no right of advancement or recovery the Indemnitee may have from the Indemnitee-Related Entities shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company or any Controlled Entity under the Indemnification Sources. The Company shall cause each of the Controlled Entities to perform the terms and obligations of this Section 4.6(c) as though each such Controlled Entity was a party to this Agreement. For purposes of this Section 4.6(c), the term "Jointly Indemnifiable Claims" shall be broadly construed and shall include, without limitation, any Indemnified Liabilities for which the Indemnitee shall be entitled to indemnification from both (1) the Company and/or any Controlled Entity pursuant to the Indemnification Sources, on the one hand, and (2) any Indemnitee-Related Entity pursuant to any other agreement between any Indemnitee-Related Entity and the Indemnitee pursuant to which the Indemnitee is indemnified, the laws of the jurisdiction of incorporation or organization of any Indemnitee-Related Entity and/or the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Indemnitee-Related Entity, on the other hand.

(d) The rights of any Indemnitee to indemnification pursuant to this Section 4.6 will be in addition to any other rights any such Person may have under any other Section of this Agreement or any other agreement or instrument to which such Indemnitee is or becomes a party or is or otherwise becomes a beneficiary or under law or regulation or under the certificate of incorporation or bylaws of the Company, any newly formed direct or indirect parent or any direct or indirect Subsidiary or investment holding vehicle with respect to any of the foregoing.

(e) The Company shall obtain and maintain in effect at all times directors' and officers' liability insurance reasonably satisfactory to the Principal Stockholders.

4.7 Third Parties. This Agreement does not create any rights, claims or benefits inuring to any Person that is not a party hereto or create or establish any third-party beneficiary hereto.

4.8 Reimbursement of Expenses.

(a) The Company will pay directly or reimburse, or cause to be paid directly or reimbursed, the actual and reasonable out-of-pocket costs and expenses incurred by each Principal Stockholder and its respective Affiliates in connection with the monitoring and/or overseeing of their investment in the Company, including (i) reasonable out-of-pocket expenses incurred by directors designated by such Principal Stockholder hereunder in connection with such directors' board service (including travel), (ii) fees and actual and reasonable out-of-pocket disbursements of any independent professionals and organizations, including independent accountants, outside legal counsel or consultants retained by such Principal Stockholder or any of

their Affiliates, (iii) reasonable costs of any outside services or independent contractors such as financial printers, couriers, business publications, on-line financial services or similar services, retained or used by such Principal Stockholder or any of their respective Affiliates and (iv) reasonable transportation, word processing expenses or any similar expense.

(b) All payments or reimbursement for such costs and expenses pursuant to this Section 4.8 will be made by wire transfer in same-day funds to the bank account designated by such Principal Stockholder or its relevant Affiliate promptly upon or as soon as practicable following request for reimbursement; provided, however, that such Principal Stockholder or Affiliate has provided the Company with such supporting documentation reasonably requested by the Company.

(c) Notwithstanding the foregoing, or anything else to the contrary contained herein, all of the rights of the Pamplona Investor Entities and the Wynnchurch Investor Entities, as applicable, under this Section 4.8 shall terminate when the Pamplona Investor Entities or the Wynnchurch Investor Entities, as applicable, no longer collectively beneficially own at least five percent (5)% of the outstanding shares of Common Stock.

4.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof.

4.10 Jurisdiction; Waiver of Jury Trial. In any judicial proceeding involving any dispute, controversy or claim arising out of or relating to this Agreement, each of the parties unconditionally accepts the jurisdiction and venue of the Delaware Court of Chancery or, if the Delaware Court of Chancery does not have subject matter jurisdiction over this matter, the Superior Court of the State of Delaware (Complex Commercial Division) or, if jurisdiction over the matter is vested exclusively in federal courts, the United States District Court for the District of Delaware, and the appellate courts to which orders and judgments thereof may be appealed. In any such judicial proceeding, the parties agree that in addition to any method for the service of process permitted or required by such courts, to the fullest extent permitted by Law, service of process may be made by delivery provided pursuant to the directions in Section 4.2. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

4.11 Specific Performance. Each party hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the other parties hereto would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law

or in equity, shall be entitled to specific performance of this Agreement without the posting of bond.

4.12 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or understandings with respect to the subject matter hereof or thereof other than those expressly set forth herein and therein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

4.13 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (a) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by Law, (b) as to such Person or circumstance or in such jurisdiction, such provision shall be reformed to be valid and enforceable to the fullest extent permitted by Law and (c) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

4.14 Table of Contents, Headings and Captions. The table of contents, headings, subheadings and captions contained in this Agreement are included for convenience of reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

4.15 Counterparts. This Agreement and any amendment hereto may be signed in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

4.16 Subsequent Acquisition of Shares. Any equity securities of the Company acquired subsequent to the date hereof by a Principal Stockholder shall be subject to the terms and conditions of this Agreement.

4.17 Effectiveness. This Agreement shall become effective upon the Closing Date.

4.18 No Recourse. This Agreement may only be enforced against, and any claims or cause of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may only be made against the entities that are expressly identified as parties hereto, and no past, present or future Affiliate, director, officer, employee, incorporator, member, manager, partner, stockholder, agent, attorney or representative of any party hereto shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim based on, in respect of, or by reason of the transactions contemplated hereby.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement on the day and year first above written.

COMPANY:

LATHAM GROUP, INC.

By: /s/ Jason Duva
Name: Jason Duva
Title: General Counsel and Chief Administrative Officer

[*Signature Page to Stockholders Agreement*]

PRINCIPAL STOCKHOLDERS:

PAMPLONA CAPITAL PARTNERS V, L.P.

By: Pamplona Equity Advisors V, Ltd., *its General Partner*

By: /s/ Andrew Singer
Name: Andrew Singer
Title: Attorney in Fact

WYNNCHURCH CAPITAL PARTNERS IV, L.P.

By: Wynnchurch Partners IV, L.P.
its General Partner

By: Wynnchurch Management, Ltd.
its General Partner

By: /s/ Chris O'Brien
Name: Chris O'Brien
Title: Vice President

WC PARTNERS EXECUTIVE IV, L.P.

By Wynnchurch Partners IV, L.P.
its General Partner

By: Wynnchurch Management, Ltd.
its General Partner

By: /s/ Chris O'Brien
Name: Chris O'Brien
Title: Vice President

Exhibit 10.2

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

dated as of April 27, 2021

between

LATHAM GROUP, INC.

AND

CERTAIN STOCKHOLDERS

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (as amended, supplemented or otherwise modified from time to time, this "Agreement"), dated as of April 27, 2021, is made by and among Latham Group, Inc., a Delaware corporation (the "Company"), Wynnchurch Capital Partners IV, L.P., a Cayman Islands limited partnership and WC Partners Executive IV, L.P., a Cayman Islands limited partnership (collectively, "Wynnchurch"), Pamplona Capital Partners V, L.P., a Cayman Islands limited partnership ("Pamplona" and collectively with Wynnchurch, the "Principal Stockholders") and the other Persons who execute the signature pages hereto under the heading "Other Holders" (the "Other Holders").

WHEREAS, the Company is currently contemplating an underwritten initial public offering ("IPO") of shares of its Common Stock (as defined below);

WHEREAS, certain stockholders of the Company propose to sell shares of Common Stock concurrently with the IPO; and

WHEREAS, in connection with, and effective upon, the date of completion of the IPO, the Principal Stockholders, the Other Holders and the Company wish to set forth certain understandings among such parties.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. The following terms shall have the following respective meanings:

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such other Person; provided, however, that portfolio companies in which any Principal Stockholder or any of its Affiliates has an investment shall not be deemed an Affiliate of such person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") when used with respect to any Person, means the possession, directly or indirectly, of the power to cause the direction of management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by applicable law to close.

"Common Stock" means shares of the Company's common stock, $0.0001 par value per share.

"Company" has the meaning set forth in the preamble.

"Continuance Notice" has the meaning set forth in Section 2.6(c).

"Demand" has the meaning set forth in Section 2.1(a).

"Demand Registration" has the meaning set forth in Section 2.1(a).

"Disclosure Package" means (i) the preliminary prospectus, (ii) each Free Writing Prospectus and (iii) all other information that is deemed, under Rule 159 under the Securities Act, to have been conveyed to purchasers of securities at the time of sale (including a contract of sale).

"Equity Securities" means, with respect to any Person, any (i) partnership or membership interests or shares of capital stock, (ii) equity, ownership, voting, profit or participation interests or (iii) similar rights or securities in such Person or any of its Subsidiaries, or any rights or securities convertible into or exchangeable for, options or other rights to acquire from such Person or any of its Subsidiaries, or obligation on the part of such Person or any of its Subsidiaries to issue, any of the foregoing.

"Form S-3 Registration Statement" has the meaning set forth in Section 2.3(b).

"Form S-3 Shelf Registration Statement" has the meaning set forth in Section 2.3(b).

"Free Writing Prospectus" means any "free writing prospectus," as defined in Rule 405 under the Securities Act.

"Governmental Authority" means any transnational, domestic or foreign federal, state or local governmental, regulatory or administrative authority, department, court, agency or official, including any political subdivision thereof.

"Holder" means Principal Stockholders, the Other Holders and their successors, Transferees under Section 2.1(c) holding Registrable Securities and any New Holder.

"Initiating Shelf Holder" has the meaning set forth in the Section 2.4(a).

"IPO" has the meaning set forth in the recitals.

"Marketed Underwritten Shelf Take-Down" has the meaning set forth in Section 2.4(b).

"New Holder" has the meaning set forth in Section 2.14.

"Non-Marketed Take-Down Share" means with respect to each Initiating Shelf Holder and each other Notice Recipients delivering a notice with respect to and participating in such Non-Marketed Underwritten Shelf Take-Down subject to Section 2.4(d), a number equal to the product of (i) the total number of Registrable Securities to be included in such Non-Marketed

Underwritten Shelf Take-Down pursuant to Section 2.4(c) and (ii) a fraction, the numerator of which is the total number of Registrable Securities beneficially owned by the Initiating Shelf Holder or such participating Notice Recipient, as applicable, and the denominator of which is the total number of Registrable Securities beneficially owned by the Initiating Shelf Holder and all participating Notice Recipients delivering a notice and participating in such Non-Marketed Underwritten Shelf Take-Down.

"Non-Marketed Underwritten Shelf Take-Down" has the meaning set forth in Section 2.4(c).

"Non-Marketed Underwritten Shelf Take-Down Notice" has the meaning set forth in Section 2.4(d).

"Notice Recipient" has the meaning set forth in Section 2.4(d).

"Ordinary S-3 Registration Statement" has the meaning set forth in Section 2.3(d).

"Other Holders" has the meaning set forth in the preamble.

"Other Securities" means Common Stock of the Company sought to be included in a registration other than Registrable Securities.

"Parties" means the Company and the Holders that are from time to time party to this Agreement.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, estate, joint venture, Governmental Authority or other entity.

"Piggyback Notice" has the meaning set forth in Section 2.2(a).

"Registrable Securities" means shares of Common Stock owned by a Holder, whether now held or hereinafter acquired, including any shares of Common Stock issuable or issued upon conversion or exchange of other securities of the Company or any of its Subsidiaries ("Overlying Securities"), including by way of stock dividend or stock split, or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization, until: (i) a registration statement covering such shares of Common Stock or applicable Overlying Securities has been declared effective by the SEC and such shares of Common Stock or applicable Overlying Securities have been disposed of pursuant to such effective registration statement; (ii) such shares of Common Stock or applicable Overlying Securities are sold under circumstances in which all of the applicable conditions of Rule 144 (or any similar provisions then in force) under the Securities Act are met; (iii) with respect to any Holder, such Holder and its Affiliates beneficially own less than 2% of the outstanding Common Stock and all of such shares of Common Stock may be sold without restriction under Rule 144 (or any similar provisions then in force) or (iv) (A) such shares of Common Stock or applicable Overlying Securities are otherwise Transferred to a non-Affiliate of the Transferor, (B) the Company has delivered a new certificate or other evidence of ownership for such shares of Common Stock or applicable Overlying Securities not bearing a restrictive legend and (C) such shares of Common

Stock or applicable Overlying Securities may be resold without limitation or subsequent registration under the Securities Act.

"Registration Expenses" means any and all expenses incident to performance of or compliance with any registration of securities pursuant to Article II (other than underwriting discounts and commissions), including (i) the fees, disbursements and expenses of the Company's counsel and accountants, including for special audits and comfort letters; (ii) all expenses, including filing fees, in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto and the mailing and delivering of copies thereof to any underwriters and dealers; (iii) the cost of printing or producing any underwriting agreements and blue sky or legal investment memoranda and any other documents in connection with the offering, sale or delivery of the securities to be disposed of; (iv) all expenses in connection with the qualification of the securities to be disposed of for offering and sale under state "blue sky" securities laws, including the reasonable fees and disbursements of one counsel for the underwriters and the Selling Holders in connection with such qualification and in connection with any blue sky and legal investment surveys; (v) all expenses, including filing fees, incident to securing any required review by FINRA of the terms of the sale of the securities to be disposed of; (vi) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering; (vii) all security engraving and security printing expenses; (viii) all fees and expenses payable in connection with the listing of the securities on any securities exchange or automated interdealer quotation system or the rating of such securities; (ix) all expenses with respect to road shows that the Company is obligated to pay pursuant to Section 2.7(o); and (x) the reasonable fees and disbursements of one counsel for the Selling Holders participating in the registration (which counsel shall be chosen by the participating Selling Holders that then holds the most Registrable Securities) incurred in connection with any such registration and any offering of Common Stock relating to such registration, including any Shelf Take-Down.

"Selling Holder" means, with respect to any registration statement, any Holder whose Registrable Securities are included therein.

"Shelf Holder" means any Holder whose Registrable Securities are included in the Form S-3 Shelf Registration Statement.

"Shelf Registration Statement" means a registration statement providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act in accordance with the plan and method of distribution set forth in the prospectus included in such registration statement.

"Shelf Take-Down" has the meaning set forth in Section 2.4(a).

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the

direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"Transfer" means any sale, assignment, transfer, exchange, gift, bequest, pledge, hypothecation or other disposition or encumbrance, direct or indirect, in whole or in part, by operation of law or otherwise. The terms "Transferred", "Transferring", "Transferor", "Transferee" and "Transferable" have meanings correlative to the foregoing.

"Underwritten Shelf Take-Down" has the meaning set forth in Section 2.4(b).

"Underwritten Shelf Take-Down Notice" has the meaning set forth in Section 2.4(b).

"Withdrawn Offering" has the meaning set forth in Section 2.6(c).

ARTICLE II

REGISTRATION RIGHTS

2.1 Demand Rights.

(a) *Demand Rights*. Subject to the terms and conditions of this Agreement (including Section 2.1(b)), at any time upon written notice delivered by a Principal Stockholder (a "Demand") at any time requesting that the Company effect the registration (a "Demand Registration") under the Securities Act of any or all of the Registrable Securities held by such Principal Stockholder, which Demand shall specify the number and type of such Registrable Securities to be included in such registration and the intended method or methods of disposition of such Registrable Securities, the Company shall, as promptly as reasonably practicable, give written notice of such Demand to all other Holders and shall, as promptly as reasonably practicable, at any time after the expiration or waiver of the lock-up agreements delivered pursuant to the underwriting agreement relating to the IPO, file the appropriate registration statement and use reasonable best efforts to effect the registration under the Securities Act and applicable state securities laws of (i) the Registrable Securities which the Company has been so requested to register for sale by such Principal Stockholder in the Demand, and (ii) all other Registrable Securities which the Company has been requested to register for sale by such Holders by written request given to the Company within 10 days after the giving of such written notice by the Company (which request shall specify the intended method of disposition of such Registrable Securities), in each case subject to Section 2.1(f), all to the extent required to permit the disposition (in accordance with such intended methods of disposition) of the Registrable Securities to be so registered for sale. Notwithstanding the foregoing, in the event the method of disposition is an underwritten offering, the right of any Holder to include Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided in this Agreement, and all Holders proposing to distribute their Registrable Securities through such underwriting shall (together with the Company as provided in Section 2.7) enter

into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting.

(b) *Limitations on Demand Rights*. Any Demand by a Principal Stockholder shall include a number of Registrable Securities that equals or is greater than the lesser of (i) 1.0% of the total Registrable Securities then outstanding and (ii) $20 million (such value shall be determined based on the value of such Registrable Securities on the date immediately preceding the date upon which the Demand has been received by the Company). Wynnchurch shall have the right to make only two Demands for a Demand Registration and only beginning on the first anniversary of the closing of the IPO.

(c) *Assignment*. In connection with the Transfer of Registrable Securities to any Person other than by operation of law, a Holder may assign to any Transferee of such Registrable Securities (i) the right to make Demands pursuant to Section 2.1(a) and (ii) the right to participate in or effect any registration and/or Shelf Take-Down pursuant to the terms of Section 2.1(a), Section 2.2, Section 2.3 and Section 2.4, in each case to the extent that such Transferor has such rights. In the event of any such assignment, references to Holders or Principal Stockholders, as applicable, in this Agreement shall be deemed to refer to such Transferee if such Transferee is making any Demand or otherwise exercising its registration rights hereunder. In each of the foregoing cases, as a condition to such Transfer, a Transferee shall enter into a joinder agreement in the form attached hereto as Annex A to become party to this Agreement and expressly be subject to Section 2.12 herein. If any such Transferee is an individual and married, as a condition to such Transfer, such Transferee shall deliver to the Company a duly executed copy of a spousal consent in the form attached hereto as Annex B. In the event of any such assignment, references to the Holder or Principal Stockholder in Section 2.12 shall be deemed to refer to such Transferee. In addition, in each of the foregoing cases, the relevant Holder shall, as promptly as reasonably practicable, give written notice of any such assignment to the Company and, in the case of an assignment by a Principal Stockholder, the other Principal Stockholders in accordance with the addresses and other contact information set forth under Section 3.1.

(d) [Reserved]

(e) *Fulfillment of Registration Obligations*. Notwithstanding any other provision of this Agreement, a registration requested pursuant to this Section 2.1 shall not be deemed to have been effected: (i) if the registration statement is withdrawn without becoming effective; (ii) if, after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or any other Governmental Authority for any reason other than a misrepresentation or an omission by a Selling Holder that is the Principal Stockholder, or an Affiliate of the Principal Stockholder (other than the Company and its Subsidiaries), that made the Demand relating to such registration and, as a result thereof, the Registrable Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the related registration statement; (iii) if the registration does not contemplate an underwritten offering, if it does not remain effective for at least 180 days (or such shorter period as will terminate when all securities covered by such registration statement have been sold or withdrawn); or if such registration statement contemplates an underwritten offering, if it does not remain effective for at least 180 days plus such longer period

as, in the opinion of counsel for the underwriter or underwriters, a prospectus is required by applicable law to be delivered in connection with the sale of Registrable Securities by an underwriter or dealer; or (iv) in the event of an underwritten offering, if the conditions to closing (including any condition relating to an overallotment option) specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied or waived other than by reason of some wrongful act or omission by a Selling Holder that is the Principal Stockholder, or an Affiliate of the Principal Stockholder (other than the Company and its Subsidiaries), that made the Demand relating to such registration.

(f) *Cutbacks in Demand Registration*. If the lead underwriter or managing underwriter advises the Company in writing that, in such firm's good faith view, the number of Registrable Securities and Other Securities requested to be included in a Demand Registration exceeds the number which can be sold in such offering without being likely to have a significant adverse effect upon the price, timing or distribution of the offering and sale of the Registrable Securities and Other Securities then contemplated, the Company shall provide a copy of such notice to each Selling Holder and include in such registration:

(1) first, Registrable Securities owned by the Principal Stockholders that are requested to be included in such registration pursuant to Section 2.1(a) and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Principal Stockholders requesting inclusion in such registration;

(2) second, Registrable Securities owned by the Other Holders that are requested to be included in such registration pursuant to Section 2.1(a) and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Other Holders requesting inclusion in such registration;

(3) third, shares of Common Stock that the Company proposes to sell for its own account that can be sold without having the significant adverse effect referred to above; and

(4) fourth, the Other Securities owned by any holder thereof with a contractual right to include such Other Securities in such registration that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Other Securities owned by the Persons requesting inclusion in such registration.

2.2 Piggyback Registration Rights.

(a) *Notice and Exercise of Rights*. If the Company at any time proposes or is required to register any of its Common Stock or any other Equity Securities under the Securities Act (other than a Demand Registration pursuant to Section 2.1 or a registration pursuant to Section 2.3), whether or not for sale for its own account, in a manner that would permit registration of Registrable Securities for sale for cash to the public under the Securities Act, subject to the last sentence of this Section 2.2(a), it shall at each such time give written notice (the "Piggyback Notice"), as promptly as reasonably practicable, to each Holder of its intention to do so, which Piggyback Notice shall specify the number of shares of such Common Stock or

other Equity Securities to be included in such registration. Upon the written request of any Holder made within 10 days after receipt of the Piggyback Notice by such Person (which request shall specify the number of Registrable Securities intended to be disposed of), subject to the other provisions of this Article II, the Company shall effect, in connection with the registration of such Common Stock or other Equity Securities, the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register; provided, that in no event shall the Company be required to register pursuant to this Section 2.2 any securities other than Common Stock. Notwithstanding anything to the contrary contained in this Section 2.2, the Company shall not be required to effect any registration of Registrable Securities under this Section 2.2 incidental to the registration of any of its securities on Forms S-4 or S-8 (or any similar or successor form providing for the registration of securities in connection with mergers, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock option or other executive or employee benefit or compensation plans) or any other form that would not be available for registration of Registrable Securities. Notwithstanding any other provision of this Agreement, the IPO shall be treated as a registration under this Section 2.2 and subject to the terms hereof (except that the Company shall be deemed to have given a Piggyback Notice and any Holder who is not a Selling Holder in the IPO registration shall be deemed to have waived its rights hereunder).

(b) *Determination Not to Effect Registration*. If at any time after giving such Piggyback Notice and prior to the effective date of the registration statement filed in connection with such registration the Company shall determine for any reason not to register the securities originally intended to be included in such registration, the Company may, at its election, give written notice of such determination to the Selling Holders and thereupon the Company shall be relieved of its obligation to register such Registrable Securities in connection with the registration of securities originally intended to be included in such registration, without prejudice, however, to the right of a Principal Stockholder immediately to request that such registration be effected as a registration under Section 2.1 or a shelf registration under Section 2.3 to the extent permitted thereunder.

(c) *Cutbacks in Company Offering*. If the registration referred to in the first sentence of Section 2.2(a) is to be an underwritten registration on behalf of the Company, and the lead underwriter or managing underwriter advises the Company in writing (with a copy to each Selling Holder) that, in such firm's good faith view, the number of Other Securities and Registrable Securities requested to be included in such registration exceeds the number which can be sold in such offering without being likely to have a significant adverse effect upon the price, timing or distribution of the offering and sale of the Other Securities and Registrable Securities then contemplated, the Company shall include in such registration:

(1) first, all securities proposed to be registered on behalf the Company;

(2) second, Registrable Securities owned by the Principal Stockholders that are requested to be included in such registration pursuant to this Section 2.2 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Principal Stockholders requesting inclusion in such registration;

(3) third, Registrable Securities owned by the Other Holders that are requested to be included in such registration pursuant to this Section 2.2 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Other Holders requesting inclusion in such registration; and

(4) fourth, the Other Securities that are requested to be included in such registration pursuant to the terms of any agreement providing for registration rights to which the Company is a party that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Other Securities owned by the Persons requesting inclusion in such registration.

(d) *Cutbacks in Other Offerings*. If the registration referred to in the first sentence of Section 2.2(a) is to be an underwritten registration other than on behalf of the Company, and the lead underwriter or managing underwriter advises the Selling Holders in writing (with a copy to the Company) that, in such firm's good faith view, the number of Registrable Securities and Other Securities requested to be included in such registration exceeds the number which can be sold in such offering without being likely to have a significant adverse effect upon the price, timing or distribution of the offering and sale of the Registrable Securities and Other Securities then contemplated, the Company shall include in such registration:

(1) first, the Other Securities held by any holder thereof with a contractual right to include such Other Securities in such registration prior to any other Person;

(2) second, Registrable Securities owned by the Principal Stockholders that are requested to be included in such registration pursuant to this Section 2.2 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Principal Stockholders requesting inclusion in such registration;

(3) third, Registrable Securities owned by the Other Holders that are requested to be included in such registration pursuant to this Section 2.2 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Other Holders requesting inclusion in such registration;

(4) fourth, shares of Common Stock that the Company proposes to sell for its own account that can be sold without having the significant adverse effect referred to above; and

(5) fifth, the Other Securities that are requested to be included in such registration pursuant to the terms of any agreement providing for registration rights to which the Company is a party that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Other Securities owned by the Persons requesting inclusion in such registration.

2.3 Form S-3 Registration; Shelf Registration.

(a) Notwithstanding anything in Section 2.1 or Section 2.2 to the contrary, in case the Company shall receive from any Principal Stockholder a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Principal Stockholder, and the Company is then eligible to use Form S-3 for the resale of Registrable Securities, the Company shall:

(1) as promptly as reasonably practicable, give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(2) as promptly as reasonably practicable, file and use reasonable best efforts to effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Principal Stockholder's Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder joining in such request as are specified in a written request given within 15 days after receipt of such written notice from the Company; provided, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.3 (or, with respect to a request under Section 2.4, any Shelf Take-Down pursuant to Section 2.4):

(A) if Form S-3 is not available for such offering by the Principal Stockholders;

(B) solely with respect to filing and causing the effectiveness of a registration on Form S-3 or effecting a Marketed Underwritten Shelf Take-Down, if the Principal Stockholders, together with the holders of any Registrable Securities entitled to inclusion in such registration (or Marketed Underwritten Shelf Take-Down, as applicable), propose to sell Registrable Securities at an aggregate price to the public (before any underwriters' discounts or commissions) of less than $20 million;

(C) [*reserved*]

(D) solely with respect to filing and causing the effectiveness of a registration on Form S-3, subject to Section 2.3(d), if the Company has, within the 90-day period preceding the date of such request, already effected one registration on Form S-3 for a Principal Stockholder pursuant to this Section 2.3 (but, for the avoidance of doubt, regardless of whether any Shelf Take-Downs have been effected during such period); provided, that any such registration shall be deemed to have been "effected" if the registration statement relating thereto (x) has become or been declared or ordered effective under the Securities Act, and any of the Registrable Securities of the Principal Stockholder included in such registration have actually been sold thereunder, and (y) has remained effective for a period of at least 180 days; or

(E) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(b) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities so requested to be registered, as promptly as reasonably practicable, after receipt of the request or requests of the Principal Stockholders (the "Form S-3 Registration Statement") and any such Principal Stockholder may request inclusion of a plan of distribution in accordance with Section 2.7(i) and/or that such Form S-3 Registration Statement constitute a shelf offering on a delayed or continuous basis in accordance with Rule 415 under the Securities Act (a "Form S-3 Shelf Registration Statement"), in which case the provisions of Section 2.4 shall also be applicable.

(c) If a Principal Stockholder intends to distribute the Registrable Securities covered by its request under this Section 2.3 by means of a Marketed Underwritten Shelf Take-Down pursuant to Section 2.4(b), it shall so advise the Company as a part of its request made pursuant to this Section 2.3 and, subject to the limitations set forth in Section 2.3(a), the Company shall include such information in the written notice referred to in Section 2.3(a). In such event, the right of any Holder to include Registrable Securities in such registration (or Underwritten Shelf Take-Down, as applicable) shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided in this Agreement. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.7) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 2.3 or Section 2.4, if the lead underwriter or managing underwriter advises the Company in writing that, in such firm's good faith view, the number of Registrable Securities and Other Securities requested to be included in such offering exceeds the number which can be sold in such offering without being likely to have a significant adverse effect upon the price, timing or distribution of the offering and sale of the Registrable Securities and Other Securities then contemplated, the Company shall provide a copy of such notice to each Selling Holder and include in such offering:

(1) first, Registrable Securities owned by the Principal Stockholders that are requested to be included in such registration pursuant to Section 2.3 and Section 2.4 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Principal Stockholders requesting inclusion in such registration;

(2) second, Registrable Securities owned by the Other Holders that are requested to be included in such registration pursuant to Section 2.3 and Section 2.4 and that can be sold without having the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Registrable Securities owned by the Other Holders requesting inclusion in such registration;

(3) third, shares of Common Stock that the Company proposes to sell for its own account that can be sold without having the significant adverse effect referred to above; and

(4) fourth, the Other Securities owned by any holder thereof with a contractual right to include such Other Securities in such offering that can be sold without having

the significant adverse effect referred to above, *pro rata* on the basis of the relative number of such Other Securities owned by the Persons seeking inclusion in such offering.

(d) Notwithstanding the foregoing, if the Company shall receive from any Principal Stockholder of Registrable Securities then outstanding a written request or requests under Section 2.3 that the Company effect a registration statement on Form S-3 that includes only those items and that information that is required to be included in parts I and II of such Form, and does not include any additional or extraneous items of information (e.g., a lengthy description of the Company or the Company's business) (an "Ordinary S-3 Registration Statement"), then Section 2.3(a)(2)(D) shall not apply to such Ordinary S-3 Registration Statement request.

(e) Upon the written request of any Principal Stockholder, prior to the expiration of effectiveness of any existing Form S-3 Shelf Registration Statement in accordance with Rule 415, the Company shall file and seek the effectiveness of a new Form S-3 Shelf Registration Statement in order to permit the continued offering of the Registrable Securities included under such existing Form S-3 Shelf Registration Statement.

2.4 Shelf Take-Downs.

(a) Any Selling Holder of Registrable Securities included in a Form S-3 Shelf Registration Statement (an "Initiating Shelf Holder") may initiate an offering or sale of all or part of such Registrable Securities (a "Shelf Take-Down"), in which case the provisions of this Section 2.4 shall apply; provided, however, that Wynnchurch may initiate only two Shelf Take-Downs that are Underwritten Shelf Take-Downs.

(b) If an Initiating Shelf Holder that is a Principal Stockholder so elects in a written request delivered to the Company (an "Underwritten Shelf Take-Down Notice"), a Shelf Take-Down may be in the form of an underwritten offering (an "Underwritten Shelf Take-Down") and, subject to the limitations set forth in Section 2.3(a)(2)(D) as modified by Section 2.3(d), the Company shall file and effect an amendment or supplement to its Shelf Registration Statement (including the filing of a supplemental prospectus) for such purpose as promptly as reasonably practicable. Such Initiating Shelf Holder shall indicate in such Underwritten Shelf Take-Down Notice whether it intends for such Underwritten Shelf Take-Down to involve a customary "road show" (including an "electronic road show") or other substantial marketing effort by the underwriters over a period of at least 48 hours (a "Marketed Underwritten Shelf Take-Down"). Upon receipt of an Underwritten Shelf Take-Down Notice indicating that such Underwritten Shelf Take-Down will be a Marketed Underwritten Shelf Take-Down, the Company shall as promptly as reasonably practicable (but in any event no later than two Business Days after receipt of the notice for such Marketed Underwritten Shelf Take-Down) give written notice of such Marketed Underwritten Shelf Take-Down to all other Shelf Holders and shall permit the participation of all such Shelf Holders that request inclusion in such Marketed Underwritten Shelf Take-Down who respond in writing within three Business Days after the receipt of such notice of their election to participate. The provisions of Section 2.3(c) (other than the first sentence thereof) shall apply with respect to the right of the Initiating Shelf Holder and any other Shelf Holder to participate in any Underwritten Shelf Take-Down.

(c) If the Initiating Shelf Holder that is a Principal Stockholder desires to effect an Underwritten Shelf Take-Down that does not constitute a Marketed Underwritten Shelf Take-Down (a "Non-Marketed Underwritten Shelf Take-Down"), the Initiating Shelf Holder shall so indicate in a written request delivered to the Company no later than two Business Days prior to the expected date of such Non-Marketed Underwritten Shelf Take-Down, which request shall include (i) the total number of Registrable Securities expected to be offered and sold in such Non-Marketed Underwritten Shelf Take-Down, (ii) the expected plan of distribution of such Non-Marketed Underwritten Shelf Take-Down and (iii) the action or actions required (including the timing thereof) in connection with such Non-Marketed Underwritten Shelf Take-Down (including the delivery of one or more stock certificates representing shares of Registrable Securities to be sold in such Non-Marketed Underwritten Shelf Take-Down) and, subject to the limitations set forth in Section 2.3(a)(2)(D) as modified by Section 2.3(d), the Company shall file and effect an amendment or supplement to its Shelf Registration Statement (including the filing of a supplemental prospectus) for such purpose as promptly as reasonably practicable (and in any event within three Business Days).

(d) Upon receipt from any Principal Stockholder of a written request pursuant to Section 2.4(c), the Company shall provide written notice (a "Non-Marketed Underwritten Shelf Take-Down Notice") of such Non-Marketed Underwritten Shelf Take-Down promptly to all Principal Stockholders (other than the requesting Principal Stockholder), which Non- Marketed Underwritten Shelf Take-Down Notice shall set forth (i) the total number of Registrable Securities expected to be offered and sold in such Non-Marketed Underwritten Shelf Take-Down, (ii) the expected plan of distribution of such Non-Marketed Underwritten Shelf Take-Down, (iii) that each recipient of such Non-Marketed Underwritten Shelf Take-Down Notice (each, a "Notice Recipient") shall have the right, upon the terms and subject to the conditions set forth in this Section 2.4(d), to elect to sell up to its Non-Marketed Take-Down Share and (iv) the action or actions required (including the timing thereof, which for the avoidance of doubt shall not require any delay in the expected date of such Non-Marketed Underwritten Shelf Take-Down or extension of the Company's obligation to file and effect an amendment or supplement to its Shelf Registration Statement as soon as practicable (and in any event within three Business Days) of the Initiating Shelf Holder's Non-Marketed Underwritten Shelf Take-Down request pursuant to Section 2.4(c)) in connection with such Non-Marketed Underwritten Shelf Take-Down with respect to each Notice Recipient that elects to exercise such right (including the delivery of one or more stock certificates representing shares of Registrable Securities held by such Notice Recipient to be sold in such Non-Marketed Underwritten Shelf Take-Down). Upon receipt of such Non-Marketed Underwritten Shelf Take-Down Notice, each such Notice Recipient may elect to sell up to its Non-Marketed Take-Down Share with respect to each such Non-Marketed Underwritten Shelf Take-Down, by taking such action or actions referred to in clause (iv) above in a timely manner. If the Initiating Shelf Holder does not elect to sell all of its respective Non-Marketed Take-Down Share, the unelected portion of such Non-Marketed Take-Down Share shall be allocated to the Notice Recipients, *pro rata* based on their respective Non-Marketed Take-Down Shares. Notwithstanding the delivery of any Non-Marketed Underwritten Shelf Take-Down Notice, all determinations as to whether to complete any Non-Marketed Underwritten Shelf Take-Down and as to the timing, manner, price and other terms of any Non-Marketed Underwritten Shelf Take-Down contemplated by Section 2.4(d) shall be at the discretion of the Initiating Shelf Holder.

2.5 **Selection of Underwriters**. In the event that any registration pursuant to this Article II (other than a registration under Section 2.2) shall involve, in whole or in part, an underwritten offering, the underwriter or underwriters shall be designated by the Principal Stockholders (or in the case of a Shelf Take-Down, the Initiating Shelf Holder) that requested such underwritten offering in accordance with this Article II, which underwriter or underwriters shall be reasonably acceptable to the Company.

2.6 **Withdrawal Rights; Expenses**.

(a) A Selling Holder may withdraw all or any part of its Registrable Securities from any registration or offering (including a registration effected pursuant to Section 2.1) by giving written notice to the Company of its request to withdraw at any time. In the case of a withdrawal, any Registrable Securities so withdrawn shall be reallocated among the remaining participants in accordance with the applicable provisions of this Agreement.

(b) Except as provided in this Agreement, the Company shall pay all Registration Expenses with respect to a particular offering (or proposed offering). Except as provided herein, each Selling Holder and the Company shall be responsible for its own fees and expenses of financial advisors and their internal administrative and similar costs, as well as their respective *pro rata* shares of underwriters' commissions and discounts, which shall not constitute Registration Expenses.

(c) If the Principal Stockholder(s) that requested a Demand Registration or a Marketed Underwritten Shelf Take-Down pursuant to Section 2.1 or Section 2.4 withdraw all of its Registrable Securities from such Demand Registration or Marketed Underwritten Shelf Take- Down (a "Withdrawn Offering"), the other Principal Stockholder(s) or the Company may, in any of their sole discretion, elect within two Business Days thereafter to have the Company continue such Withdrawn Offering by giving written notice of such election to the Company and/or the other Principal Stockholders (a "Continuance Notice"), in which case such Withdrawn Offering shall proceed in accordance with the applicable provisions of this Agreement as if such Withdrawn Offering had been initiated by the Party providing the Continuance Notice (which, for the avoidance of doubt, shall not cause any new notice or consent period with respect to other Holders to occur under this Agreement and shall not otherwise change the requirements for and timing of any notices and consents under this Agreement as they then exist with respect to such Withdrawn Offering).

2.7 **Registration and Qualification**. If and whenever the Company is required to effect the registration of any Registrable Securities under the Securities Act as provided in this Article II, the Company shall as promptly as practicable:

(a) *Registration Statement*. (i) Prepare and (as promptly as reasonably practicable thereafter and in any event no later than 20 days after the end of the applicable period specified in Section 2.1(a), Section 2.2(a) or Section 2.3(a)(2) within which requests for registration may be given to the Company) file a registration statement under the Securities Act relating to the Registrable Securities to be offered and use reasonable best efforts to cause such registration statement to become effective as promptly as practicable thereafter, and keep such registration statement effective for 180 days or, if earlier, until the distribution contemplated in

the registration statement has been completed; provided, that in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 180-day period shall be extended, if necessary, to keep the registration statement continuously effective, supplemented and amended to the extent necessary to ensure that it is available for sales of such Registrable Securities, and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the SEC as announced from time to time, until (A) the Selling Holders have sold all of such Registrable Securities or (B) no Registrable Securities then exist; (ii) furnish to the lead underwriter or underwriters, if any, and to the Selling Holders who have requested that Registrable Securities be covered by such registration statement, prior to the filing thereof with the SEC, a copy of the registration statement, and each amendment thereof, and a copy of any prospectus, and each amendment or supplement thereto (excluding amendments caused by the filing of a report under the Exchange Act); and (iii) use reasonable best efforts to reflect in each such document, when so filed with the SEC, such comments as such Persons reasonably may on a timely basis propose;

(b) *Amendments; Supplements*. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be (i) reasonably requested by any Selling Holder (to the extent such request relates to information relating to such Selling Holder), or (ii) necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities until the earlier of (A) such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition set forth in such registration statement and (B) if a Form S-3 registration, the expiration of the applicable period specified in Section 2.7(a) and, if not a Form S-3 registration, the applicable period specified in Section 2.1(e)(iii); provided, that any such required period shall be extended for such number of days (x) during any period from and including the date any written notice contemplated by paragraph (f) below is given by the Company until the date on which the Company delivers to the Selling Holders the supplement or amendment contemplated by paragraph (f) below or written notice that the use of the prospectus may be resumed, as the case may be, and (y) during which the offering of Registrable Securities pursuant to such registration statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court; provided, further, that the Company shall have no obligation to a Selling Holder participating on a "piggyback" basis pursuant to Section 2.1(a) or Section 2.2 in a registration statement that has become effective to keep such registration statement effective for a period beyond 180 days from the effective date of such registration statement. The Company shall respond, as promptly as reasonably practicable, to any comments received from the SEC and request acceleration of effectiveness, as promptly as reasonably practicable, after it learns that the SEC will not review the registration statement or after it has satisfied comments received from the SEC. With respect to each Free Writing Prospectus or other materials to be included in the Disclosure Package, ensure that no Registrable Securities be sold "by means of" (as defined in Rule 159A(b) under the Securities Act) such Free Writing Prospectus or other materials without the prior written consent of the Selling Holders of the Registrable Securities covered by such registration statement, which Free Writing Prospectuses or other materials shall be subject to the review of counsel to such Selling Holders, and make all required filings of all Free Writing Prospectuses with the SEC;

(c) *Copies*. Furnish to the Selling Holders and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus, summary prospectus and Free Writing Prospectus), in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, and such other documents, as such Selling Holders or such underwriter may reasonably request, and upon request a copy of any and all transmittal letters or other correspondence to or received from, the SEC or any other Governmental Authority or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering;

(d) *Blue Sky*. Register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Selling Holders and do any and all other acts and things which may be reasonably necessary or advisable to enable such Selling Holders to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Holder; provided, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, or to file a general consent to service of process in any such states or jurisdictions;

(e) *Delivery of Certain Documents*. (i) Furnish to each Selling Holder and to any underwriter of such Registrable Securities an opinion of counsel for the Company (which opinion (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, or, in the case of a non-underwritten offering, to the Selling Holders) addressed to each Selling Holder and any underwriter of such Registrable Securities and dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the effective date of the applicable registration statement) covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings, (ii) in connection with an underwritten offering, furnish to each Selling Holder and any underwriter of such Registrable Securities a "cold comfort" and "bring-down" letter addressed to each Selling Holder and any underwriter of such Registrable Securities and signed by the independent public accountants who have audited the financial statements of the Company included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other matters as any Selling Holder may reasonably request and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements and (iii) cause such authorized officers of the Company to execute customary certificates as may be requested by any Selling Holder or any underwriter of such Registrable Securities;

(f) *Notification of Certain Events; Corrections*. Promptly notify the Selling Holders and any underwriter of such Registrable Securities in writing (i) of the occurrence of any event as a result of which the registration statement or the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) of any

request by the SEC or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and (iii) if for any other reason it shall be necessary to amend or supplement such registration statement or prospectus in order to comply with the Securities Act and, in any such case as promptly as reasonably practicable thereafter, prepare and file with the SEC an amendment or supplement to such registration statement or prospectus which will correct such statement or omission or effect such compliance;

(g) *Notice of Effectiveness*. Notify the Selling Holders and the lead underwriter or underwriters, if any, and (if requested) confirm such advice in writing, as promptly as reasonably practicable after notice thereof is received by the Company (i) when the applicable registration statement or any amendment thereto has been filed or becomes effective and when the applicable prospectus or any amendment or supplement thereto has been filed, (ii) of any comments by the SEC, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such registration statement or any order preventing or suspending the use of any preliminary or final prospectus or the initiation or threat of any proceedings for such purposes and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threat of any proceeding for such purpose;

(h) *Stop Orders*. Use its reasonable best efforts to prevent the entry of, and use its reasonable best efforts to obtain as promptly as reasonably practicable the withdrawal of, any stop order with respect to the applicable registration statement or other order suspending the use of any preliminary or final prospectus;

(i) *Plan of Distribution*. Promptly incorporate in a prospectus supplement or post-effective amendment to the applicable registration statement such information as any Selling Holder requests (subject to the agreement of the lead underwriter or underwriters, if any) be included therein relating to the plan of distribution with respect to such Registrable Securities, which may include disposition of Registrable Securities by all lawful means, including firm-commitment underwritten public offerings, block trades, in-kind distributions, agented transactions, sales directly into the market, purchases or sales by brokers, derivative transactions, short sales, stock loan or stock pledge transactions and sales not involving a public offering; and make all required filings of such prospectus supplement or post-effective amendment as promptly as reasonably practicable after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(j) *Other Filings*. Use its reasonable best efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other Governmental Authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(k) *FINRA Compliance*. Cooperate with each Selling Holder and each underwriter or agent, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(l) *Listing*. Use its reasonable best efforts to cause all such Registrable Securities registered pursuant to such registration to be listed and remain on each securities exchange and automated interdealer quotation system on which identical securities issued by the Company are then listed;

(m) *Transfer Agent; Registrar; CUSIP Number*. Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of the applicable registration statement;

(n) *Compliance; Earnings Statement*. Otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to each Selling Holder, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first month after the effective date of the applicable registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(o) *Road Shows*. To the extent reasonably requested by the lead or managing underwriters in connection with an underwritten offering pursuant to Section 2.1 or a Form S-3 underwritten offering pursuant to Section 2.3 and Section 2.4(b), send appropriate officers of the Company to attend any "road shows" scheduled in connection with any such underwritten offering, with all out of pocket costs and expenses incurred by the Company or such officers in connection with such attendance to be paid by the Company;

(p) *Certificates*. Unless the relevant securities are issued in book-entry form, furnish for delivery in connection with the closing of any offering of Registrable Securities pursuant to a registration effected pursuant to this Article II unlegended certificates representing ownership of the Registrable Securities being sold in such denominations as shall be requested by any Selling Holder or the underwriters of such Registrable Securities (it being understood that the Selling Holders shall use reasonable best efforts to arrange for delivery to the Depository Trust Company); and

(q) *Reasonable Best Efforts*. Use reasonable best efforts to take all other steps necessary to effect the registration and offering of the Registrable Securities contemplated hereby.

2.8 Underwriting; Due Diligence.

(a) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Article II, the Company shall enter into an underwriting agreement with such underwriters for such offering, which agreement will contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements generally with respect to secondary distributions to the extent relevant, including indemnification and contribution provisions substantially to the effect and to the extent provided in Section 2.9, and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 2.7(e). The Selling Holders on whose behalf the Registrable

Securities are to be distributed by such underwriters shall be parties to any such underwriting agreement, and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters, shall also be made to and for the benefit of such Selling Holders and the conditions precedent to the obligations of such underwriters under such underwriting agreement shall also be conditions precedent to the obligations of such Selling Holders to the extent applicable. Subject to the following sentence, such underwriting agreement shall also contain such representations and warranties by such Selling Holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, when relevant. No Selling Holder shall be required in any such underwriting agreement or related documents to make any representations or warranties to or agreements with the Company or the underwriters other than customary representations, warranties or agreements regarding such Selling Holder's title to Registrable Securities and any written information provided by the Selling Holder to the Company expressly for inclusion in the related registration statement, and the liability of any Selling Holder under the underwriting agreement shall be several and not joint and in no event shall the liability of any Selling Holder under the underwriting agreement be greater in amount than the dollar amount of the proceeds received by such Selling Holder under the sale of the Registrable Securities pursuant to such underwriting agreement (net of underwriting discounts and commissions).

(b) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this Article II, the Company shall make available upon reasonable notice at reasonable times and for reasonable periods for inspection by each Selling Holder, by any lead underwriter or underwriters participating in any disposition to be effected pursuant to such registration statement, and by any attorney, accountant or other agent retained by any Selling Holder or any lead underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and use its reasonable best efforts to cause all of the Company's officers, directors and employees and the independent public accountants who have certified the Company's financial statements to make themselves reasonably available to discuss the business of the Company and to supply all information reasonably requested by any such Selling Holders, lead underwriters, attorneys, accountants or agents in connection with such registration statement as shall be necessary to enable them to exercise their due diligence responsibility (subject to entry by each party referred to in this clause (b) into customary confidentiality agreements in a form reasonably acceptable to the Company).

(c) In the case of an underwritten offering requested by the Principal Stockholders pursuant to Section 2.1 or Section 2.3 or an Underwritten Shelf Take-Down pursuant to Section 2.4, the price, underwriting discount and other financial terms for the Registrable Securities of the related underwriting agreement shall be determined by the Principal Stockholder exercising its Demand or requesting such Underwritten Shelf Take-Down. In the case of any underwritten offering of securities by the Company pursuant to Section 2.2, such price, discount and other terms shall be determined by the Company, subject to the right of Selling Holders to withdraw their Registrable Securities from the registration pursuant to Section 2.6(a).

(d) Subject to Section 2.8(a), no Person may participate in an underwritten offering (including an Underwritten Shelf Take-Down) unless such Person (i) agrees to sell such

Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all customary questionnaires, powers of attorney, custody agreements, indemnities, underwriting agreement and other documents reasonably required under the terms of such underwriting arrangements.

2.9 Indemnification and Contribution.

(a) *Indemnification by the Company*. In the case of each offering of Registrable Securities made pursuant to this Article II, the Company agrees to indemnify and hold harmless, to the extent permitted by applicable law, each Selling Holder, each underwriter of Registrable Securities so offered and each Person, if any, who controls or is alleged to control (within the meaning set forth in the Securities Act) any of the foregoing Persons, the Affiliates of each of the foregoing (other than the Company and its controlled Affiliates), and the officers, directors, partners, members, employees and agents of each of the foregoing, against any and all losses, liabilities, costs (including reasonable attorney's fees and disbursements), claims and damages, joint or several, to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, insofar as such losses, liabilities, costs, claims and damages (or actions or proceedings in respect thereof, whether or not such indemnified Person is a party thereto) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement (or in any preliminary, final or summary prospectus included therein) or in the Disclosure Package, or in any offering memorandum or other offering document relating to the offering and sale of such Registrable Securities, or any amendment thereof or supplement thereto, or in any document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus or preliminary prospectus, in light of the circumstances under which they were made) not misleading; provided, however, that the Company shall not be liable to any Person in any such case to the extent that any such loss, liability, cost, claim or damage arises out of or relates to any untrue statement, or any omission, if such statement or omission shall have been made in reliance upon and in conformity with information relating to such Person (which information shall be limited to the name of such Person, the address of such Person, the number of shares of Common Stock held by such Person, the number of shares of Common Stock being offered by such Person in the offering and the nature of the beneficial ownership of the Common Stock owned by such Person) furnished in writing to the Company by or on behalf of such Person expressly for inclusion in the registration statement (or in any preliminary, final or summary prospectus included therein), offering memorandum or other offering document, or any amendment thereof or supplement thereto. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any such Person and shall survive the transfer of such securities.

(b) *Indemnification by Selling Holders*. In the case of each offering made pursuant to this Agreement, each Selling Holder, by exercising its registration and/or piggyback rights under this Agreement, agrees, severally and not jointly, to indemnify and hold harmless, to the extent permitted by applicable law, the Company, each other Selling Holder and each Person, if any, who controls or is alleged to control (within the meaning set forth in the Securities Act) any of the foregoing, any Affiliate of any of the foregoing, and the officers, directors, partners, members, employees and agents of each of the foregoing, against any and all losses, liabilities,

costs (including reasonable attorney's fees and disbursements), claims and damages to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, insofar as such losses, liabilities, costs, claims and damages (or actions or proceedings in respect thereof, whether or not such indemnified Person is a party thereto) arise out of or are based upon any untrue statement made by such Selling Holder of a material fact contained in the registration statement (or in any preliminary, final or summary prospectus included therein) or in the Disclosure Package relating to the offering and sale of such Registrable Securities prepared by the Company or at its direction, or any amendment thereof or supplement thereto, or any omission by such Selling Holder of a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus or preliminary prospectus, in light of the circumstances under which they were made) not misleading, but in each case only to the extent that such untrue statement of a material fact occurs in reliance upon and in conformity with, or such material fact is omitted from, information relating to such Selling Holder (which information shall be limited to the name of such Selling Holder, the address of such Selling Holder, the number of shares of Common Stock held by such Selling Holder, the number of shares of Common Stock being offered by such Selling Holder in the offering and the nature of the beneficial ownership of the Common Stock owned by such Person) furnished in writing to the Company by or on behalf of such Selling Holder expressly for inclusion in such registration statement (or in any preliminary, final or summary prospectus included therein) or Disclosure Package, or any amendment thereof or supplement thereto.

(c) *Indemnification Procedures*. Each Party entitled to indemnification under this Section 2.9 shall give notice to the Party required to provide indemnification, as promptly as reasonably practicable, after such indemnified Party has actual knowledge that a claim is to be made against the indemnified Party as to which indemnity may be sought, and shall permit the indemnifying Party to assume the defense of such claim or litigation resulting therefrom and any related settlement and settlement negotiations, subject to the limitations on settlement set forth below; provided, that counsel for the indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the indemnified Party (whose approval shall not unreasonably be withheld, conditioned or delayed), and the indemnified Party may participate in such defense at such Party's expense; and provided, further, that the failure of any indemnified Party to give notice as provided in this Agreement shall not relieve the indemnifying Party of its obligations under this Section 2.9, except to the extent the indemnifying Party is actually prejudiced by such failure to give notice. Notwithstanding the foregoing, an indemnified Party shall have the right to retain separate counsel, with the reasonable fees and expenses of such counsel being paid by the indemnifying Party, if representation of such indemnified Party by the counsel retained by the indemnifying Party would be inappropriate due to actual or potential differing interests between such indemnified Party and any other party represented by such counsel or if the indemnifying Party has failed to assume the defense of such action. No indemnified Party shall enter into any settlement of any litigation commenced or threatened with respect to which indemnification is or may be sought without the prior written consent of the indemnifying Party (such consent not to be unreasonably withheld, conditioned or delayed). No indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified Party of a release, reasonably satisfactory

to the indemnified Party, from all liability in respect to such claim or litigation. Each indemnified Party shall furnish such information regarding itself or the claim in question as an indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) *Contribution*. If the indemnification provided for in this Section 2.9 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified Party in respect of any loss, liability, cost, claim or damage referred to therein, then each indemnifying Party shall, in lieu of indemnifying such indemnified Party, contribute to the amount paid or payable by such indemnified Party as a result of such loss, liability, cost, claim or damage in such proportion as shall be appropriate to reflect the relative fault of the indemnifying Party on the one hand and the indemnified Party on the other with respect to the statements or omissions which resulted in such loss, liability, cost, claim or damage as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the indemnifying Party on the one hand or the indemnified Party on the other, the intent of the Parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by an indemnified Party as a result of the loss, cost, claim, damage or liability, or action in respect thereof, referred to above in this paragraph (d) shall be deemed to include, for purposes of this paragraph (d), any legal or other expenses reasonably incurred by such indemnified Party in connection with investigating or defending any such action or claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(d) to the contrary, no indemnifying Party (other than the Company) shall be required pursuant to this Section 2.9(d) to contribute any amount in excess of the amount by which the net proceeds received by such indemnifying Party from the sale of Registrable Securities in the offering to which the losses of the indemnified Parties relate exceeds the amount of any damages which such indemnifying Party has otherwise been required to pay by reason of such untrue statement or omission. The Parties agree that it would not be just and equitable if contribution pursuant to this Section 2.9(d) were determined by *pro rata* allocation or by any other method of allocation which does not take into account the equitable considerations referred to in this Section 2.9(d).

(e) *Indemnification/Contribution under State Law*. Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 2.9 (with appropriate modifications) shall be given by the Company and the Selling Holders with respect to any required registration or other qualification of securities under any state applicable law or with any Governmental Authority.

(f) *Obligations Not Exclusive*. The obligations of the Parties under this Section 2.9 shall be in addition to any liability which any Party may otherwise have to any other Person.

(g) *Survival*. For the avoidance of doubt, the provisions of this Section 2.9 shall survive any termination of this Agreement.

(h) *Limitation of Selling Holder Liability*. The liability of any Selling Holder under this Section 2.9 shall be several and not joint and in no event shall the liability of any Selling Holder under this Section 2.9 be greater in amount than the dollar amount of the proceeds, net of underwriting discounts and commissions, received by such Selling Holder from the sale of the Registrable Securities giving rise to such indemnification/contribution obligation.

(i) *Third Party Beneficiary*. Each of the indemnified Persons referred to in this Section 2.9 shall be a third party beneficiary of the rights conferred to such Person in this Section.

2.10 Cooperation; Information by Selling Holder.

(a) It shall be a condition of each Selling Holder's rights under this Article II that such Selling Holder cooperate with the Company by entering into any undertakings and taking such other action relating to the conduct of the proposed offering which the Company or the underwriters may reasonably request as being necessary to insure compliance with federal and state securities laws and the rules or other requirements of FINRA or which are otherwise customary and which the Company or the underwriters may reasonably request to effectuate the offering.

(b) Each Selling Holder shall furnish to the Company such information regarding such Selling Holder and the distribution proposed by such Selling Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Article II. The Company shall have the right to exclude from the registration any Selling Holder that does not comply with this Section 2.10.

(c) At such time as an underwriting agreement with respect to a particular underwriting is entered into, the terms of any such underwriting agreement shall govern with respect to the matters set forth therein to the extent inconsistent with this Article II; provided, that the indemnification provisions of such underwriting agreement as they relate to the Selling Holders are customary for registrations of the type then proposed and provide for indemnification by such Selling Holders only with respect to information relating to such Selling Holder (which information shall be limited to the name of such Selling Holder, the address of such Selling Holder, the number of shares of Common Stock held by such Selling Holder, the number of shares of Common Stock being offered by such Selling Holder in the offering and the nature of the beneficial ownership of the Common Stock owned by such Person) furnished in writing to the Company by or on behalf of such Selling Holder expressly for inclusion in such registration statement (or in any preliminary, final or summary prospectus included therein) or Disclosure Package, or any amendment thereof or supplement thereto.

2.11 Rule 144. The Company shall use its reasonable best efforts to ensure that the conditions to the availability of Rule 144 under the Securities Act set forth in paragraph (c) of Rule 144 shall be satisfied. The Company agrees to use its reasonable best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act, at any time after it has become subject to such reporting requirements. Upon the request of any Holder for so long as such information is a necessary

element of such Person's ability to avail itself of Rule 144, the Company shall deliver to such Person (i) a written statement as to whether it has complied with such requirements and (ii) a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Person may reasonably request in availing itself of any rule or regulation of the SEC allowing such Person to sell any such securities without registration.

2.12 Holdback Agreement.

(a) In the case of any underwritten offering pursuant to this Agreement, each Holder participating in such underwritten offering, agrees not to effect any public sale or distribution (including sales pursuant to Rule 144) of Equity Securities of the Company, or any securities convertible into or exchangeable or exercisable for such equity securities, during any time period reasonably requested by the managing underwriter(s) of such underwritten offering, which shall not exceed 90 days. Each Holder subject to the restrictions of the preceding sentence shall receive the benefit of any shorter "lock-up" period or permitted exceptions agreed to by the managing underwriter(s) for any underwritten offering pursuant to this Agreement and the terms of such lock-up agreements shall govern such Holder in lieu of the preceding sentence.

(b) In the case of any underwritten offering pursuant to this Agreement, the Company shall use commercially reasonable efforts to cause any stockholders that beneficially own 5% or more of the Common Stock (other than the Principal Stockholders) and its directors and executive officers to execute any lock-up agreements in form and substance as agreed by the Principal Stockholders and as reasonably requested by the managing underwriters.

(c) In the case of any underwritten offering pursuant to this Agreement, the Company agrees not to effect any public offering or distribution of any Equity Securities of the Company, or securities convertible into or exchangeable or exercisable for Equity Securities of the Company for a period commencing on the date of the prospectus pursuant to which such offering may be made and ending 90 days after the date of such prospectus, except as part of such underwritten offering. In the case of the IPO, each Holder shall enter into the lock-up agreement requested by the managing underwriters and approved by the Principal Stockholders.

2.13 Suspension of Sales. Each Selling Holder participating in a registration agrees that, upon receipt of notice from the Company pursuant to Section 2.7(f), such Selling Holder shall discontinue disposition of its Registrable Securities pursuant to such registration statement until receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.7(f), or until advised in writing by the Company that the use of the prospectus may be resumed, as the case may be, and, if so directed by the Company, such Selling Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Selling Holder's possession, of the prospectus covering such Registrable Securities which are current at the time of the receipt of the notice of the event described in Section 2.7(f).

2.14 Third Party Registration Rights.

(a) Nothing in this Agreement shall be deemed to prevent the Company from providing registration rights to any other Person on such terms as the board of directors of the Company deems desirable in its sole discretion; provided that the Company does not grant any

shelf, demand, piggyback or incidental registration rights that are senior to or otherwise conflict with the rights granted to the Holders under this Agreement to any other Person without the prior written consent of the Principal Stockholders.

(b) (i) Any Person may join this Agreement as a Holder with the prior written consent of the Company and the Principal Stockholders (such Person, a "New Holder"), provided that such New Holder (a) enters into a joinder agreement in the form attached hereto as Annex A to become party to this Agreement and expressly be subject to Section 2.12 herein and (b) if a New Holder is an individual and married, such New Holder shall, as a condition to becoming a Holder deliver to the Company a duly executed copy of a spousal consent in the form attached hereto as Annex B.

2.15 Mergers. The Company shall not, directly or indirectly, (x) enter into any merger, consolidation, recapitalization, combination of shares or other reorganization in which the Company shall not be the surviving corporation or (y) Transfer or agree to Transfer all or substantially all the Company's assets, unless prior to such merger, consolidation, reorganization or asset Transfer, the surviving corporation or the transferee, as applicable, shall have agreed in writing to assume the obligations of the Company under this Agreement, and for that purpose references hereunder to "Registrable Securities", shall be deemed to include the securities which the Holders, would be entitled to receive in exchange for Registrable Securities, pursuant to any such merger, consolidation, reorganization or asset Transfer.

ARTICLE III
MISCELLANEOUS

3.1 Notices. All notices, requests, demands and other communications to any party hereunder shall be made in writing (including facsimile transmission and electronic mail ("e-mail") transmission, so long as a receipt of such e-mail is requested and received by non-automated response) and shall be given:

(a) if to the Company, to:

Latham Group, Inc.
787 Watervliet Shaker Road
Latham, New York 12110
Attention: General Counsel

With copies (which shall not constitute actual or constructive notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Angelo Bonvino
John C. Kennedy

(b) if to Wynnchurch:

c/o Wynnchurch Capital, L.P.
6250 N. River Rd., Suite 10-100
Rosemont, IL 60018
Attention: Christopher P. O'Brien; Carl Howe

With copies (which shall not constitute actual or constructive notice) to:

Foley & Lardner LLP
500 Woodward Ave, Suite 2700
Detroit, MI 48226
Attention: Omar Lucia

(c) if to Pamplona:

c/o Pamplona Capital Management LLC
667 Madison Avenue, 22nd Floor
New York, NY 10065
Attention: Andrew Singer

With copies (which shall not constitute actual or constructive notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Angelo Bonvino
John C. Kennedy

(d) if to any Other Holder, to the addresses and other contact information set forth on Schedule I to this Agreement (it being understood that any Holder may, from time to time, update any address and/or other contact information for itself on Schedule I by providing written notice of such update to the Company and the other Holders), or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other Parties hereto.

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. New York City time on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

(e) if to any Transferee or any New Holder, to the address specified by such Person on the applicable joinder to this Agreement.

Notwithstanding anything to the contrary herein, any Person may, from time to time, update any address and/or other contact information for itself by providing written notice of such update to the Company and the other Holders. All notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. New York City time on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

3.2 **Section Headings**. The article and section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. References in this Agreement to a designated "Article" or "Section" refer to an Article or Section of this Agreement unless otherwise specifically indicated.

3.3 **Governing Law**. **This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.**

3.4 **Consent to Jurisdiction and Service of Process**. The Parties agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated by this Agreement (whether brought by any Party or any of its Affiliates or against any Party or any of its Affiliates) shall be brought in the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court, and each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 3.1 shall be deemed effective service of process on such Party.

3.5 **Amendments; Termination**. This Agreement may be amended only by an instrument in writing executed by the Company and the Principal Stockholders; provided, however, that, with respect to a particular Holder or group of Holders, any such amendment, supplement, modification or waiver that (a) would materially and adversely affect such Holder or group of Holders in any respect or (b) would disproportionately benefit any other Holder or group of Holders or confer any benefit on any other Holder or group of Holders to which such

Holder of group of Holders would not be entitled, shall not be effective against such Holder or group of Holders unless approved in writing by such Holder or the Holders of a majority of the Registrable Securities held by such group of Holders, as the case may be. This Agreement will terminate as to any Holder when it no longer holds any Registrable Securities.

3.6 **Specific Enforcement**. The Parties acknowledge that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available.

3.7 **Entire Agreement**. This Agreement constitutes the entire agreement and understanding of the Parties with respect to the transactions contemplated by this Agreement. The registration rights granted under this Agreement supersede any registration, qualification or similar rights with respect to any Registrable Securities granted under any other agreement at any time, and any of such preexisting registration rights are hereby terminated.

3.8 **Severability**. The invalidity or unenforceability of any specific provision of this Agreement shall not invalidate or render unenforceable any of its other provisions. Any provision of this Agreement held invalid or unenforceable shall be deemed reformed, if practicable, to the extent necessary to render it valid and enforceable and to the extent permitted by law and consistent with the intent of the Parties to this Agreement.

3.9 **Counterparts**. This Agreement may be executed in multiple counterparts, including by means of facsimile or .pdf, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first set forth above.

LATHAM GROUP, INC.

By: **/s/** Jason Duva
Name: Jason Duva
Title: General Counsel

[Signature Page to Registration Rights Agreement]

WYNNCHURCH CAPITAL PARTNERS IV, L.P.

By: Wynnchurch Partners IV, L.P.
its General Partner

By: Wynnchurch Management, Ltd.
its General Partner

By: **/s/** Chris O'Brien
Name: Chris O'Brien
Title: Vice President

WC PARTNERS EXECUTIVE IV, L.P.

By: Wynnchurch Partners IV, L.P.
its General Partner

By: Wynnchurch Management, Ltd.
its General Partner

By: **/s/** Chris O'Brien
Name: Chris O'Brien
Title: Vice President

[Signature Page to Registration Rights Agreement]

PAMPLONA CAPITAL PARTNERS V, L.P.

By: Pamplona Equity Advisors V, Ltd.
its General Partner

By: **/s/** Andrew Singer
Name: Andrew Singer
Title: Attorney in Fact

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Chris Meyer
Name: Chris Meyer

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

CHRIS MEYER INVESTMENTS PTY LTD ACN 130 610 758 AS TRUSTEE FOR THE CHRIS MEYER FAMILY TRUST

By: /s/ Chris Meyer
Name: Chris Meyer
Title: Director

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Matthew Cripps
Name: Matthew Cripps

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: **/s/** Derek Whitworth
Name: Derek Whitworth

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Mark P. Laven
Name: Mark P. Laven

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

LAVEN FAMILY HOLDINGS, LLC

By: /s/ Mark P. Laven
Name: Mark P. Laven
Title: Manager

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Frederick Wunning
Name: Frederick Wunning

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

SCOTT RAJESKI FAMILY, LLC

By: /s/ Cindy G. Rajeski
Name: Cindy G. Rajeski
Title: Manager

OTHER HOLDERS:

By: /s/ Scott M. Rajeski
Name: Scott M. Rajeski

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Ronal P. Crowley Jr
Name: Ronal P. Crowley Jr

OTHER HOLDERS:

By: /s/ Richard Black 4/19/21
Name: Richard Black

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ William Reynolds
Name: William Reynolds

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ James E. Cline
Name: James E. Cline

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ John Kempf
Name: John Kempf

OTHER HOLDERS:

By: /s/ William Cappiello
Name: William Cappiello

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Matt Rowe 4/19/2021
Name: Matt Rowe

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Mike Fox
Name: Mike Fox

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ James Mark Borseth
Name: James Mark Borseth

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: **/s/** Connor Henley
Name: Connor Henley

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: **/s/** Melissa Feck
Name: Melissa Feck

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: **/s/** Robert D. Evans
Name: Robert D. Evans

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Lance Dumont
Name: Lance Dumont

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Joel R. Culp
Name: Joel R. Culp

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Jeff A. Leake
Name: Jeff A. Leake

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Richard Piontkowski 4/19/21
Name: Richard Piontkowski

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: /s/ Marco Lippi
Name: Marco Lippi

[Signature Page to Registration Rights Agreement]

OTHER HOLDERS:

By: **/s/** Alexander L. Hawkinson
Name: Alexander L. Hawkinson

OTHER HOLDERS:

By: **/s/** Kaushal B. Dhruv
Name: Kaushal B. Dhruv

[Signature Page to Registration Rights Agreement]

SCHEDULE I

List of Other Holders

Annex A

FORM OF
JOINDER AGREEMENT

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain Registration Rights Agreement, dated as of April 27, 2021 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Registration Rights Agreement"), by and among Latham Group, Inc. and certain stockholders party thereto. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Registration Rights Agreement.

By executing and delivering this Joinder Agreement to the Registration Rights Agreement, the undersigned hereby adopts and approves the Registration Rights Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming a [Transferee of Registrable Securities] and [a Principal Stockholder][a Holder], to be bound by and comply with the provisions of, the Registration Rights Agreement, including Section 2.12 therein, in the same manner as if the undersigned were an original signatory to the Registration Rights Agreement. [Describe partial transfer of registration rights, if applicable.]

The undersigned acknowledges and agrees that Article III of the Registration Rights Agreement is incorporated herein by reference, *mutatis mutandis*.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of the __ day of _____, _____.

_____
(Signature of [Transferee][New Holder])

_____
(Print Name of [Transferee][New Holder])

Address:

_____

Annex A

Telephone:

Facsimile:

Email:

AGREED AND ACCEPTED
as of the ____ day of _____, _____.

LATHAM GROUP, INC.

By: _____
Name:
Title:

PAMPLONA CAPITAL PARTNERS V, L.P.

By:

By: _____
Name:
Title:

Annex B

FORM OF
SPOUSAL CONSENT

In consideration of the execution of that certain Registration Rights Agreement, dated as of April 27, 2021 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Registration Rights Agreement"), by and among Latham Group, Inc. and certain stockholders party thereto, I, _____, the spouse of _____, who is a party to the Registration Rights Agreement, do hereby join with my spouse in executing the foregoing Registration Rights Agreement and do hereby agree to be bound by all of the terms and provisions thereof, in consideration of [Transfer][acquisition] of Registrable Securities and all other interests I may have in the shares and securities subject thereto, whether the interest may be pursuant to community property laws or similar laws relating to marital property in effect in the state or province of my or our residence as of the date of signing this consent. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Registration Rights Agreement.

Dated as of _____ __, ____

_____
(Signature of Spouse)

_____
(Print Name of Spouse)

INDEMNIFICATION AGREEMENT

by and between

LATHAM GROUP, INC.

and

as Indemnitee

Dated as of [●], 2021

TABLE OF CONTENTS

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated effective as of [●], 2021 (this "Agreement"), by and between Latham Group, Inc., a Delaware corporation (the "Company"), and **[●]** ("Indemnitee"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Article 1.

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the fullest extent permitted by law;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, the Company's Amended and Restated Bylaws (as the same may be amended and/or restated from time to time, the "Bylaws") require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law ("DGCL");

WHEREAS, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts providing for indemnification may be entered into between the Company and members of the board of directors of the Company (the "Board"), executive officers and other key employees of the Company;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor nor to diminish or abrogate any rights of Indemnitee thereunder (regardless of, among other things, any amendment to or revocation of governing documents or any change in the composition of the Board or any Corporate Transaction); and

WHEREAS, Indemnitee will serve or continue to serve as a director, officer or key employee of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is otherwise terminated by the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement:

1.1. "Affiliate" shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).

1.2. "Agreement" shall have the meaning set forth in the preamble.

1.3. "Beneficial Owner" and "Beneficial Ownership" shall have the meaning set forth in Rule 13d-3 under the Exchange Act (as in effect on the date hereof).

1.4. "Board" shall have the meaning set forth in the recitals.

1.5. "Bylaws" shall have the meaning set forth in the recitals.

1.6. "Certificate of Incorporation" shall mean the Company's Amended and Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time).

1.7. "Change in Control" shall mean, and shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(a) Acquisition of Stock by Third Party. Any Person other than a Permitted Holder is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding Voting Securities, unless (i) the change in the relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors or (ii) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under part (c) of this definition;

(b) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors then still in office who were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (b) (collectively, the "Continuing Directors"), cease for any reason to constitute at least a majority of the members of the Board;

(c) Corporate Transactions. The effective date of a reorganization, merger or consolidation of the Company (in each case, a "Corporate Transaction"), unless following such Corporate Transaction: (i) all or substantially all of the individuals and entities who were the Beneficial Owners of Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction (including, without limitation, a corporation or other Person that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership of Voting Securities immediately prior to such Corporate Transaction; (ii) no Person (excluding any corporation resulting from such Corporate Transaction or the Permitted Holders) is the Beneficial Owner, directly or indirectly, of 50% or more of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction, except to the extent that such ownership existed prior to such Corporate Transaction; and (iii) at least a majority of the board of directors of the Company or other Person resulting from such Corporate Transaction were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) Other Events. The approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company or the consummation of an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company's assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets to a Person, at least 50% of the combined voting power of the Voting Securities of which are Beneficially Owned by (i) the stockholders of the Company immediately prior to such sale or (ii) the Permitted Holders.

1.8. "Company" shall have the meaning set forth in the preamble and shall also include, in addition to the resulting corporation or other entity, any constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, manager, managing member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation or other entity as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

1.9. "Continuing Directors" shall have the meaning set forth in Section 1.7(b).

1.10. "Corporate Status" shall describe the status as such of a person who is or was a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company.

1.11. "Corporate Transaction" shall have the meaning set forth in Section 1.7(c).

1.12. "Delaware Court" shall mean the Court of Chancery of the State of Delaware.

1.13. "DGCL" shall have the meaning set forth in the recitals.

1.14. "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.15. "Enterprise" shall mean the Company and any other corporation, constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned Subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent.

1.16. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.17. "Expenses" shall include all reasonable and documented costs, expenses and fees, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or negotiating for the settlement of, responding to or objecting to a request to provide discovery in, or otherwise participating in, any Proceeding. Expenses also shall include expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments, fines or penalties against Indemnitee.

1.18. "Indemnification Arrangements" shall have the meaning set forth in Section 15.2.

1.19. "Indemnitee" shall have the meaning set forth in the preamble.

1.20. ["Indemnitee-Related Entities" shall mean any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any other Enterprise controlled by the Company or the insurer under and pursuant to an insurance policy of the Company or any such controlled Enterprise) from whom an Indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Company or any other Enterprise controlled by the Company may also have an indemnification or advancement obligation.]

1.21. "Independent Counsel" shall mean a law firm, or a person admitted to practice law in any state of the United States or the District of Columbia who is a member of a law firm, that is of outstanding reputation, experienced in matters of corporation law and neither is as of the date of selection of such firm, nor has been during the period of three years immediately preceding the date of selection of such firm, retained to represent: (a) the Company or Indemnitee in any material matter (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. For purposes of this definition, a "material matter" shall mean any matter for which billings exceeded or are expected to exceed $100,000.

1.22. "Permitted Holder" shall mean Pamplona Capital Partners V, L.P., Wynnchurch Capital Partners IV, L.P., WC Partners Executive IV, L.P., and their respective Affiliates and Related Parties.

1.23. "Person" shall have the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act (as in effect on the date hereof); provided, however, that the term "Person" shall exclude: (a) the Company; (b) any Subsidiaries of the Company; and (c) any employee benefit plan of the Company or a Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

1.24. "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, including, without limitation, any and all appeals, whether brought by or in the right of the Company or otherwise and whether of a civil (including, without limitation, intentional or unintentional tort claims), criminal, administrative or investigative nature, whether formal or informal, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer or key employee of the Company, by reason of any action taken by or omission by Indemnitee, or of any action or omission on Indemnitee's part while acting as a director or officer or key employee of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise; in each case whether or not acting or serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement or Section 145 of the DGCL; including any proceeding pending on or before the date of this Agreement but excluding any proceeding initiated by Indemnitee to enforce Indemnitee's rights under this Agreement or Section 145 of the DGCL.

1.25. "Related Party" shall mean, with respect to any Person, (a) any controlling stockholder, controlling member, general partner, Subsidiary, spouse or immediate family member (in the case of an individual) of such Person, (b) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (a), or (c) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (b), acting solely in such capacity.

1.26. "Section 409A" shall have the meaning set forth in Section 17.2.

1.27. "Subsidiary" with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

1.28. "Voting Securities" shall mean any securities of the Company (or a surviving entity as described in the definition of a "Change in Control") that vote generally in the election of directors (or similar body).

1.29. References to "fines" shall include any excise tax or penalty assessed on Indemnitee with respect to any employee benefit plan; references to "other enterprise" shall include employee benefit plans; references to "serving at the request of the Company" shall include, without limitation, any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

1.30. The phrase "to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law" shall include, but not be limited to: (a) to the fullest extent authorized or permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL and (b) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

ARTICLE 2

INDEMNITY IN THIRD-PARTY PROCEEDINGS

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 2 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by applicable law, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties and, subject to Section 10.3, amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. No indemnification for Expenses shall be made under this Article 2 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

ARTICLE 3

INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 3 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Article 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

ARTICLE 4

INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL

Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For the avoidance of doubt, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, then the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each resolved claim, issue or matter, whether or not Indemnitee was wholly or partly successful; provided that Indemnitee shall only be entitled to indemnification for Expenses with respect to unsuccessful claims under this Article 4 to the extent Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. For purposes of this Article 4 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, or by settlement, shall be deemed to be a successful result as to such claim, issue or matter.

ARTICLE 5

INDEMNIFICATION FOR EXPENSES OF A WITNESS

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

ARTICLE 6

ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS

In addition to and notwithstanding any limitations in Articles 2, 3 or 4, but subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnitee is, was or is threatened to be made a party to or a participant in, any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and, subject to Section 10.3, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with the Proceeding. No indemnity shall be available under this Article 6 on account of Indemnitee's conduct that constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law.

ARTICLE 7

CONTRIBUTION IN THE EVENT OF JOINT LIABILITY

7.1. To the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law, if the indemnification rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

7.2. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

7.3. The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than Indemnitee) who may be jointly liable with Indemnitee subject to the other terms and provisions of the Agreement.

ARTICLE 8

EXCLUSIONS

8.1. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity, contribution or advancement of Expenses in connection with any claim made against Indemnitee:

(a) except [as provided in Section 15.4, for which payment has actually been made to or on behalf of Indemnitee under any insurance policy of the Company or its Subsidiaries or other indemnity provision of the Company or its Subsidiaries,] except with respect to any excess beyond the amount paid under any insurance policy, contract, agreement, other indemnity provision or otherwise; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any similar successor statute) or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated or brought voluntarily by Indemnitee, including, without limitation, any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, managers, managing members, employees or other indemnitees, other than a Proceeding initiated by Indemnitee to enforce its rights under this Agreement, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) or (ii) the Company provides the indemnification payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(d) for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute; or

(e) for any payment to Indemnitee that is determined to be unlawful by a final judgment or other adjudication of a court or arbitration, arbitral or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing and under the procedures and subject to the presumptions of this Agreement; or

(f) in connection with any Proceeding initiated by Indemnitee to enforce its rights under this Agreement if a court or arbitration, arbitral or administrative body of competent jurisdiction determines by final judicial decision that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous.

The exclusions in this Article 8 shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

ARTICLE 9

ADVANCES OF EXPENSES; SELECTION OF LAW FIRM

9.1. Subject to Article 8, the Company shall, unless prohibited by applicable law, advance the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within ten business days after the receipt by the Company of a statement or statements requesting such advances, together with a reasonably detailed written explanation of the basis therefor and an itemization of legal fees and disbursements in reasonable detail, from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Indemnitee shall qualify for advances, to the fullest extent permitted by this Agreement, solely upon the execution and delivery to the Company of an undertaking providing that Indemnitee undertakes to repay the advance to the extent that it is ultimately determined, by final judicial decision of a court or arbitration, arbitral or administrative body of competent jurisdiction from which there is no further right to appeal, that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement or pursuant to applicable law. This Section 9.1 shall not apply to any claim made by Indemnitee for which an indemnification payment is excluded pursuant to Article 8.

9.2. If the Company shall be obligated under Section 9.1 hereof to pay the Expenses of any Proceeding against Indemnitee, then the Company shall be entitled to assume the defense of such Proceeding upon the delivery to Indemnitee of written notice of its election to do so. If the Company elects to assume the defense of such Proceeding, then unless the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, the Company shall assume such defense using a single law firm (in addition to local counsel) selected by the Company representing Indemnitee and other present and former directors or officers of the Company. The retention of such law firm by the Company shall be subject to prior written approval by Indemnitee, which approval shall not be unreasonably withheld, delayed or conditioned. If the Company elects to assume the defense of such Proceeding and the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, then the Company shall assume such defense using a single law firm (in addition to local counsel) selected by Indemnitee and any other present or former directors or officers of the Company who are parties to such Proceeding. After (x) in the case of retention of any such law firm selected by the Company, delivery of the required notice to Indemnitee, approval of such law firm by Indemnitee and the retention of such law firm by the Company, or (y) in the case of retention of any such law firm selected by Indemnitee, the completion of such retention, the Company will not be liable to Indemnitee under this Agreement for any Expenses of any other law firm incurred by Indemnitee after the date that such first law firm is retained by the Company with respect to the same Proceeding; provided, that in the case of retention of any such law firm selected by the Company (a) Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee's sole expense; and (b) if (i) the retention of a law firm by Indemnitee has been previously authorized by the Company in writing, (ii) Indemnitee shall have reasonably concluded that (1) there may be a conflict of interest between either (x) the Company and Indemnitee or (y) Indemnitee and another present or former director or officer of the Company also represented by such law firm in the conduct of any such defense, or (2) there may be defenses available to Indemnitee that are incompatible or inconsistent with those available to the Company or another present or former director represented by such law firm in the conduct of such defense, or (iii) the Company shall not, in fact, have retained a law firm to prosecute the defense of such Proceeding within thirty days, then the reasonable Expenses of a single law firm retained by Indemnitee shall be at the expense of the Company. Notwithstanding anything else to the contrary in this Section 9.2, the Company will not be entitled without the written consent of the Indemnitee to assume the defense of any Proceeding brought by or in the right of the Company.

ARTICLE 10

PROCEDURE FOR NOTIFICATION; DEFENSE OF CLAIM; SETTLEMENT

10.1. Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing promptly of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement; provided, however, that a delay in giving such notice shall not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. The omission or delay to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnitee otherwise than under this Agreement. The General Counsel of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

10.2. The Company will be entitled to participate in the Proceeding at its own expense.

10.3. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any claim effected without the Company's prior written consent, provided the Company has not breached its obligations hereunder. The Company shall not settle any claim, including, without limitation, any claim in which it takes the position that Indemnitee is not entitled to indemnification in connection with such settlement, nor shall the Company settle any claim which would impose any fine or obligation on Indemnitee or attribute to Indemnitee any admission of liability, without Indemnitee's prior written consent. Neither the Company nor Indemnitee shall unreasonably withhold, delay or condition their consent to any proposed settlement.

ARTICLE 11

PROCEDURE UPON APPLICATION FOR INDEMNIFICATION

11.1. Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10.1, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (a) by a majority of the Company's stockholders, (b) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (c) if a Change in Control shall not have occurred, (i) by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, or (iii) if there are less than three Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten business days after such determination and any future amounts due to Indemnitee shall be paid in accordance with this Agreement. Indemnitee shall cooperate with the Persons making such determination with respect to Indemnitee's entitlement to indemnification, including, without limitation, providing to such Persons upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination, provided, that nothing contained in this Agreement shall require Indemnitee to waive any privilege Indemnitee may have. Any costs or Expenses (including, without limitation, reasonable and documented attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Persons making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

11.2. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11.1 hereof, the Independent Counsel shall be selected as provided in this Section 11.2. If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within thirty days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Article 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court or arbitration, arbitral or administrative body has determined that such objection is without merit. If, within thirty days after submission by Indemnitee of a written request for indemnification pursuant to Section 10.1 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek arbitration for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the arbitrator or by such other person as the arbitrator shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11.1 hereof. Such arbitration referred to in the previous sentence shall be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and Article 13 hereof shall apply in respect of such arbitration and the Company and Indemnitee. Upon the due commencement of any arbitration pursuant to Section 13.1 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

ARTICLE 12

PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

12.1. In making a determination with respect to entitlement to indemnification hereunder, the Person making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10.1 of this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its Board, its Independent Counsel and its stockholders) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification or advancement of expenses is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its Board, its Independent Counsel and its stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

12.2. If the Person empowered or selected under Article 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (a) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (b) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such sixty-day period may be extended for a reasonable time, not to exceed an additional thirty days, if the Person making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto, provided further that, if final selection of Independent Counsel has not occurred within thirty days after receipt by the Company of the request for indemnification, such sixty-day period may be after the final selection of Independent Counsel pursuant to Section 11.2.

12.3. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

12.4. For purposes of any determination of good faith pursuant to this Agreement, Indemnitee shall be deemed to have acted in good faith if, among other things, Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its board of directors, any committee of the board of directors or any director, or on information or records given or reports made to the Enterprise, its board of directors, any committee of the board of directors or any director, by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise, its board of directors, any committee of the board of directors or any director. The provisions of this Section 12.4 shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement. In any event, it shall be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

12.5. The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12.6. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

ARTICLE 13

REMEDIES OF INDEMNITEE

13.1. In the event that (a) a determination is made pursuant to Article 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (b) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Article 9 of this Agreement, (c) no determination of entitlement to indemnification shall have been made pursuant to Section 11.1 of this Agreement within thirty days after receipt by the Company of the request for indemnification and of reasonable documentation and information which Indemnitee may be called upon to provide pursuant to Section 11.1, (d) payment of indemnification is not made pursuant to Articles 4, 5, 6 or the last sentence of Section 11.1 of this Agreement within ten business days after receipt by the Company of a written request therefor, (e) a contribution payment is not made in a timely manner pursuant to Article 7 of this Agreement, (f) payment of indemnification pursuant to Article 3 or 6 of this Agreement is not made within thirty days after a determination has been made that Indemnitee is entitled to indemnification or (g) the Company or any representative thereof takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee may either (a) be entitled to an adjudication by a court of competent jurisdiction of Indemnitee's entitlement to such indemnification, contribution or advancement of Expenses or (b) seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration. The award rendered by such arbitration will be final and binding upon the parties hereto, and final judgment on the arbitration award may be entered in any court of competent jurisdiction.

13.2. In the event that a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article 13, Indemnitee shall be presumed to be entitled to receive advances of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 11.1 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article 13, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Article 9 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal shall have been exhausted or lapsed).

13.3. If a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article 13, absent (a) a misstatement by Indemnitee of a material fact or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (b) a prohibition of such indemnification under applicable law.

13.4. The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Article 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

13.5. The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten business days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (a) to enforce his or her rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Certificate of Incorporation, or the Bylaws now or hereafter in effect; or (b) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

13.6. Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies, or is obliged to indemnify, for the period commencing with the date on which Indemnitee requests indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

ARTICLE 14

SECURITY

Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may, as permitted by applicable securities laws, at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

ARTICLE 15

NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; PRIMACY OF INDEMNIFICATION; SUBROGATION

15.1. The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15.2. The DGCL, the Certificate of Incorporation and the Bylaws permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements, including, but not limited to, providing a trust fund, letter of credit or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of his or her status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

15.3. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managers, managing members, fiduciaries, employees or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies and Indemnitee shall promptly cooperate with any request by the Company or insurers in connection with such action.

15.4. [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of Expenses and/or insurance provided by the Indemnitee-Related Entities. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Indemnitee-Related Entities to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law and as required by the terms of this Agreement and the Certificate of Incorporation or the Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Indemnitee-Related Entities and (iii) that it irrevocably waives, relinquishes and releases the Indemnitee-Related Entities from any and all claims against the Indemnitee-Related Entities for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Indemnitee-Related Entities on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall reduce or otherwise alter the rights of Indemnitee or the obligations of the Company hereunder. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by the Indemnitee-Related Entities. In the event that any of the Indemnitee-Related Entities shall make any advancement or payment on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company, the Indemnitee-Related Entity making such payment shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company, and Indemnitee shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Indemnitee-Related Entities to bring suit to enforce such rights. The Company and Indemnitee agree that the Indemnitee-Related Entities are express third party beneficiaries of the terms of this Section 15.4, entitled to enforce this Section 15.4 as though each of the Indemnitee-Related Entities were a party to this Agreement.]

15.5. [Except as provided in Section 15.4,] in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee [(other than against the Indemnitee-Related Entities)], who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

15.6. [Except as provided in Section 15.4,] the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

15.7. [Except as provided in Section 15.4,] the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification payments or advancement of Expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (a) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (b) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, contribution or insurance coverage rights against any person or entity other than the Company.

ARTICLE 16

ENFORCEMENT AND BINDING EFFECT

16.1. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director, officer or key employee of the Company.

16.2. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

16.3. The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including, without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

ARTICLE 17

MISCELLANEOUS

17.1. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's assigns, heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect successor by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

17.2. Section 409A. It is intended that any indemnification payment or advancement of Expenses made hereunder shall be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance issued thereunder ("Section 409A") pursuant to Treasury Regulation Section 1.409A-1(b)(10). Notwithstanding the foregoing, if any indemnification payment or advancement of Expenses made hereunder shall be determined to be "nonqualified deferred compensation" within the meaning of Section 409A, then (i) the amount of the indemnification payment or advancement of Expenses during one taxable year shall not affect the amount of the indemnification payments or advancement of Expenses during any other taxable year, (ii) the indemnification payments or advancement of Expenses must be made on or before the last day of the Indemnitee's taxable year following the year in which the expense was incurred and (iii) the right to indemnification payments or advancement of Expenses hereunder is not subject to liquidation or exchange for another benefit.

17.3. Severability. In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act which is in violation of applicable law, such provision (including, without limitation, any provision within a single Article, Section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.

17.4. Entire Agreement. Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or Bylaws, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

17.5. Modification, Waiver and Termination. No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

17.6. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (b) mailed by certified or registered mail with postage prepaid on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(ii) If to the Company, to:

Latham Group, Inc.
787 Watervliet Shaker Road
Latham, New York 12110
Attention: General Counsel
E-mail:

or to any other address as may have been furnished to Indemnitee in writing by the Company.

17.7. Applicable Law. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. If, notwithstanding the foregoing sentence, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

17.8. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

17.9. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17.10. Representation by Counsel. Each of the parties has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or arbitrator or any governmental authority by reason of such party having drafted or being deemed to have drafted such provision.

17.11. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company, the Indemnitee, or Indemnitee's spouse, heirs, executors or personal or legal representatives against the Company, Indemnitee, or Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company, the Indemnitee, or Indemnitee's spouse, heirs, executors or personal or legal representatives, shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

17.12. Additional Acts. If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

COMPANY:

LATHAM GROUP, INC.

By: _____
Name:
Title:

INDEMNITEE:

By: _____
Name:

Address:

[Signature page to Indemnification Agreement]

Latham Pool Products, Inc. | 2020 Management Incentive Bonus (MIB) Plan

Management by Objective (MBO) Individual Goals & Objectives:

1. Annually, new MBOs are established by the employee and his/her manager, subject to approval by the employee's Senior Leadership Team member and the President & CEO.
2. MBOs should correlate to the employee's supervisor's MBOs, the SLT member and ultimately Latham's annual Goals & Objectives for the Company.
3. Quarterly, at a minimum, plan participants are generally required to submit MBO updates within two (2) weeks of the preceding quarter end to his/her manager. At year end, final results are to be submitted through this same process, which will go through an Executive review prior to final submission/approval by the President & CEO and the Board of Directors. This process generally occurs in mid-first quarter after the prior year closing and annual audit conclusion.

Program Criteria and Incentive Plan Rules:

1. 100% payout for achieving 100.0% of EBITDA budget.
2. Plan is capped at 200% of target.
3. No bonus payout (including MBO achievement) unless a minimum 93% of EBITDA target is achieved.
4. This Plan is in effect for calendar year 2020. EBITDA is based on the full year corporate results.
5. Overall job performance must be at satisfactory level or above for payout consideration.
6. A discretionary amount may be provided for outstanding performance or special project(s) completion and a reduction may occur for weak MBO achievement.
7. Bonus payouts are in gross dollars and subject to incentive payment taxation through payroll according to the appropriate federal, state, local and provincial withholding taxes.
8. New employees in positions deemed eligible for the MIB plan are generally eligible at the beginning of the plan year after the date of hire. Management reserves the right to permit plan participation sooner with a payout percentage generally at a pro-rated amount for the percentage of time worked from the date of hire to the end of the plan year. President & CEO, CFO and CHRO approval is required in these instances.
9. This incentive plan document is not an employment contract, express or implied, and does not alter the at-will relationship between Latham Pool Products and the employee. This plan document does not create legally binding rights to continuing employment or to employment terms/conditions.
10. Must be an active employee when any eligible bonus payment is made, which is scheduled to occur by March 15, 2021. Employee must have continuous service for the 12-month incentive plan period in order to be fully eligible for Plan. If there is a break in service (termination and rehire in the same calendar year), the payout will reflect a pro-rated amount based on length of service in the calendar year.
11. Employees with a fully executed Employee Agreement on file are eligible for the incentive plan. Employees who do not have an executed agreement on file will forfeit (1) all future incentive plan payments, and (2) future base salary increases.
12. In the event of termination from the company due to cause, the employee forfeits any rights to all compensation.
13. The company reserves the right to modify, suspend or cancel the incentive compensation plan due to business conditions at any time it sees fit.
14. The EBITDA and MBO weightings by employee level are on a separate exhibit and no employee has a right to see the exhibit except with respect to such employee's own amount.

LATHAM GROUP INC.
2021 OMNIBUS EQUITY INCENTIVE PLAN

1. Purpose. The Latham Group, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "***Plan***") is intended to help Latham Group, Inc., a Delaware corporation (including any successor thereto, the "***Company***"), and its Affiliates (i) attract and retain key personnel by providing them the opportunity to acquire an equity interest in the Company or other incentive compensation measured by reference to the value of Common Stock or a targeted dollar value if denominated in cash, and (ii) align the interests of key personnel with those of the Company's stockholders.

2. Effective Date; Duration. The effective date of the Plan is [●], 2021 (the "***Effective Date***"), which is the date that the Plan was approved by the stockholders of the Company. The expiration date of the Plan, on and after which date no Awards may be granted, shall be the tenth anniversary of the Effective Date; provided, however, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

3. Definitions. The following definitions shall apply throughout the Plan:

(a) "Affiliate" means any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

(b) "Award" means any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Stock-Based Award, or Other Cash-Based Award granted under the Plan.

(c) "Award Agreement" means the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan.

(d) "Beneficial Ownership" has the meaning set forth in Rule 13d-3 promulgated under Section 13 of the Exchange Act.

(e) "Board" means the Board of Directors of the Company.

(f) "Cause" in the case of a particular Award, unless the applicable Award Agreement states otherwise, (i) shall have the meaning given such term (or term of similar import) in any employment, consulting, change-in-control, severance or any other agreement between the Participant and the Company or an Affiliate, or severance plan in which the Participant is eligible to participate, in either case in effect at the time of the Participant's termination of employment or service with the Company and its Affiliates, or (ii) if "cause" or term of similar import is not defined in, or in the absence of, any such employment, consulting, change-in-control, severance or any other agreement between the Participant and the Company or an Affiliate, or severance plan in which the Participant is eligible to participate, means: (A) embezzlement, theft, misappropriation or conversion, or attempted embezzlement, theft, misappropriation or conversion, by Participant of any property, funds or business opportunity of the Company or any of its Subsidiaries; (B) willful failure or refusal by Participant to perform any directive of the Board or the Chief Executive Officer or the duties of his or her employment which continues for a period of thirty (30) days following notice thereof by the Board or the Chief Executive Officer to Participant; (C) any act by Participant constituting a felony (or its equivalent in any non-United States jurisdiction) or otherwise involving theft, fraud, dishonesty, misrepresentation or moral turpitude; (D) indictment for, conviction of, or plea of nolo contendere (or a similar plea) to, or the failure of Participant to contest his or her prosecution for, any other criminal offense; (E) any violation of any law, rule or regulation relating in any way to the business or activities of the Company or its Subsidiaries, or other law that is violated during the course of Participant's performance of services, regulatory disqualification or failure to comply with any legal or compliance policies or code of ethics, code of business conduct, conflicts of interest policy or similar policies of the Company or its Subsidiaries; (F) gross negligence or material willful misconduct on the part of Participant in the performance of his or her duties as an employee, officer or director of the Company or any of its Subsidiaries; (G) Participant's breach of fiduciary duty or duty of loyalty to the Company or any of its Subsidiaries; (H) any act or omission to act of Participant intended to materially harm or damage the business, property, operations, financial condition or reputation of the Company or any of its Subsidiaries; (I) Participant's failure to cooperate, if requested by the Board, with any investigation or inquiry into the business practices, whether internal or external, or the Company and its Subsidiaries or Participant, including Participant's refusal to be deposed or to provide testimony or evidence at any trial, proceeding or inquiry; (J) any chemical dependence of Participant which materially interferes with the performance of his or her duties and responsibilities to the Company or any of its Subsidiaries; or (K) Participant's voluntary resignation or other termination of employment effected by Participant at any time when the Company could effect such termination with Cause.

(g) "Change in Control" means, in the case of a particular Award, unless the applicable Award Agreement (or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate) states otherwise, the first to occur of any of the following events:

(i) the acquisition by any Person or related "group" (as such term is used in Section 13(d) and Section 14(d) of the Exchange Act) of Persons, or Persons acting jointly or in concert, of Beneficial Ownership (including control or direction) of 50% or more (on a fully diluted basis) of either (A) the then-outstanding shares of Common Stock, including Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock (the "***Outstanding Company Common Stock***"), or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote in the election of directors (the "***Outstanding Company Voting Securities***"), but excluding any acquisition by the Company or any of its Affiliates, or the Investor, its Permitted Transferees or any of their respective Affiliates or by any employee benefit plan sponsored or maintained by the Company or any of its Affiliates;

(ii) a change in the composition of the Board such that members of the Board during any consecutive 12-month period (the "***Incumbent Directors***") cease to constitute a majority of the Board. Any person becoming a director through election or nomination for election approved by a valid vote of at least two-thirds of the Incumbent Directors shall be deemed an Incumbent Director; provided, however, that no individual becoming a director as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board, shall be deemed an Incumbent Director;

(iii) the approval by the stockholders of the Company of a plan of complete dissolution or liquidation of the Company; and

(iv) the consummation of a reorganization, recapitalization, merger, amalgamation, consolidation, statutory share exchange or similar form of corporate transaction involving the Company (a "***Business Combination***"), or sale, transfer or other disposition of all or substantially all of the business or assets of the Company to an entity that is not an Affiliate of the Company (a "***Sale***"), unless immediately following such Business Combination or Sale: (A) more than 50% of the total voting power of the entity resulting from such Business Combination or the entity that acquired all or substantially all of the business or assets of the Company in such Sale (in either case, the "***Surviving Company***"), or the ultimate parent entity that has Beneficial Ownership of sufficient voting power to elect a majority of the board of directors (or analogous governing body) of the Surviving Company (the "***Parent Company***"), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination or Sale (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination or Sale, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company) is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company), and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination or Sale were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination or Sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred if immediately after the occurrence of any of the events described in clauses (i) – (iv) above, (i) the Investor is the Beneficial Owner, directly or indirectly, of more than 50% of the combined voting power of the Company or any successor

(h) "Code" means the U.S. Internal Revenue Code of 1986, as amended, and any successor thereto. References to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successors thereto.

(i) "Committee" means the Compensation Committee of the Board or subcommittee thereof if required with respect to actions taken to comply with Rule 16b-3 promulgated under the Exchange Act in respect of Awards or, if no such Compensation Committee or subcommittee thereof exists, or if the Board otherwise takes action hereunder on behalf of the Committee, the Board.

(j) "Common Stock" means the common stock of the Company, par value $0.01 per share (and any stock or other securities into which such common stock may be converted or into which it may be exchanged).

(k) "Disability" means cause for termination of the Participant's employment or service due to a determination that the Participant is disabled in accordance with a long-term disability insurance program maintained by the Company or a determination by the U.S. Social Security Administration that the Participant is totally disabled.

(l) "$" shall refer to the United States dollars.

(m) "Eligible Director" means a director who satisfies the conditions set forth in Section 4(a) of the Plan.

(n) "Eligible Person" means any (i) individual employed by the Company or a Subsidiary; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person, (ii) director or officer of the Company or a Subsidiary, (iii) consultant or advisor to the Company or an Affiliate who may be offered securities registrable on Form S-8 under the Securities Act, or (iv) prospective employee, director, officer, consultant or advisor who has accepted an offer of employment or service from the Company or its Subsidiaries (and would satisfy the provisions of clause (i), (ii) or (iii) above once such individual begins employment with or providing services to the Company or a Subsidiary).

(o) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and any successor thereto. References to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successors thereto.

(p) "Exercise Price" has the meaning set forth in Section 7(b) of the Plan.

(q) "Fair Market Value" means, (i) with respect to Common Stock on a given date, (x) if the Common Stock is listed on a national securities exchange, the closing sales price of a share of Common Stock reported on such exchange on such date, or if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (y) if the Common Stock is not listed on any national securities exchange, the amount determined by the Committee in good faith to be the fair market value of the Common Stock, or (ii) with respect to any other property on any given date, the amount determined by the Committee in good faith to be the fair market value of such other property as of such date; provided, however, as to any Awards with a date of grant that is the date of the pricing of the Company's initial public offering (if any), "Fair Market Value" shall be equal to the per share price at which the Common Stock is offered to the public in connection with such initial public offering.

(r) "Incentive Stock Option" means an Option that is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(s) "Intrinsic Value" with respect to an Option or SAR means (i) the excess, if any, of the price or implied price per Share in a Change in Control or other event over (ii) the exercise or hurdle price of such Award multiplied by (iii) the number of Shares covered by such Award.

(t) "Immediate Family Members" has the meaning set forth in Section 14(b)(ii) of the Plan.

(u) "Indemnifiable Person" has the meaning set forth in Section 4(e) of the Plan.

(v) "Investor" means, collectively, the investment funds managed, sponsored or advised by Pamplona Capital Management LLC. A reference to a member of Investor is a reference to any such investment fund.

(w) "NASDAQ" means the Nasdaq Global Select Market.

(x) "Nonqualified Stock Option" means an Option that is not designated by the Committee as an Incentive Stock Option.

(y) "Option" means an Award granted under Section 7 of the Plan.

(z) "Option Period" has the meaning set forth in Section 7(c) of the Plan.

(aa) "Other Cash-Based Award" means an Award granted under Section 10 of the Plan that is denominated and/or payable in cash, including cash awarded as a bonus or upon the attainment of specific performance criteria or as otherwise permitted by the Plan or as contemplated by the Committee.

(bb) "Other Stock-Based Award" means an Award granted under Section 10 of the Plan.

(cc) "Participant" has the meaning set forth in Section 6 of the Plan.

(dd) "Performance Conditions" means specific levels of performance of the Company (and/or one or more Affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, units, or any combination of the foregoing), which may be determined in accordance with GAAP or on a non-GAAP basis, including without limitation, on the following measures: (i) net earnings or net income (before or after taxes); (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, net assets, capital, gross revenue or gross revenue growth, invested capital, equity or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital), which may but are not required to be measured on a per-share basis; (viii) earnings before or after taxes, interest, depreciation, and amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total shareholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) customer satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other ''value creation'' metrics; (xvii) enterprise value; (xviii) stockholder return; (xix) client or customer retention; (xx) competitive market metrics; (xxi) employee retention; (xxii) personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxiii) system-wide sales; (xxiv) cost of capital, debt leverage year-end cash position or book value; (xxv) strategic objectives, development of new product lines and related revenue, sales and margin targets, or international operations; (xxvi) store growth or (xxvii) same store sales growth; or any combination of the foregoing. Any one or more of the aforementioned performance criteria may be stated as a percentage of another performance criteria, or used on an absolute or relative basis to measure the of the Company and/or one or more Affiliates as a whole or any divisions or operational and/or business units, product lines, brands, business segments, administrative departments of the Company and/or one or more Affiliates or any combination thereof, as the Committee may deem appropriate, or any of the above performance criteria may be compared to the performance of a group of comparator companies, or a published or special index that the Committee deems appropriate, or as compared to various stock market indices. The Performance Conditions may include a threshold level of performance below which no payment shall be made (or no vesting shall occur), levels of performance at which specified payments shall be made (or specified vesting shall occur), and a maximum level of performance above which no additional payment shall be made (or at which full vesting shall occur). The Committee shall have the authority to make equitable adjustments to the Performance Conditions as may be determined by the Committee, in its sole discretion.

(ee) "Permitted Transferee" has the meaning set forth in Section 14(b)(ii) of the Plan.

(ff) "Person" has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company.

(gg) "Released Unit" has the meaning set forth in Section 9(d)(ii) of the Plan.

(hh) "Restricted Period" has the meaning set forth in Section 9(a) of the Plan.

(ii) "Restricted Stock" means an Award of Common Stock, subject to certain specified restrictions, granted under Section 9 of the Plan.

(jj) "Restricted Stock Unit" means an Award of an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain specified restrictions, granted under Section 9 of the Plan.

(kk) "SAR Period" has the meaning set forth in Section 8(c) of the Plan.

(ll) "Securities Act" means the U.S. Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or other interpretive guidance.

(mm) "Strike Price" has the meaning set forth in Section 8(b) of the Plan.

(nn) "Stock Appreciation Right" or "SAR" means an Award granted under Section 8 of the Plan.

(oo) "Subsidiary" means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

(pp) "Substitute Awards" has the meaning set forth in Section 5(e) of the Plan.

4. Administration.

(a) The Committee shall administer the Plan, and shall have the sole and plenary authority to (i) designate Participants, (ii) determine the type, size, and terms and conditions of Awards to be granted and to grant such Awards, (iii) determine the method by which an Award may be settled, exercised, canceled, forfeited, suspended, or repurchased by the Company, (iv) determine the circumstances under which the delivery of cash, property or other amounts payable with respect to an Award may be deferred, either automatically or at the Participant's or Committee's election, (v) interpret, administer, reconcile any inconsistency in, correct any defect in and supply any omission in the Plan and any Award granted under the Plan, (vi) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan, (vii) accelerate the vesting, delivery or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards, and (viii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan or to comply with any applicable law. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if applicable and if the Board is not acting as the Committee under the Plan), or any exception or exemption under applicable securities laws or the applicable rules of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, as applicable, it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan, be (1) a "non-employee director" within the meaning of Rule 16b-3 promulgated under the Exchange Act and/or (2) an "independent director" under the rules of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or a person meeting any similar requirement under any successor rule or regulation ("***Eligible Director***"). However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted or action taken by the Committee that is otherwise validly granted or taken under the Plan.

(b) The Committee may delegate all or any portion of its responsibilities and powers to any person(s) selected by it, except for grants of Awards to persons who are non-employee members of the Board or are otherwise subject to Section 16 of the Exchange Act. Any such delegation may be revoked by the Committee at any time.

(c) As further set forth in Section 14(f) of the Plan, the Committee shall have the authority to amend the Plan and Awards to the extent necessary to permit participation in the Plan by Eligible Persons who are located outside of the United States on terms and conditions comparable to those afforded to Eligible Persons located within the United States; provided, however, that no such action shall be taken without stockholder approval if such approval is required by applicable securities laws or regulation or NASDAQ listing guidelines.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing Awards granted pursuant to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons and entities, including, without limitation, the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board or the Committee, nor any employee or agent of the Company (each such person, an "***Indemnifiable Person***"), shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or willful criminal omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be involved as a party, witness or otherwise by reason of any action taken or omitted to be taken or determination made under the Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval (not to be unreasonably withheld), in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined as provided below that the Indemnifiable Person is not entitled to be indemnified); provided, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of recognized standing of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts or omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or willful criminal omission or that such right of indemnification is otherwise prohibited by law or by the Company's certificate of incorporation or by-laws. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the Company's certificate of incorporation or by-laws, as a matter of law, individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold them harmless.

(f) The Board may at any time and from time to time grant Awards and administer the Plan with respect to such Awards. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations.

(a) Awards. The Committee may grant Awards to one or more Eligible Persons. All Awards granted under the Plan shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee, including, without limitation, attainment of Performance Conditions.

(b) Share Limits. Subject to Section 11 of the Plan and subsection (e) below, the following limitations apply to the grant of Awards: (i) no more than [●] shares of Common Stock may be reserved for issuance and delivered in the aggregate pursuant to Awards granted under the Plan (the "***Share Pool***"); (ii) no more than [●] shares of Common Stock may be delivered pursuant to the exercise of Incentive Stock Options granted under the Plan; and (iii) the maximum amount (based on the Fair Market Value of shares of Common Stock on the date of grant as determined in accordance with applicable financial accounting rules) of Awards that may be granted in any single fiscal year to any non-employee member of the Board, taken together with any cash fees paid to such non-employee member of the Board in respect of service as a member of the Board during such fiscal year, shall be [$500,000]; provided, that the foregoing limitation shall not apply in respect of any Awards issued to (x) a non-employee director in connection with the Company's initial public offering of shares of Common Stock, or in respect of any one-time equity grant upon his or her appointment to the Board or (y) a non-executive chairman of the Board, provided, that the non-employee director receiving such additional compensation does not participate in the decision to award such compensation.

(c) Share Counting. The Share Pool shall be reduced, on the date of grant, by the relevant number of shares of Common Stock for each Award granted under the Plan that is valued by reference to a share of Common Stock; provided that Awards that are valued by reference to shares of Common Stock but are required to be paid in cash pursuant to their terms shall not reduce the Share Pool. If and to the extent that Awards originating from the Share Pool terminate, expire, or are cash-settled, canceled, forfeited, exchanged, or surrendered without having been exercised, vested, or settled, the shares of Common Stock subject to such Awards shall again be available for Awards under the Share Pool. Notwithstanding the foregoing, the following shares of Common Stock shall not become available for issuance under the Plan: [(i) shares of Common Stock tendered by Participants, or withheld by the Company, as full or partial payment to the Company upon the exercise of Stock Options granted under the Plan; (ii) shares of Common Stock reserved for issuance upon the grant of Stock Appreciation Rights, to the extent that the number of reserved shares of Common Stock exceeds the number of shares of Common Stock actually issued upon the exercise of the Stock Appreciation Rights; and (iii) shares of Common Stock withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the exercise of Options or SARs granted under the Plan. Shares of Common Stock withheld by, or otherwise remitted to the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on, or settlement of, an Award other an Option or SAR shall again be available for Awards under the Share Pool.]

(d) Source of Shares. Shares of Common Stock delivered by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase, or a combination of the foregoing.

(e) Substitute Awards. The Committee may grant Awards in assumption of, or in substitution for, outstanding awards previously granted by the Company or any Affiliate or an entity directly or indirectly acquired by the Company or with which the Company combines ("***Substitute Awards***"), and such Substitute Awards shall not be counted against the aggregate number of shares of Common Stock available for Awards (i.e., Substitute Awards will not be counted against the Share Pool); provided, that Substitute Awards issued or intended as "incentive stock options" within the meaning of Section 422 of the Code shall be counted against the aggregate number of Incentive Stock Options available under the Plan.

6. Eligibility. Participation shall be limited to Eligible Persons who have been selected by the Committee and who have entered into an Award Agreement with respect to an Award granted to them under the Plan (each such Eligible Person, a "***Participant***").

7. Options.

(a) Generally. Each Option shall be subject to the conditions set forth in the Plan and in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the Award Agreement expressly states otherwise. Incentive Stock Options shall be granted only subject to and in compliance with Section 422 of the Code, and only to Eligible Persons who are employees of the Company and its Affiliates and who are eligible to receive an Incentive Stock Option under the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option properly granted under the Plan.

(b) Exercise Price. The exercise price ("***Exercise Price***") per share of Common Stock for each Option (that is not a Substitute Award) shall not be less than 100% of the Fair Market Value of such share, determined as of the date of grant. Any modification to the Exercise Price of an outstanding Option shall be subject to the prohibition on repricing set forth in Section 13(b).

(c) Vesting, Exercise and Expiration. The Committee shall determine the manner and timing of vesting, exercise and expiration of Options. The period between the date of grant and the scheduled expiration date of the Option ("***Option Period***") shall not exceed ten years, unless the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider-trading policy or a Company-imposed "blackout period," in which case the Option Period shall be extended automatically (other than with respect to Options with an Exercise Price as of the end of the Option Period (prior to any such extension) that is not less than the Fair Market Value of a share of Common Stock at such time) until the 30th day following the expiration of such prohibition (so long as such extension shall not violate Section 409A of the Code). The Committee may accelerate the vesting and/or exercisability of any Option, which acceleration shall not affect any other terms and conditions of such Option.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be delivered pursuant to any exercise of an Option until the Participant has paid the Exercise Price to the Company in full, and an amount equal to any U.S. federal, state and local income and employment taxes and non-U.S. income and employment taxes, social contributions and any other tax-related items required to be withheld. Options may be exercised by delivery of written or electronic notice of exercise to the Company or its designee (including a third-party administrator) in accordance with the terms of the Option and the Award Agreement accompanied by payment of the Exercise Price and such applicable taxes. The Exercise Price and delivery of all applicable required withholding taxes shall be payable (i) in cash or by check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual delivery of such shares to the Company) or any combination of the foregoing; provided, that such shares of Common Stock are not subject to any pledge or other security interest; or (ii) by such other method as elected by the Participant and that the Committee may permit, in its sole discretion, including without limitation: (A) in the form of other property having a Fair Market Value on the date of exercise equal to the Exercise Price and all applicable required withholding taxes; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company or its designee (including third-party administrators) is delivered a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding taxes against delivery of the shares of Common Stock to settle the applicable trade; or (C) by means of a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding taxes. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional shares of Common Stock, or whether such fractional shares of Common Stock or any rights thereto shall be canceled, terminated or otherwise eliminated.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date on which the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) two years after the date of grant of the Incentive Stock Option and (ii) one year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instruction from such Participant as to the sale of such Common Stock.

(f) Compliance with Laws. Notwithstanding the foregoing, in no event shall the Participant be permitted to exercise an Option in a manner that the Committee determines would violate the Sarbanes-Oxley Act of 2002, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation service on which the Common Stock of the Company is listed or quoted.

(g) Incentive Stock Option Grants to 10% Stockholders. Notwithstanding anything to the contrary in this Section 7, if an Incentive Stock Option is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of a parent or subsidiary of the Company (within the meaning of Sections 424(e) and 424(f) of the Code), the Option Period shall not exceed five years from the date of grant of such Option and the Exercise Price shall be at least 110% of the Fair Market Value (on the date of grant) of the shares subject to the Option.

(h) $100,000 Per Year Limitation for Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds $100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

8. Stock Appreciation Rights (SARs).

(a) Generally. Each SAR shall be subject to the conditions set forth in the Plan and the Award Agreement. Any Option granted under the Plan may include a tandem SAR. The Committee also may award SARs independent of any Option.

(b) Strike Price. The strike price ("***Strike Price***") per share of Common Stock for each SAR (that is not a Substitute Award) shall not be less than 100% of the Fair Market Value of such share, determined as of the date of grant; provided, however, that a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option. Any modification to the Strike Price of an outstanding SAR shall be subject to the prohibition on repricing set forth in Section 13(b).

(c) Vesting and Expiration. A SAR granted in tandem with an Option shall vest and become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independently of an Option shall vest and become exercisable and shall expire in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the "***SAR Period***"); provided, however, that notwithstanding any vesting or exercisability dates set by the Committee, the Committee may accelerate the vesting and/or exercisability of any SAR, which acceleration shall not affect the terms and conditions of such SAR other than with respect to vesting and/or exercisability. If the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy or a Company-imposed "blackout period," the SAR Period shall be automatically extended (other than with respect to SARs with a Strike Price as of the end of the SAR Period (prior to any such extension) that is not less than the Fair Market Value of a share of Common Stock at such time) until the 30th day following the expiration of such prohibition (so long as such extension shall not violate Section 409A of the Code).

(d) Method of Exercise. SARs may be exercised by delivery of written or electronic notice of exercise to the Company or its designee (including a third-party administrator) in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the holder thereof an amount equal to the number of shares subject to the SAR that are being exercised multiplied by the excess, if any, of the Fair Market Value of one share of Common Stock on the exercise date over the Strike Price, less an amount equal to any U.S. federal, state and local income and employment taxes and non-U.S. income and employment taxes, social contributions and any other tax-related items required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value as determined on the date of exercise, or any combination thereof, as determined by the Committee. Any fractional shares of Common Stock shall be settled in cash.

9. Restricted Stock and Restricted Stock Units.

(a) Generally. Each Restricted Stock and Restricted Stock Unit Award shall be subject to the conditions set forth in the Plan and the applicable Award Agreement. The Committee shall establish restrictions applicable to Restricted Stock and Restricted Stock Units, including the period over which the restrictions shall apply (the "***Restricted Period***"), and the time or times at which Restricted Stock or Restricted Stock Units shall become vested (which, for the avoidance of doubt, may include service- and/or performance-based vesting conditions). To the extent permitted in the Committee's sole discretion, and subject to such rules, approvals, and conditions as the Committee may impose from time to time, an Eligible Person who is a non-employee director may elect to receive all or a portion of such Eligible Person's cash director fees and other cash director compensation payable for director services provided to the Company by such Eligible Person in any fiscal year, in whole or in part, in the form of Restricted Stock Units. The Committee may accelerate the vesting and/or the lapse of any or all of the restrictions on Restricted Stock and Restricted Stock Units which acceleration shall not affect any other terms and conditions of such Awards. No share of Common Stock shall be issued at the time an Award of Restricted Stock Units is made, and the Company will not be required to set aside a fund for the payment of any such Award.

(b) Stock Certificates; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions. The Committee may also cause a stock certificate registered in the name of the Participant to be issued. In such event, the Committee may provide that such certificates shall be held by the Company or in escrow rather than delivered to the Participant pending vesting and release of restrictions, in which case the Committee may require the Participant to execute and deliver to the Company or its designee (including third-party administrators) (i) an escrow agreement satisfactory to the Committee, if applicable, and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock. If the Participant shall fail to execute and deliver the escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and the Award Agreement, the Participant shall have the rights and privileges of a stockholder as to such Restricted Stock, including without limitation the right to vote such Restricted Stock.

(c) Restrictions; Forfeiture. Restricted Stock and Restricted Stock Units awarded to the Participant shall be subject to forfeiture until the expiration of the Restricted Period and the attainment of any other vesting criteria established by the Committee, and shall be subject to the restrictions on transferability set forth in the Award Agreement. In the event of any forfeiture, all rights of the Participant to such Restricted Stock (or as a stockholder with respect thereto), and to such Restricted Stock Units, as applicable, including to any dividends and/or dividend equivalents that may have been accumulated and withheld during the Restricted Period in respect thereof, shall terminate without further action or obligation on the part of the Company. The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock and Restricted Stock Units whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of grant of the Restricted Stock Award or Restricted Stock Unit Award, such action is appropriate.

(d) Delivery of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock and the attainment of any other vesting criteria, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect, except as set forth in the Award Agreement. If an escrow arrangement is used, upon such expiration the Company shall deliver to the Participant or such Participant's beneficiary (via book-entry notation or, if applicable, in stock certificate form) the shares of Restricted Stock with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to the Restricted Stock shall be distributed to the Participant in cash or in shares of Common Stock having a Fair Market Value (on the date of distribution) (or a combination of cash and shares of Common Stock) equal to the amount of such dividends, upon the release of restrictions on the Restricted Stock.

(ii) Unless otherwise provided by the Committee in an Award Agreement, upon the expiration of the Restricted Period and the attainment of any other vesting criteria established by the Committee, with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or such Participant's beneficiary (via book-entry notation or, if applicable, in stock certificate form), one share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit that has not then been forfeited and with respect to which the Restricted Period has expired and any other such vesting criteria are attained ("***Released Unit***"); provided, however, that the Committee may elect to (A) pay cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock in respect of such Released Units or (B) defer the delivery of Common Stock (or cash or part Common Stock and part cash, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the shares of Common Stock would have otherwise been delivered to the Participant in respect of such Restricted Stock Units.

(iii) To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, if determined by the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends as of the date of payment (or a combination of cash and shares of Common Stock) (and interest may, if determined by the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled (in the case of Restricted Stock Units, following the release of restrictions on such Restricted Stock Units), and if such Restricted Stock Units are forfeited, the holder thereof shall have no right to such dividend equivalent payments.

(e) Legends on Restricted Stock. Each certificate representing Restricted Stock awarded under the Plan, if any, shall bear a legend substantially in the form of the following in addition to any other information the Company deems appropriate until the lapse of all restrictions with respect to such Common Stock:

> TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE LATHAM GROUP, INC. 2021 OMNIBUS INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, DATED AS OF _____, BETWEEN LATHAM GROUP, INC. AND _____. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF LATHAM GROUP, INC.

10. Other Stock-Based Awards and Other Cash-Based Awards. The Committee may issue unrestricted Common Stock, rights to receive future grants of Awards, or other Awards denominated in Common Stock (including performance shares or performance units), or Awards that provide for cash payments based in whole or in part on the value or future value of shares of Common Stock ("***Other Stock-Based Awards***") and Other Cash-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts as the Committee shall from time to time determine. Each Other Stock-Based Award shall be evidenced by an Award Agreement, which may include conditions including, without limitation, the payment by the Participant of the Fair Market Value of such shares of Common Stock on the date of grant.

11. Changes in Capital Structure and Similar Events. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event (including, without limitation, a Change in Control) that affects the shares of Common Stock, or (b) unusual or nonrecurring events (including, without limitation, a Change in Control) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation service, accounting principles or law, such that in any case an adjustment is determined by the Committee to be necessary or appropriate, then the Committee shall (other than with respect to Other Cash-Based Awards) make any such adjustments in such manner as it may deem equitable, including without limitation any or all of the following:

(i) adjusting any or all of (A) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) that may be delivered in respect of Awards or with respect to which Awards may be granted under the Plan (including, without limitation, adjusting any or all of the limitations under Section 5 of the Plan) and (B) the terms of any outstanding Award, including, without limitation, (1) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate, (2) the Exercise Price or Strike Price with respect to any Award and/or (3) any applicable performance measures (including, without limitation, Performance Conditions and performance periods);

(ii) providing for a substitution or assumption of Awards (or awards of an acquiring company), accelerating the delivery, vesting and/or exercisability of, lapse of restrictions and/or other conditions on, or termination of, Awards or providing for a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise outstanding Awards prior to the occurrence of such event (and any such Award not so exercised shall terminate or become no longer exercisable upon the occurrence of such event); and

(iii) cancelling any one or more outstanding Awards (or awards of an acquiring company) and causing to be paid to the holders thereof, in cash, shares of Common Stock, other securities or other property, or any combination thereof, the value of such Awards, if any, as determined by the Committee (which if applicable may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR, respectively (it being understood that, in such event, any Option or SAR having a per-share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value (as of the date specified by the Committee) of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor);

provided, however, that the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect any "equity restructuring" (within the meaning of the Financial Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)). Except as otherwise determined by the Committee, any adjustment in Incentive Stock Options under this Section 11 (other than any cancellation of Incentive Stock Options) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 11 shall be made in a manner that does not adversely affect the exemption provided pursuant to Rule 16b-3 promulgated under the Exchange Act. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes. In anticipation of the occurrence of any event listed in the first sentence of this Section 11, for reasons of administrative convenience, the Committee in its sole discretion may refuse to permit the exercise of any Award during a period of up to 30 days prior to, and/or up to 30 days after, the anticipated occurrence of any such event.

12. Effect of Termination of Service or a Change in Control on Awards.

(a) Termination. To the extent permitted under Section 409A of the Code, the Committee may provide, by rule or regulation or in any applicable Award Agreement, or may determine in any individual case, the circumstances in which, and to the extent to which, an Award may be exercised, settled, vested, paid or forfeited in the event of the Participant's termination of service prior to the end of a performance period or vesting, exercise or settlement of such Award.

(b) Change in Control. In the event of a Change in Control, notwithstanding any provision of the Plan to the contrary, the Committee may provide for: (i) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent; (ii) substitution by the surviving corporation or its parent of awards with substantially the same terms and value for such outstanding Awards (in the case of an Option or SAR, the Intrinsic Value at grant of such Substitute Award shall equal the Intrinsic Value of the Award); (iii) acceleration of the vesting (including the lapse of any restrictions, with any performance criteria or other performance conditions deemed met at target) or right to exercise such outstanding Awards immediately prior to or as of the date of the Change in Control, and the expiration of such outstanding Awards to the extent not timely exercised by the date of the Change in Control or other date thereafter designated by the Committee; or (iv) in the case of an Option or SAR, cancelation in consideration of a payment in cash or other consideration to the Participant who holds such Award in an amount equal to the Intrinsic Value of such Award (which may be equal to but not less than zero), which, if in excess of zero, shall be payable upon the effective date of such Change in Control. For the avoidance of doubt, in the event of a Change in Control, the Committee may, in its sole discretion, terminate any Option or SARs for which the exercise or strike price is equal to or exceeds the per share value of the consideration to be paid in the Change in Control transaction without payment of consideration therefor.

13. Amendments and Termination.

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any applicable rules or requirements of any securities exchange or inter-dealer quotation service on which the shares of Common Stock may be listed or quoted, for changes in GAAP to new accounting standards); provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary, unless the Committee determines that such amendment, alteration, suspension, discontinuance or termination is either required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or regulation. Notwithstanding the foregoing, no amendment shall be made to the last proviso of Section 13(b) without stockholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent not inconsistent with the terms of any applicable Award Agreement or the Plan, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after the Participant's termination of employment or service with the Company); provided, that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant unless the Committee determines that such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination is either required or advisable in order for the Company, the Plan or the Award to satisfy any applicable law or regulation; provided, further, that except as otherwise permitted under Section 11 of the Plan, if (i) the Committee reduces the Exercise Price of any Option or the Strike Price of any SAR, (ii) the Committee cancels any outstanding Option or SAR and replaces it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash in a manner that would either (A) be reportable on the Company's proxy statement or Form 10-K (if applicable) as Options that have been "repriced" (as such term is used in Item 402 of Regulation S-K promulgated under the Exchange Act), or (B) result in any "repricing" for financial statement reporting purposes (or otherwise cause the Award to fail to qualify for equity accounting treatment), (iii) the Committee takes any other action that is considered a "repricing" for purposes of the stockholder approval rules of the applicable securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or (iv) the Committee cancels any outstanding Option or SAR that has a per-share Exercise Price or Strike Price (as applicable) at or above the Fair Market Value of a share of Common Stock on the date of cancellation, and pays any consideration to the holder thereof, whether in cash, securities, or other property, or any combination thereof, then, in the case of the immediately preceding clauses (i) through (iv), any such action shall not be effective without stockholder approval.

14. General.

(a) Award Agreements; Other Agreements. Each Award under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto. In the event of any conflict between the terms of the Plan and any Award Agreement or employment, change-in-control, severance or other agreement in effect with the Participant, the term of the Plan shall control.

(b) Nontransferability.

(i) Each Award shall be exercisable only by the Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may permit Awards (other than Incentive Stock Options) to be transferred by the Participant, without consideration, subject to such rules as the Committee may adopt, to (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statements promulgated by the Securities and Exchange Commission (collectively, the "***Immediate Family Members***"); (B) a trust solely for the benefit of the Participant or the Participant's Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant's Immediate Family Members; or (D) any other transferee as may be approved either (1) by the Board or the Committee, or (2) as provided in the applicable Award Agreement; (each transferee described in clause (A), (B), (C) or (D) above is hereinafter referred to as a "***Permitted Transferee***"); provided, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with the immediately preceding paragraph shall apply to the Permitted Transferee, and any reference in the Plan, or in any applicable Award Agreement, to the Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; (D) the consequences of the termination of the Participant's employment by, or services to, the Company or an Affiliate under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the transferred Award, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement; and (E) any non-competition, non-solicitation, non-disparagement, non-disclosure, or other restrictive covenants contained in any Award Agreement or other agreement between the Participant and the Company or any Affiliate shall continue to apply to the Participant and the consequences of the violation of such covenants shall continue to be applied with respect to the transferred Award, including without limitation the clawback and forfeiture provisions of Section 14(u) of the Plan.

(c) Dividends and Dividend Equivalents. The Committee may provide the Participant with dividends or dividend equivalents as part of an Award, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; provided, that no dividends or dividend equivalents shall be payable (i) in respect of outstanding Options or SARs or (ii) in respect of any other Award unless and until the Participant vests in such underlying Award; provided, further, that dividend equivalents may be accumulated in respect of unearned Awards and paid as soon as administratively practicable, but no more than 60 days, after such Awards are earned and become payable or distributable (and the right to any such accumulated dividends or dividend equivalents shall be forfeited upon the forfeiture of the Award to which such dividends or dividend equivalents relate).

(d) Tax Withholding.

(i) The Participant shall be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right (but not the obligation) and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property deliverable under any Award or from any compensation or other amounts owing to the Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes (up to the maximum permissible withholding amounts) in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action that the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes.

(ii) Without limiting the generality of paragraph (i) above, the Committee may permit the Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) payment in cash, (B) the delivery of shares of Common Stock (which shares are not subject to any pledge or other security interest) owned by the Participant having a Fair Market Value on such date equal to such withholding liability or (C) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value on such date equal to such withholding liability. In addition, subject to any requirements of applicable law, the Participant may also satisfy the tax withholding obligations by other methods, including selling shares of Common Stock that would otherwise be available for delivery, provided that the Board or the Committee has specifically approved such payment method in advance.

(e) No Claim to Awards; No Rights to Continued Employment, Directorship or Engagement. No employee, director of the Company, consultant providing service to the Company or an Affiliate, or other person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company or an Affiliate, or to continue in the employ or the service of the Company or an Affiliate, nor shall it be construed as giving any Participant who is a director any rights to continued service on the Board.

(f) International Participants. With respect to Participants who reside or work outside of the United States, the Committee may amend the terms of the Plan or appendices thereto, or outstanding Awards, with respect to such Participants, in order to conform such terms with or accommodate the requirements of local laws, procedures or practices or to obtain more favorable tax or other treatment for the Participant, the Company or its Affiliates. Without limiting the generality of this subsection, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability, retirement or other terminations of employment, available methods of exercise or settlement of an Award, payment of income, social insurance contributions or payroll taxes, withholding procedures and handling of any stock certificates or other indicia of ownership that vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Affiliates or locations.

(g) Beneficiary Designation. The Participant's beneficiary shall be the Participant's spouse (or domestic partner if such status is recognized by the Company and in such jurisdiction), or if the Participant is otherwise unmarried at the time of death, the Participant's estate, except to the extent that a different beneficiary is designated in accordance with procedures that may be established by the Committee from time to time for such purpose. Notwithstanding the foregoing, in the absence of a beneficiary validly designated under such Committee-established procedures and/or applicable law who is living (or in existence) at the time of death of a Participant residing or working outside the United States, any required distribution under the Plan shall be made to the executor or administrator of the estate of the Participant, or to such other individual as may be prescribed by applicable law.

(h) Termination of Employment or Service. The Committee, in its sole discretion, shall determine the effect of all matters and questions related to the termination of employment of or service of a Participant. Except as otherwise provided in an Award Agreement, or any employment, consulting, change-in-control, severance or other agreement between the Participant and the Company or an Affiliate, unless determined otherwise by the Committee: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with the Company to employment or service with an Affiliate (or vice versa) shall be considered a termination of employment or service with the Company or an Affiliate; and (ii) if the Participant's employment with the Company or its Affiliates terminates, but such Participant continues to provide services with the Company or its Affiliates in a non-employee capacity (including as a non-employee director) (or vice versa), such change in status shall not be considered a termination of employment or service with the Company or an Affiliate for purposes of the Plan.

(i) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no person shall be entitled to the privileges of ownership in respect of shares of Common Stock that are subject to Awards hereunder until such shares have been issued or delivered to that person.

(j) Government and Other Regulations.

(i) Nothing in the Plan shall be deemed to authorize the Committee or Board or any members thereof to take any action contrary to applicable law or regulation, or rules of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted.

(ii) The obligation of the Company to settle Awards in Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to and in compliance with the terms of an available exemption. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of the Company or any Affiliate delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, U.S. federal securities laws, or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any securities exchange or inter-dealer quotation service upon which such shares or other securities of the Company are then listed or quoted and any other applicable federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on any such certificates of Common Stock or other securities of the Company or any Affiliate delivered under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of the Company or any Affiliate delivered under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that it in its sole discretion deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(iii) The Committee may cancel an Award or any portion thereof if it determines that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, unless prevented by applicable laws, the Company shall pay to the Participant an amount equal to the excess of (A) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or delivered, as applicable), over (B) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of delivery of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof.

(k) Lock-Up Agreement. As a condition to the grant of an Award, if requested by the Company and the lead underwriter of any public offering of Common Stock (the "***Lead Underwriter***"), a Participant must irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Stock or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during such period of time after the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter may specify (the "***Lock-Up Period***"). Each Participant must sign such documents as may be requested by the Lead Underwriter or the Company to effect the foregoing. The Company may impose stop-transfer instructions with respect to Common Stock acquired under an Award until the end of such Lock-Up Period. In addition, the Company may impose additional restrictions.

(l) Payments to Persons Other Than Participants. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for such person's affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative or a beneficiary designation form has been filed with the Company) may, if the Committee so directs the Company, be paid to such person's spouse, child, or relative, or an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(m) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options or awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(n) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate, on the one hand, and the Participant or other person or entity, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or to otherwise segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company.

(o) Reliance on Reports. Each member of the Committee and each member of the Board (and each such member's respective designees) shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent registered public accounting firm of the Company and its Affiliates and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than such member or designee.

(p) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(q) Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(r) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or entity or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(s) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company.

(t) Section 409A of the Code.

(i) It is intended that the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan or any other plan maintained by the Company, including any taxes and penalties under Section 409A of the Code, and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold such Participant or any beneficiary harmless from any or all of such taxes or penalties. With respect to any Award that is considered "deferred compensation" subject to Section 409A of the Code, references in the Plan to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as a separate payment.

(ii) Notwithstanding anything in the Plan to the contrary, if the Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments or deliveries in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code shall be made to such Participant prior to the date that is six months after the date of such Participant's "separation from service" within the meaning of Section 409A of the Code or, if earlier, the Participant's date of death. All such delayed payments or deliveries will be paid or delivered (without interest) in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) In the event that the timing of payments in respect of any Award that would otherwise be considered "deferred compensation" subject to Section 409A of the Code would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "disability" pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

(u) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, the Committee may cancel an Award if the Participant, without the consent of the Company, (A) has engaged in or engages in activity that is in conflict with or adverse to the interests of the Company or any Affiliate while employed by or providing services to the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities or (B) violates a non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate, as determined by the Committee, or if the Participant's employment or service is terminated for Cause. The Committee may also provide in an Award Agreement that in any such event the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting, exercise or settlement of such Award, the sale or other transfer of such Award, or the sale of shares of Common Stock acquired in respect of such Award, and must promptly repay such amounts to the Company. The Committee may also provide in an Award Agreement that if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. In addition, the Company shall retain the right to bring an action at equity or law to enjoin the Participant's activity and recover damages resulting from such activity. Further, to the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, Awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into all outstanding Award Agreements).

(v) No Representations or Covenants With Respect to Tax Qualification. Although the Company may endeavor to (i) qualify an Award for favorable U.S. or non-U.S. tax treatment or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.

(w) No Interference. The existence of the Plan, any Award Agreement, and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company, the Board, the Committee, or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization, or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants, or rights to purchase stock or of bonds, debentures, or preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or that are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company or any Affiliate, or any sale or transfer of all or any part of their assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(x) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company and its Affiliates. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

(y) Whistleblower Acknowledgments. Notwithstanding anything to the contrary herein, nothing in this Plan or any Award Agreement will (i) prohibit a Participant from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, or (ii) require prior approval by the Company or any of its Affiliates of any reporting described in clause (i).

* * *

As adopted by the Board of Directors of the Company on [_____], 2021.

As approved by the stockholders of the Company on [_____], 2021.

LATHAM GROUP, INC.
2021 OMNIBUS EQUITY INCENTIVE PLAN
NONQUALIFIED OPTION AWARD AGREEMENT

THIS NONQUALIFIED OPTION AWARD AGREEMENT (this "Agreement"), is entered into as of [____], 20[ ] (the "Date of Grant"), by and between Latham Group, Inc., a Delaware corporation (the "Company"), and **[_____]** (the "Participant"). Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms in the Latham Group, Inc. 2021 Omnibus Equity Incentive Plan, as amended, restated or otherwise modified from time to time in accordance with its terms (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which options to acquire shares of Common Stock may be granted ("Options"); and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant the award provided for herein to the Participant on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Option.

(a) Grant. The Company hereby grants to the Participant an Option to purchase **[_____]** shares of Common Stock (such shares, the "Option Shares"), on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan. The Option is not intended to qualify as an Incentive Stock Option. The Options shall vest in accordance with Section 2. The Exercise Price shall be $[____] per Option Share.

(b) Incorporation by Reference. The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and the Participant's beneficiary in respect of any questions arising under the Plan or this Agreement. The Participant acknowledges that the Participant has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

2. Vesting. Except as may otherwise be provided herein, subject to the Participant's continued employment with, appointment as a director of, or engagement to provide services to, the Company or an Affiliate, the Options shall vest and become exercisable in equal installments on each of the first [●] anniversaries of the Date of Grant (each such date, a "Vesting Date"). Any fractional Option Shares resulting from the application of the vesting schedule shall be aggregated and the Option Shares resulting from such aggregation shall vest on the final Vesting Date.

3. Termination of Employment or Services.

If the Participant's employment with, membership on the board of directors of, or engagement to provide services to, the Company and its Affiliates terminates for any reason, the unvested portion of the Option shall be canceled immediately and the Participant shall immediately forfeit without any consideration any rights to the Option Shares subject to such unvested portion.

4. Expiration.

(a) In no event shall all or any portion of the Option be exercisable after the tenth annual anniversary of the Date of Grant (such ten-year period, the "Option Period"); provided, that if the Option Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company's securities trading policy (or Company-imposed "blackout period"), the Option Period shall be automatically extended until the 30th day following the expiration of such prohibition (but not to the extent that any such extension would otherwise violate Section 409A of the Code).

(b) If, prior to the end of the Option Period, the Participant's employment with, directorship with, or engagement to provide services to, the Company and all Affiliates is terminated without Cause or by the Participant for any reason, then the Option shall expire on the earlier of the last day of the Option Period or the date that is 90 days after the date of such termination; provided, however, that if the Participant's employment, directorship or engagement to provide services to the Company and its Affiliates is terminated and the Participant is subsequently rehired, reappointed or reengaged by the Company or any Affiliate within 90 days following such termination and prior to the expiration of the Option, the Participant shall not be considered to have undergone a termination of employment or service, as applicable. In the event of a termination described in this subsection (b), the Option shall remain exercisable by the Participant until its expiration only to the extent that the Option was exercisable at the time of such termination.

(c) If (i) the Participant's employment with, directorship with, or engagement to provide services to, the Company is terminated prior to the end of the Option Period on account of his Disability, (ii) the Participant dies while still a director of, or still in the employ or engagement of the Company or an Affiliate or (iii) the Participant dies following a termination described in subsection (b) above but prior to the expiration of an Option, the Option shall expire on the earlier of the last day of the Option Period or the date that is one (1) year after the date of death or termination on account of Disability of the Participant, as applicable. In such event, the Option shall remain exercisable by the Participant or Participant's beneficiary, as applicable, until its expiration only to the extent that the Option was exercisable by the Participant at the time of such event.

(d) If the Participant ceases employment with or engagement to provide services to the Company or any Affiliates or is removed as a director due to a termination for Cause, the Option (whether vested or unvested) shall expire immediately upon such termination.

5. Method of Exercise and Form of Payment. No Option Shares shall be delivered pursuant to any exercise of the Option until payment in full to the Company of the Exercise Price and an amount equal to any U.S. federal, state, local and non-U.S. income and employment taxes required to be withheld. The Option may be exercised by delivery of written or electronic notice of exercise to the Company or its designee (including a third-party-administrator) in accordance with the terms hereof. The Exercise Price and all applicable required withholding taxes shall be payable (i) in cash, check, cash equivalent and/or in shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual delivery of such shares to the Company); provided that such shares of Common Stock are not subject to any pledge or other security interest; or (ii) by such other method as the Committee may permit, including without limitation: (A) in other property having a Fair Market Value equal to the Exercise Price and all applicable required withholding taxes or (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding taxes; or (C) by means of a "net exercise" procedure effected by withholding the number of shares of Common Stock otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding taxes. Any fractional shares of Common Stock resulting from the application of this Section 5 shall be settled in cash.

6. Rights as a Stockholder. The Participant shall not be deemed for any purpose to be the owner of any shares of Common Stock subject to this Option unless, until and to the extent that (i) this Option shall have been exercised pursuant to its terms, (ii) the Company shall have issued and delivered to the Participant the Option Shares and (iii) the Participant's name shall have been entered as a stockholder of record with respect to such Option Shares on the books of the Company. The Company shall cause the actions described in clauses (ii) and (iii) of the preceding sentence to occur promptly following settlement as contemplated by this Agreement, subject to compliance with applicable laws.

7. Compliance with Legal Requirements.

(a) Generally. The granting and exercising of the Option, and any other obligations of the Company under this Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Agreement.

(b) Tax Withholding. Any exercise of the Option shall be subject to the Participant satisfying any applicable U.S. federal, state and local tax withholding obligations and non-U.S. tax withholding obligations. The Company shall have the right and is hereby authorized to withhold from any amounts payable to the Participant in connection with the Option or otherwise the amount of any required withholding taxes in respect of the Option, its exercise or any payment or transfer of the Option or under the Plan and to take any such other action as the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes (up to the maximum permissible withholding amounts). The Participant may elect to satisfy, and the Company may require the Participant to satisfy, in whole or in part, the tax obligations by withholding shares of Common Stock that would otherwise be received upon exercise of the Option with a Fair Market Value equal to such withholding liability. For exercises of the Option occurring during a blackout period under the Company's insider trading policy, the Company shall arrange for the sale of a number of shares of Common Stock to be delivered to the Participant to satisfy the applicable withholding obligations. Such shares of Common Stock shall be sold on behalf of the Participant through the Company's transfer agent on the facilities of the Nasdaq or through the facilities of any other exchange on which the Common Stock is listed at the time of such sale.

8. Clawback. Notwithstanding anything to the contrary contained herein, the Committee may cancel the Option award if the Participant, without the consent of the Company, has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate while employed by, serving as a director of, or otherwise providing services to the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, or violates the covenants set forth on Exhibit A attached hereto or any other non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate (after giving effect to any applicable cure period set forth therein), as determined by the Committee. In such event, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting or exercise of the Option, the sale or other transfer of the Option, or the sale of shares of Common Stock acquired in respect of the Option, and must promptly repay such amounts to the Company. If the Participant receives any amount in excess of what the Participant should have received under the terms of the Option for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. To the extent required by applicable law and/or the rules and regulations of the Nasdaq or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, the Option shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

9. Restrictive Covenants.

(a) Without limiting any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the Participant shall be subject to the confidentiality and restrictive covenants set forth on Exhibit A attached hereto, which Exhibit A is incorporated herein and forms part of this Agreement.

(b) In the event that the Participant violates any of the restrictive covenants referred to in this Section 9, in addition to any other remedy that may be available at law or in equity, the Option shall be automatically forfeited effective as of the date on which such violation first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and the Participant shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to recover damages as a result of the Participant's breach of such restrictive covenants.

10. Miscellaneous.

(a) Transferability. The Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "Transfer") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under Section 14(b) of the Plan. Any attempted Transfer of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

(b) Lock-Up Agreement. Unless otherwise determined by the Board, Options and any shares of Common Stock acquired in respect of an Option will be subject to the lockup restrictions as set forth in Section 14(k) of the Plan and any additional restrictions as set forth on Exhibit B attached hereto.

(c) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(d) Section 409A. The Option is not intended to be subject to Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Committee may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 10(d) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the Option or the Option Shares will not be subject to interest and penalties under Section 409A.

(e) Notices. Any notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel and to the Head of Human Resources at the Company's principal executive office.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(g) No Rights to Employment, Directorship or Service. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the rights of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

(h) Fractional Shares. In lieu of issuing a fraction of a share of Common Stock resulting from any exercise of the Option or an adjustment of the Option pursuant to Section 12 of the Plan or otherwise, the Company shall be entitled to pay to the Participant an amount in cash equal to the Fair Market Value of such fractional share.

(i) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

(j) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(k) Entire Agreement. This Agreement (including Exhibit A and Exhibit B attached hereto) and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto, other than any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the covenants of which shall continue to apply to the Participant in addition to the covenants in Exhibit A hereto, in accordance with the terms of such agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 12 or 13 of the Plan.

(l) Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with the Plan, this Agreement or the Option shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

(ii) Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

(m) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(n) Counterparts. This Agreement may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

(o) Electronic Signature and Delivery. This Agreement may be accepted by return signature or by electronic confirmation. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Participant).

(p) Electronic Participation in Plan. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, this Nonqualified Option Award Agreement has been executed by the Company and the Participant as of the day first written above.

LATHAM GROUP, INC.

By: _____
Name:
Title:

_____
[PARTICIPANT]

[Signature page to [____] Option Agreement]

Exhibit A

1. During the Participant's employment with, or other engagement to provide services to, the Company or any of its Affiliates and for a period of twenty-four (24) months thereafter (the "Restricted Period"), the Participant shall not, either directly or indirectly, for himself or herself or on behalf of or in conjunction with any other Person:

    a. solicit or attempt to solicit, recruit or attempt to recruit, hire or attempt to hire or in any way persuade any officer, director, employee, agent, or contract worker of the Latham Companies to end such Person's relationship with any Latham Company; or

    b. solicit or attempt to solicit any business related to the business of the Latham Companies from any Person who is or was a customer or vendor of any Latham Company or an actively sought prospective customer or prospective vendor with whom the Participant had material business contact (through sales calls, presentations, or other business dealings) at any time during the five (5) year period preceding the termination of Participant's employment.

2. During the Restricted Period, the Participant shall not, either directly or indirectly, individually or through any other person, firm, corporation or other entity, whether as owner, partner, investor, operator, manager, officer, director, consultant, agent, employee, co-venturer, advisor, representative or otherwise, engage, participate, assist or invest or actively prepare to engage, participate, assist or invest in the pool industry, or any other industries in which the Company or any of its Affiliates have done business during the Participant's employment with the Company or which the Company or any of its Affiliates were actively considering during such period. The restrictions set forth this Paragraph 2 shall apply to any conduct in North America and any other geographical area in which the Company or any of its Affiliates operate or provide services or are actively preparing to operate or provide services as of the date of Participant's employment with the Company or any of its Affiliates.

3. The Participant hereby agrees to hold in confidence all Confidential Information and Trade Secrets of the Latham Companies that came into the Participant's knowledge during the period of time during which the Participant was employed by, or otherwise providing services to, the Company or any of its Affiliates and will not disclose, publish or make use of such Confidential Information or Trade Secrets without the prior written consent of the Company for as long as the information remains Confidential Information or a Trade Secret. Notwithstanding the foregoing, the provisions of this paragraph will not prevent the Participant from making a disclosure that (a) is made in the ordinary course of the Participant's duties with the Company or any of its Affiliates; (b) is made (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, Confidential Information or Trade Secrets shall not include information (x) that otherwise becomes generally known in the industry or to the public through no act of the Participant or any Person or entity acting by or on the Participant's behalf or (y) information that the Participant can demonstrate to have had rightfully in the Participant's possession prior to the date on which the Participant first provided services to any Latham Company.

4. The Participant acknowledges that all Work Product belongs to the Company. The Participant shall promptly disclose such Work Product to the Board and, at the Company's expense, perform all actions reasonably requested by the Board (whether during or after the Participant's employment) to establish and confirm such ownership, including executing any assignment, consents, powers of attorney and other instruments.

5. During the period of time during which the Participant is employed by, or otherwise providing services to, the Company or any of its Affiliates and thereafter, the Participant shall not, directly or indirectly, take any action, or encourage others to take any action, to disparage or criticize any Latham Company or their respective Affiliates, employees, officers, directors, products, services, customers or owners.

6. For purposes of this Exhibit A:

    a. "Confidential Information" shall be defined as any data or information (other than Trade Secrets) that is valuable to the Latham Companies (or, if owned by someone else, is valuable to that third party) and not generally known to the public or to competitors in the industry, including, but not limited to, any non-public information (regardless of whether in writing or retained as personal knowledge) pertaining to research and development; product costs, designs and processes; equityholder information; vendor and product information; customer and prospective customer lists; pricing, cost, or profit factors; quality programs; annual budget and long-range business plans; marketing plans and methods; contracts and bids; business ideas and methods, store concepts, inventions, innovations, developments, graphic designs, website designs, patterns, specifications, procedures, databases and personnel.

    b. The "Latham Companies" shall be defined as the Company and its direct and indirect subsidiaries and parent companies, and any Person in which the Company has a twenty percent or greater ownership interest, whether existing on the Date of Grant or thereafter acquired or formed.

    c. "Trade Secret" means trade secret as defined by applicable state law. In the absence of such a definition, Trade Secret means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

    d. "Work Product" means all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, patents, copyrights, intellectual property applications (including any grant or rights issuing therefrom) and all similar or related information (whether or not patentable) which relate to the actual or reasonably anticipated business, research and development or existing or future products or services of the Company or any of its Affiliates and which are conceived, developed or made by the Participant while employed.

7. During the Restricted Period, the Participant will not communicate the contents of this Agreement to any person, firm, association, partnership, corporation or other entity which the Participant intends to be employed by, associated with, or represent and which is engaged in a business that is competitive to the Company or any of its Affiliates. Prior to accepting any offer of employment during the Restricted Period, the Participant shall inform such employers of all covenants in this Exhibit A and, within two (2) business days of accepting an offer of employment with another employer, shall notify the Company of the name and address of the new employer and the title of the position accepted.

8. The covenants in this Exhibit A are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Exhibit A relating to the time period, scope, or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

9. The Participant acknowledges and agrees that the remedy at law available to the Company for breach of any of Participant's obligations under this Exhibit A would be inadequate. The Participant therefore agrees that, in addition to any other rights or remedies that the Company may have at law or in equity, temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision contained in this Exhibit A, without the necessity of proof of actual damage and without the posting of a bond.

10. If it is judicially determined that the Participant has violated any of the Participant's obligations under this Exhibit A, then the period applicable to each obligation that the Participant shall have been determined to have violated shall automatically be extended by a period of time equal in length to the period during which such violation(s) occurred.

11. All of the covenants in this Exhibit A shall be construed as an agreement independent of any other provisions in Exhibit A, and the existence of any claim or cause of action the Participant may have against any Latham Company, whether predicated on this Exhibit A or otherwise, shall not constitute a defense to the enforcement by any Latham Company of such covenants.

12. This Exhibit A shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

    a. All disputes between or among any Persons arising out of or in any way connected with this Exhibit A shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Exhibit A not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

    b. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Exhibit A or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

13. The Participant has carefully read and considered the provisions of this Exhibit A and, having done so, agrees that the restrictive covenants in this Exhibit A impose a fair and reasonable restraint on the Participant and are reasonably required to protect the interests of the Latham Companies and their respective officers, directors, employees, and equityholders.

Exhibit B

Insert any additional lock up restrictions

Exhibit 10.7

FORM OF RESTRICTED STOCK AWARD AGREEMENT

LATHAM GROUP, INC.
2021 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), is entered into as of [_____], 20[__] (the "Date of Grant"), by and between Latham Group, Inc., a Delaware corporation (the "Company"), and [_____] (the "Participant").

Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms in the Latham Group, Inc. 2021 Omnibus Equity Incentive Plan, as amended, restated or otherwise modified from time to time in accordance with its terms (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which shares of restricted stock (the "Restricted Shares") may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant the Restricted Shares provided for herein to the Participant on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Shares.

(a) Grant. The Company hereby grants to the Participant a total of [_____] Restricted Shares, on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan. The Restricted Shares shall vest in accordance with Section 2.

(b) Incorporation by Reference. The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and the Participant's beneficiary in respect of any questions arising under the Plan or this Agreement. The Participant acknowledges that the Participant has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

2. Vesting; Settlement. Except as may otherwise be provided herein, subject to the Participant's continued employment with, or engagement to provide services to, the Company and any of its Affiliates, the Restricted Shares shall vest as follows: [_____] (any date on which Restricted Shares vest, a "Vesting Date"). Any fractional Restricted Shares resulting from the application of the vesting schedule shall be aggregated and the Restricted Shares resulting from such aggregation shall vest on the final Vesting Date. Upon vesting, the Restricted Shares shall no longer be subject to the transfer restrictions pursuant to Section 14(b) of the Plan or cancellation pursuant to Section 6 hereof.

3. Issuance. The Restricted Shares shall be issued by the Company and shall be registered in the Participant's name on the stock transfer books of the Company promptly after the date hereof in book-entry form, subject to the Company's directions at all times prior to the date the Restricted Shares vest. As a condition to the receipt of the Restricted Shares, the Participant shall at the request of the Company deliver to the Company one or more stock powers, duly endorsed in blank, relating to the Restricted Shares. The Committee may cause a legend or legends to be put on any stock certificate relating to the Restricted Shares to make appropriate reference to such restrictions as the Committee may deem advisable under the Plan or as may be required by the rules, regulations, and other requirements of the Securities and Exchange Commission, any exchange that lists the Restricted Shares, and any applicable federal or state laws.

4. Rights as a Stockholder; Dividends. The Participant shall be the record owner of the Restricted Shares and shall have all rights of a stockholder of the Company, including, if applicable, the right to vote the Restricted Shares and to receive any dividends upon vesting of such Restricted Shares, subject to the restrictions set forth in the Plan and this Agreement. Any cash or in-kind dividends paid with respect to unvested Restricted Shares shall be withheld by the Company and shall be paid to the Participant, without interest, only when, and if, such Restricted Shares vest.

5. [Section 83(b) Election. As a condition subsequent to the issuance of the Restricted Shares, the Participant shall file an election under Section 83(b) of the Code within 30 days of the Date of Grant and shall promptly provide written evidence of any such election to the Company. The Participant acknowledges and agrees that the Company shall bear no responsibility or liability for any tax consequences to the Participant relating to Section 83 of the Code or to the making of (or failure to make) an election pursuant to Section 83(b) of the Code with respect to the Restricted Shares.][1]

6. Termination of Employment. Except as set forth herein, if the Participant's employment with, or engagement to provide services to, the Company or any of its Affiliates terminates for any reason, all unvested Restricted Shares shall be canceled immediately and the Participant shall not be entitled to receive any payments with respect thereto.

7. Compliance with Legal Requirements.

(a) Generally. The granting of the Restricted Shares, and any other obligations of the Company under this Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Committee shall have the right to impose such restriction on any Restricted Share as it deems necessary or advisable under applicable federal securities laws, the rules and regulations of any stock exchange or market upon which such Restricted Shares are then listed or traded, and/or any blue sky or state securities laws applicable to such Restricted Shares. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Agreement.

(b) Tax Withholding. The vesting of the Restricted Shares shall be subject to the Participant satisfying any applicable U.S. federal, state and local tax withholding obligations and non-U.S. tax withholding obligations. The Participant shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold any cash, shares of Common Stock, other securities or other property or from any compensation or other amounts owing to the Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes in respect of the Restricted Shares or any payment or transfer of the Restricted Shares, and to take any such other action as the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes. In its sole discretion, the Company may permit the Participant to satisfy, in whole or in part, the tax obligations by withholding shares of Common Stock upon vesting of Restricted Shares.

[1] Include if applicable.

8. Clawback. Notwithstanding anything to the contrary contained herein, the Committee may cancel this Restricted Share award if the Participant, without the consent of the Company, has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate while employed by, or otherwise providing services to, the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, or violates the covenants set forth on Exhibit A attached hereto or any other non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate (after giving effect to any applicable cure period set forth therein), as determined by the Committee. In such event, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting of the Restricted Shares, the sale or other transfer of the Restricted Shares, or the sale of shares of Common Stock acquired in respect of the Restricted Shares, and must promptly repay such amounts to the Company. If the Participant receives any amount in excess of what the Participant should have received under the terms of this Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. To the extent required by applicable law and/or the rules and regulations of the Nasdaq or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, the Restricted Shares shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

9. Restrictive Covenants.

(a) Without limiting any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the Participant shall be subject to the confidentiality and restrictive covenants set forth on Exhibit A attached hereto, which Exhibit A is incorporated herein and forms part of this Agreement.

(b) In the event that the Participant violates any of the restrictive covenants referred to in this Section 9, in addition to any other remedy that may be available at law or in equity, the Restricted Shares shall be automatically forfeited effective as of the date on which such violation first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and the Participant shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to recover damages as a result of the Participant's breach of such restrictive covenants.

10. Miscellaneous.

(a) Transferability. The Restricted Shares may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "Transfer") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under Section 14(b) of the Plan. Any attempted Transfer of the Restricted Shares contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Restricted Shares, shall be null and void and without effect.

(b) Lock-Up Agreement. Unless otherwise determined by the Board, Restricted Shares and any shares of Common Stock acquired in respect of an Restricted Shares will be subject to the lock-up restrictions as set forth in Section 14(k) of the Plan and any additional restrictions as set forth on Exhibit B attached hereto.

(c) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(d) Section 409A. The Restricted Shares are intended to be exempt from, or compliant with, Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Committee may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 10(d) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the Restricted Shares will not be subject to interest and penalties under Section 409A.

(e) Notices. Any notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel and to the Head of Human Resources at the Company's principal executive office.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(g) No Rights to Employment or Service. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as a consultant or employee of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

(h) Fractional Shares. In lieu of issuing a fraction of a share of Common Stock resulting from an adjustment of the Restricted Shares pursuant to Section 12 of the Plan or otherwise, the Company shall be entitled to pay to the Participant an amount in cash equal to the Fair Market Value of such fractional share.

(i) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

(j) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(k) Entire Agreement. This Agreement (including Exhibit A and Exhibit B attached hereto) and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto, other than any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the covenants of which shall continue to apply to the Participant in addition to the covenants in Exhibit A hereto, in accordance with the terms of such agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 12 or 13 of the Plan.

(l) Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with the Plan, this Agreement or the Restricted Shares shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

(ii) Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

(m) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(n) Counterparts. This Agreement may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

(o) Electronic Signature and Delivery. This Agreement may be accepted by return signature or by electronic confirmation. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Participant).

(p) Electronic Participation in Plan. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, this Restricted Stock Award Agreement has been executed by the Company and the Participant as of the day first written above.

LATHAM GROUP, INC.

By: _____
Name:
Title:

_____
[PARTICIPANT]

[Signature Page to [_____] Restricted Stock Award Agreement]

Exhibit A

1. During the Participant's employment with, or other engagement to provide services to, the Company or any of its Affiliates and for a period of twenty-four (24) months thereafter (the "Restricted Period"), the Participant shall not, either directly or indirectly, for himself or herself or on behalf of or in conjunction with any other Person:

    a. solicit or attempt to solicit, recruit or attempt to recruit, hire or attempt to hire or in any way persuade any officer, director, employee, agent, or contract worker of the Latham Companies to end such Person's relationship with any Latham Company; or

    b. solicit or attempt to solicit any business related to the business of the Latham Companies from any Person who is or was a customer or vendor of any Latham Company or an actively sought prospective customer or prospective vendor with whom the Participant had material business contact (through sales calls, presentations, or other business dealings) at any time during the five (5) year period preceding the termination of Participant's employment.

2. During the Restricted Period, the Participant shall not, either directly or indirectly, individually or through any other person, firm, corporation or other entity, whether as owner, partner, investor, operator, manager, officer, director, consultant, agent, employee, co-venturer, advisor, representative or otherwise, engage, participate, assist or invest or actively prepare to engage, participate, assist or invest in the pool industry, or any other industries in which the Company or any of its Affiliates have done business during the Participant's employment with the Company or which the Company or any of its Affiliates were actively considering during such period. The restrictions set forth this Paragraph 2 shall apply to any conduct in North America and any other geographical area in which the Company or any of its Affiliates operate or provide services or are actively preparing to operate or provide services as of the date of Participant's employment with the Company or any of its Affiliates.

3. The Participant hereby agrees to hold in confidence all Confidential Information and Trade Secrets of the Latham Companies that came into the Participant's knowledge during the period of time during which the Participant was employed by, or otherwise providing services to, the Company or any of its Affiliates and will not disclose, publish or make use of such Confidential Information or Trade Secrets without the prior written consent of the Company for as long as the information remains Confidential Information or a Trade Secret. Notwithstanding the foregoing, the provisions of this paragraph will not prevent the Participant from making a disclosure that (a) is made in the ordinary course of the Participant's duties with the Company or any of its Affiliates; (b) is made (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, Confidential Information or Trade Secrets shall not include information (x) that otherwise becomes generally known in the industry or to the public through no act of the Participant or any Person or entity acting by or on the Participant's behalf or (y) information that the Participant can demonstrate to have had rightfully in the Participant's possession prior to the date on which the Participant first provided services to any Latham Company.

4. During the period of time during which the Participant is employed by, or otherwise providing services to, the Company or any of its Affiliates and thereafter, the Participant shall not, directly or indirectly, take any action, or encourage others to take any action, to disparage or criticize any Latham Company or their respective Affiliates, employees, officers, directors, products, services, customers or owners.

5. For purposes of this Exhibit A:

   a. "Confidential Information" shall be defined as any data or information (other than Trade Secrets) that is valuable to the Latham Companies (or, if owned by someone else, is valuable to that third party) and not generally known to the public or to competitors in the industry, including, but not limited to, any non-public information (regardless of whether in writing or retained as personal knowledge) pertaining to research and development; product costs, designs and processes; equityholder information; pricing, cost, or profit factors; quality programs; annual budget and long-range business plans; marketing plans and methods; contracts and bids; business ideas and methods, store concepts, inventions, innovations, developments, graphic designs, website designs, patterns, specifications, procedures, databases and personnel.

   b. The "Latham Companies" shall be defined as the Company and its direct and indirect subsidiaries and parent companies, and any Person in which the Company has a twenty percent or greater ownership interest, whether existing on the Date of Grant or thereafter acquired or formed.

   c. "Trade Secret" means trade secret as defined by applicable state law. In the absence of such a definition, Trade Secret means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

6. Prior to accepting any offer of employment during the Restricted Period, the Participant shall inform such employers of all covenants in this Exhibit A and, within two (2) business days of accepting an offer of employment with another employer, shall notify the Company of the name and address of the new employer and the title of the position accepted.

7. The covenants in this Exhibit A are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Exhibit A relating to the time period, scope, or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

8. All of the covenants in this Exhibit A shall be construed as an agreement independent of any other provisions in Exhibit A, and the existence of any claim or cause of action the Participant may have against any Latham Company, whether predicated on this Exhibit A or otherwise, shall not constitute a defense to the enforcement by any Latham Company of such covenants.

9. This Exhibit A shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

a. All disputes between or among any Persons arising out of or in any way connected with this Exhibit A shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Exhibit A not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

b. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Exhibit A or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

10. The Participant has carefully read and considered the provisions of this Exhibit A and, having done so, agrees that the restrictive covenants in this Exhibit A impose a fair and reasonable restraint on the Participant and are reasonably required to protect the interests of the Latham Companies and their respective officers, directors, employees, and equityholders.

Exhibit B

Insert any additional lock up restrictions

LATHAM GROUP, INC.
2021 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Agreement"), is entered into as of [_____], 20[__] (the "Date of Grant"), by and between Latham Group, Inc., a Delaware corporation (the "Company"), and [_____] (the "Participant").

Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms in the Latham Group, Inc. 2021 Omnibus Equity Incentive Plan, as amended, restated or otherwise modified from time to time in accordance with its terms (the "Plan").

WHEREAS, the Company has adopted the Plan, pursuant to which restricted stock units ("RSUs") may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant the RSUs provided for herein to the Participant on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. The Company hereby grants to the Participant a total of [_____] RSUs, on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan. The RSUs shall vest in accordance with Section 2. The RSUs shall be credited to a separate book-entry account maintained for the Participant on the books of the Company.

(b) Incorporation by Reference. The provisions of the Plan are incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and the Participant's beneficiary in respect of any questions arising under the Plan or this Agreement. The Participant acknowledges that the Participant has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

2. Vesting; Settlement.

(a) Except as may otherwise be provided herein, subject to the Participant's continued employment with, or engagement to provide services to, the Company and any of its Affiliates, the RSUs shall vest as follows: [_____] (any date on which RSUs vest, a "Vesting Date"). Upon vesting, the RSUs shall no longer be subject to the transfer restrictions pursuant to Section 14(b) of the Plan or cancellation pursuant to Section 4 hereof.

(b) Each RSU shall be settled within 10 days following the Vesting Date in shares of Common Stock.

3. Dividend Equivalents. In the event of any issuance of a cash dividend on the shares of Common Stock (a "Dividend"), the Participant shall be credited, as of the payment date for such Dividend, with an additional number of RSUs (each, an "Additional RSU") equal to the quotient obtained by dividing (x) the product of (i) the number of RSUs granted pursuant to this Agreement and outstanding as of the record date for such Dividend multiplied by (ii) the amount of the Dividend per share, by (y) the Fair Market Value per share on the payment date for such Dividend, such quotient to be rounded to the nearest hundredth. Once credited, each Additional RSU shall be treated as an RSU granted hereunder and shall be subject to all terms and conditions set forth in this Agreement and the Plan.

4. Termination of Employment. Except as set forth herein, if the Participant's employment with, or engagement to provide services to, the Company or any of its Affiliates terminates for any reason, all unvested RSUs shall be canceled immediately and the Participant shall not be entitled to receive any payments with respect thereto.

5. Rights as a Stockholder. The Participant shall not be deemed for any purpose to be the owner of any shares of Common Stock underlying the RSUs unless, until and to the extent that (i) the Company shall have issued and delivered to the Participant the shares of Common Stock underlying the RSUs and (ii) the Participant's name shall have been entered as a stockholder of record with respect to such shares of Common Stock on the books of the Company. The Company shall cause the actions described in clauses (i) and (ii) of the preceding sentence to occur promptly following settlement as contemplated by this Agreement, subject to compliance with applicable laws.

6. Compliance with Legal Requirements.

(a) Generally. The granting and settlement of the RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Agreement.

(b) Tax Withholding. The vesting and settlement of the RSUs shall be subject to the Participant satisfying any applicable U.S. federal, state and local tax withholding obligations and non-U.S. tax withholding obligations. The Participant shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold any cash, shares of Common Stock, other securities or other property or from any compensation or other amounts owing to the Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes in respect of the RSUs, settlement of the RSUs or any payment or transfer of the RSUs, and to take any such other action as the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes. In its sole discretion, the Company may permit the Participant to satisfy, in whole or in part, the tax obligations by withholding shares of Common Stock that would otherwise be deliverable to the Participant upon settlement of the RSUs with a Fair Market Value equal to such withholding liability.

7. Clawback. Notwithstanding anything to the contrary contained herein, the Committee may cancel the RSU award if the Participant, without the consent of the Company, has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate while employed by, or otherwise providing services to, the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, or violates the covenants set forth on Exhibit A attached hereto or any other non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate (after giving effect to any applicable cure period set forth therein), as determined by the Committee. In such event, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting or settlement of the RSUs, the sale or other transfer of the RSUs, or the sale of shares of Common Stock acquired in respect of the RSUs, and must promptly repay such amounts to the Company. If the Participant receives any amount in excess of what the Participant should have received under the terms of the RSUs for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. To the extent required by applicable law and/or the rules and regulations of the Nasdaq or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

8. Restrictive Covenants.

(a) Without limiting any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the Participant shall be subject to the confidentiality and restrictive covenants set forth on Exhibit A attached hereto, which Exhibit A is incorporated herein and forms part of this Agreement.

(b) In the event that the Participant violates any of the restrictive covenants referred to in this Section 8, in addition to any other remedy that may be available at law or in equity, the RSUs shall be automatically forfeited effective as of the date on which such violation first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and the Participant shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to recover damages as a result of the Participant's breach of such restrictive covenants.

9. Miscellaneous.

(a) Transferability. The RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "Transfer") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under Section 14(b) of the Plan. Any attempted Transfer of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.

(b) Lock-Up Agreement. Unless otherwise determined by the Board, RSUs and any shares of Common Stock acquired in respect of an RSU will be subject to the lock-up restrictions as set forth in Section 14(k) of the Plan and any additional restrictions as set forth on Exhibit B attached hereto.

(c) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(d) Section 409A. The RSUs are intended to be exempt from, or compliant with, Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Committee may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 9(d) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the RSUs will not be subject to interest and penalties under Section 409A.

(e) General Assets. All amounts credited in respect of the RSUs to the book-entry account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in such account shall make the Participant only a general, unsecured creditor of the Company.

(f) Notices. Any notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel and to the Head of Human Resources at the Company's principal executive office.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(h) No Rights to Employment or Service. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as a consultant or employee of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

(i) Fractional Shares. In lieu of issuing a fraction of a share of Common Stock resulting from an adjustment of the RSUs pursuant to Section 12 of the Plan or otherwise, the Company shall be entitled to pay to the Participant an amount in cash equal to the Fair Market Value of such fractional share.

(j) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

(k) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(l) Entire Agreement. This Agreement (including Exhibit A and Exhibit B attached hereto) and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto, other than any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the covenants of which shall continue to apply to the Participant in addition to the covenants in Exhibit A hereto, in accordance with the terms of such agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 12 or 13 of the Plan.

(m) Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with the Plan, this Agreement or the RSUs shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

(ii) Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

(n) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(o) Counterparts. This Agreement may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

(p) Electronic Signature and Delivery. This Agreement may be accepted by return signature or by electronic confirmation. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Participant).

(q) Electronic Participation in Plan. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, this Restricted Stock Unit Award Agreement has been executed by the Company and the Participant as of the day first written above.

LATHAM GROUP, INC.

By: _____
Name:
Title:

_____
[PARTICIPANT]

[Signature Page to [_____] RSU Award Agreement]

Exhibit A

1. During the Participant's employment with, or other engagement to provide services to, the Company or any of its Affiliates and for a period of twenty-four (24) months thereafter (the "Restricted Period"), the Participant shall not, either directly or indirectly, for himself or herself or on behalf of or in conjunction with any other Person:

    a. solicit or attempt to solicit, recruit or attempt to recruit, hire or attempt to hire or in any way persuade any officer, director, employee, agent, or contract worker of the Latham Companies to end such Person's relationship with any Latham Company; or

    b. solicit or attempt to solicit any business related to the business of the Latham Companies from any Person who is or was a customer or vendor of any Latham Company or an actively sought prospective customer or prospective vendor with whom the Participant had material business contact (through sales calls, presentations, or other business dealings) at any time during the five (5) year period preceding the termination of Participant's employment.

2. During the Restricted Period, the Participant shall not, either directly or indirectly, individually or through any other person, firm, corporation or other entity, whether as owner, partner, investor, operator, manager, officer, director, consultant, agent, employee, co-venturer, advisor, representative or otherwise, engage, participate, assist or invest or actively prepare to engage, participate, assist or invest in the pool industry, or any other industries in which the Company or any of its Affiliates have done business during the Participant's employment with the Company or which the Company or any of its Affiliates were actively considering during such period. The restrictions set forth this Paragraph 2 shall apply to any conduct in North America and any other geographical area in which the Company or any of its Affiliates operate or provide services or are actively preparing to operate or provide services as of the date of Participant's employment with the Company or any of its Affiliates.

3. The Participant hereby agrees to hold in confidence all Confidential Information and Trade Secrets of the Latham Companies that came into the Participant's knowledge during the period of time during which the Participant was employed by, or otherwise providing services to, the Company or any of its Affiliates and will not disclose, publish or make use of such Confidential Information or Trade Secrets without the prior written consent of the Company for as long as the information remains Confidential Information or a Trade Secret. Notwithstanding the foregoing, the provisions of this paragraph will not prevent the Participant from making a disclosure that (a) is made in the ordinary course of the Participant's duties with the Company or any of its Affiliates; (b) is made (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, Confidential Information or Trade Secrets shall not include information (x) that otherwise becomes generally known in the industry or to the public through no act of the Participant or any Person or entity acting by or on the Participant's behalf or (y) information that the Participant can demonstrate to have had rightfully in the Participant's possession prior to the date on which the Participant first provided services to any Latham Company.

4. During the period of time during which the Participant is employed by, or otherwise providing services to, the Company or any of its Affiliates and thereafter, the Participant shall not, directly or indirectly, take any action, or encourage others to take any action, to disparage or criticize any Latham Company or their respective Affiliates, employees, officers, directors, products, services, customers or owners.

5. For purposes of this Exhibit A:

    a. "Confidential Information" shall be defined as any data or information (other than Trade Secrets) that is valuable to the Latham Companies (or, if owned by someone else, is valuable to that third party) and not generally known to the public or to competitors in the industry, including, but not limited to, any non-public information (regardless of whether in writing or retained as personal knowledge) pertaining to research and development; product costs, designs and processes; equityholder information; pricing, cost, or profit factors; quality programs; annual budget and long-range business plans; marketing plans and methods; contracts and bids; business ideas and methods, store concepts, inventions, innovations, developments, graphic designs, website designs, patterns, specifications, procedures, databases and personnel.

    b. The "Latham Companies" shall be defined as the Company and its direct and indirect subsidiaries and parent companies, and any Person in which the Company has a twenty percent or greater ownership interest, whether existing on the Date of Grant or thereafter acquired or formed.

    c. "Trade Secret" means trade secret as defined by applicable state law. In the absence of such a definition, Trade Secret means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy

6. Prior to accepting any offer of employment during the Restricted Period, the Participant shall inform such employers of all covenants in this Exhibit A and, within two (2) business days of accepting an offer of employment with another employer, shall notify the Company of the name and address of the new employer and the title of the position accepted.

7. The covenants in this Exhibit A are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Exhibit A relating to the time period, scope, or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

8. All of the covenants in this Exhibit A shall be construed as an agreement independent of any other provisions in Exhibit A, and the existence of any claim or cause of action the Participant may have against any Latham Company, whether predicated on this Exhibit A or otherwise, shall not constitute a defense to the enforcement by any Latham Company of such covenants.

9. This Exhibit A shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

a. All disputes between or among any Persons arising out of or in any way connected with this Exhibit A shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Exhibit A not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

b. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Exhibit A or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

10. The Participant has carefully read and considered the provisions of this Exhibit A and, having done so, agrees that the restrictive covenants in this Exhibit A impose a fair and reasonable restraint on the Participant and are reasonably required to protect the interests of the Latham Companies and their respective officers, directors, employees, and equityholders.

Exhibit B

Insert any additional lock up restrictions

Exhibit 31.1

LATHAM GROUP, INC.

I, Scott M. Rajeski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Latham Group, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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

    c. 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(s) 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.

August 5, 2021

/s/ Scott M. Rajeski

Scott M. Rajeski
Chief Executive Officer and President
Latham Group, Inc.

Exhibit 31.2

LATHAM GROUP, INC.

I, James Mark Borseth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Latham Group, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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

    c. 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(s) 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.

August 5, 2021

/s/ James Mark Borseth

James Mark Borseth
Chief Financial Officer
Latham Group, Inc.

Exhibit 32.1

LATHAM GROUP, INC.

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 of Latham Group, Inc. (the "Company") on Form 10-Q for the period ending July 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott M. Rajeski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 5, 2021

/s/ Scott M. Rajeski
Scott M. Rajeski
Chief Executive Officer and President
Latham Group, Inc.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the U.S. Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32.2

LATHAM GROUP, INC.

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 of Latham Group, Inc. (the "Company") on Form 10-Q for the period ending July 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Mark Borseth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 5, 2021

/s/ James Mark Borseth
James Mark Borseth
Chief Financial Officer
Latham Group, Inc.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the U.S. Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).