EDGAR pro
by EDGAR Online

# LATHAM GROUP, INC.

## FORM 10-Q
(Quarterly Report)

Filed 11/04/26 for the Period Ending 09/26/26

| | |
|---|---|
| Address | 787 WATERVLIET SHAKER ROAD<br>LATHAM, NY, 12110 |
| Telephone | 800-833-3800 |
| CIK | 0001833197 |
| Symbol | SWIM |
| SIC Code | 3089 - Plastics Products, Not Elsewhere Classified |
| Industry | Recreational Products |
| Sector | Consumer Cyclicals |
| Fiscal Year | 12/31 |

Powered By EDGAR Online
https://www.edgar-online.com
© Copyright 2026, EDGAR Online LLC, a subsidiary of OTC Markets Group. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online LLC, a subsidiary of OTC Markets Group, Terms of Use.

Table of Contents

# 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 **September 26, 2026**

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, a 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 filer | ☐ | Accelerated filer | ☒ | Non-accelerated filer | ☐ | Smaller reporting company | ☐ | Emerging growth company | ☒ |
|---|---|---|---|---|---|---|---|---|---|

If an emerging growth company, indicate by check mark if the registrant has 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 registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, 117,750,570 shares of the registrant's common stock, $0.0001 par value, were outstanding.

**TABLE OF CONTENTS**


| | |
|---|---|
| **PART I — FINANCIAL INFORMATION** | 3 |
| **Item 1. Financial Statements** | 3 |
| **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations** | 25 |
| **Item 3. Quantitative and Qualitative Disclosures About Market Risk** | 40 |
| **Item 4. Controls and Procedures** | 40 |
| **PART II — OTHER INFORMATION** | 42 |
| **Item 1. Legal Proceedings** | 42 |
| **Item 1A. Risk Factors** | 42 |
| **Item 5. Other Information** | 43 |
| **Item 6. Exhibits** | 44 |
| **SIGNATURES** | 45 |

## PART I — FINANCIAL INFORMATION

**Item 1. Financial Statements**

**Index to Condensed Consolidated Financial Statements (Unaudited)**


| | |
|---|---|
| Condensed Consolidated Balance Sheets | 4 |
| Condensed Consolidated Statements of Operations | 5 |
| Condensed Consolidated Statements of Comprehensive Income | 6 |
| Condensed Consolidated Statements of Stockholders' Equity | 7 |
| Condensed Consolidated Statements of Cash Flows | 9 |
| Notes to Condensed Consolidated Financial Statements | 10 |

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

| | September 26, 2026 | December 31, 2025 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 94,810 | $ 71,043 |
| Trade receivables, net | 78,925 | 39,914 |
| Inventories, net | 86,691 | 74,926 |
| Income tax receivable | 6,447 | 12,178 |
| Prepaid expenses and other current assets | 9,743 | 20,943 |
| Total current assets | 276,616 | 219,004 |
| Property and equipment, net | 137,497 | 118,820 |
| Equity method investment | 28,189 | 26,482 |
| Deferred tax assets | 1,056 | 718 |
| Operating lease right-of-use assets | 32,830 | 30,723 |
| Goodwill | 161,732 | 155,189 |
| Intangible assets, net | 251,126 | 268,073 |
| Other assets | 3,412 | 4,214 |
| Total assets | $ 892,458 | $ 823,223 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 36,019 | $ 19,283 |
| Current maturities of long-term debt | 2,250 | 3,250 |
| Income tax payable | 488 | — |
| Current operating lease liabilities | 7,022 | 7,630 |
| Accrued expenses and other current liabilities | 70,498 | 48,979 |
| Total current liabilities | 116,277 | 79,142 |
| Long-term debt, net of discount, debt issuance costs, and current portion | 290,212 | 276,591 |
| Deferred income tax liabilities, net | 34,269 | 34,269 |
| Non-current operating lease liabilities | 25,808 | 23,964 |
| Other long-term liabilities | 1,623 | 3,396 |
| Total liabilities | $ 468,189 | $ 417,362 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value; 100,000,000 shares authorized as of both September 26, 2026 and December 31, 2025; no shares issued and outstanding as of both September 26, 2026 and December 31, 2025 | — | — |
| Common stock, $0.0001 par value; 900,000,000 shares authorized as of September 26, 2026 and December 31, 2025; 117,750,570 and 116,766,927 shares issued and outstanding, as of September 26, 2026 and December 31, 2025, respectively | 12 | 12 |
| Additional paid-in capital | 473,924 | 473,423 |
| Accumulated deficit | (47,416) | (63,692) |
| Accumulated other comprehensive loss | (2,251) | (3,882) |
| Total stockholders' equity | 424,269 | 405,861 |
| Total liabilities and stockholders' equity | $ 892,458 | $ 823,223 |

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 | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Net sales | $ 182,175 | $ 161,903 | $ 496,964 | $ 445,962 |
| Cost of sales | 115,348 | 104,596 | 322,902 | 291,811 |
| Gross profit | 66,827 | 57,307 | 174,062 | 154,151 |
| Selling, general and administrative expense | 35,862 | 28,586 | 110,071 | 91,146 |
| Amortization | 7,358 | 7,213 | 21,893 | 21,704 |
| Income from operations | 23,607 | 21,508 | 42,098 | 41,301 |
| Other expense (income): | | | | |
| Interest expense, net | 5,423 | 6,067 | 16,109 | 19,587 |
| Loss on extinguishment and modification of debt | 5,022 | — | 5,022 | — |
| Other (income) expense, net | (71) | 1,168 | 2,123 | (2,187) |
| Total other expense, net | 10,374 | 7,235 | 23,254 | 17,400 |
| Earnings from equity method investment | 1,789 | 1,310 | 3,705 | 2,751 |
| Income before income taxes | 15,022 | 15,583 | 22,549 | 26,652 |
| Income tax expense | 2,966 | 7,466 | 6,273 | 8,517 |
| Net income | $ 12,056 | $ 8,117 | $ 16,276 | $ 18,135 |
| Net income per share attributable to common stockholders: | | | | |
| Basic | $ 0.10 | $ 0.07 | $ 0.14 | $ 0.16 |
| Diluted | $ 0.10 | $ 0.07 | $ 0.14 | $ 0.15 |
| Weighted-average common shares outstanding – basic and diluted | | | | |
| Basic | 117,690,489 | 116,603,331 | 117,360,560 | 116,323,609 |
| Diluted | 119,797,839 | 119,907,619 | 119,756,831 | 119,720,706 |

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

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

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Net income | $ 12,056 | $ 8,117 | $ 16,276 | $ 18,135 |
| Other comprehensive income, net of tax: | | | | |
| Foreign currency translation adjustments | 517 | 146 | 1,631 | 345 |
| Total other comprehensive income, net of tax | 517 | 146 | 1,631 | 345 |
| Comprehensive income | $ 12,573 | $ 8,263 | $ 17,907 | $ 18,480 |

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 | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Balances at December 31, 2024** | 115,764,839 | $ 12 | $ 467,076 | $ (74,816) | $ (5,050) | $ 387,222 |
| Net loss | — | — | — | (5,962) | — | (5,962) |
| Foreign currency translation adjustments | — | — | — | — | 217 | 217 |
| Issuance of common stock upon release of restricted stock units | 941,370 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (343,232) | — | (2,306) | — | — | (2,306) |
| Stock-based compensation expense | — | — | 1,971 | — | — | 1,971 |
| **Balances at March 29, 2025** | 116,362,977 | $ 12 | $ 466,741 | $ (80,778) | $ (4,833) | $ 381,142 |
| | | | | | | |
| Net income | — | — | — | 15,980 | — | 15,980 |
| Foreign currency translation adjustments | — | — | — | — | (18) | (18) |
| Issuance of common stock upon release of restricted stock units | 182,341 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (9,189) | — | (57) | — | — | (57) |
| Stock-based compensation expense | — | — | 1,381 | — | — | 1,381 |
| **Balances at June 28, 2025** | 116,536,129 | $ 12 | $ 468,065 | $ (64,798) | $ (4,851) | $ 398,428 |
| | | | | | | |
| Net income | — | — | — | 8,117 | — | 8,117 |
| Foreign currency translation adjustments | — | — | — | — | 146 | 146 |
| Issuance of common stock upon release of restricted stock units | 180,323 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (60,677) | — | (314) | — | — | (314) |
| Stock-based compensation expense | — | — | 1,980 | — | — | 1,980 |
| **Balances at September 27, 2025** | 116,655,775 | $ 12 | $ 469,731 | $ (56,681) | $ (4,705) | $ 408,357 |

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 | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| **Balances at December 31, 2025** | 116,766,927 | $ 12 | $ 473,423 | $ (63,692) | $ (3,882) | $ 405,861 |
| Net loss | — | — | — | (8,534) | — | (8,534) |
| Foreign currency translation adjustments | — | — | — | — | 653 | 653 |
| Issuance of common stock upon release of restricted stock units | 1,005,086 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (364,294) | — | (2,382) | — | — | (2,382) |
| Stock-based compensation expense | — | — | 1,104 | — | — | 1,104 |
| **Balances at March 28, 2026** | 117,407,719 | $ 12 | $ 472,145 | $ (72,226) | $ (3,229) | $ 396,702 |
| | | | | | | |
| Net income | — | — | — | 12,754 | — | 12,754 |
| Foreign currency translation adjustments | — | — | — | — | 461 | 461 |
| Issuance of common stock upon release of restricted stock units | 178,907 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (51,394) | — | (94) | — | — | (94) |
| Stock-based compensation expense | — | — | 1,609 | — | — | 1,609 |
| **Balances at June 27, 2026** | 117,535,232 | $ 12 | $ 473,660 | $ (59,472) | $ (2,768) | $ 411,432 |
| | | | | | | |
| Net income | — | — | — | 12,056 | — | 12,056 |
| Foreign currency translation adjustments | — | — | — | — | 517 | 517 |
| Issuance of common stock upon release of restricted stock units | 336,792 | — | — | — | — | — |
| Common stock withheld for taxes on restricted stock units | (121,454) | — | (734) | — | — | (734) |
| Stock-based compensation expense | — | — | 998 | — | — | 998 |
| **Balances at September 26, 2026** | 117,750,570 | $ 12 | $ 473,924 | $ (47,416) | $ (2,251) | $ 424,269 |

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)**

| | Three Fiscal Quarters Ended | |
|---|---|---|
| | September 26, 2026 | September 27, 2025 |
| **Cash flows from operating activities:** | | |
| Net income | $ 16,276 | $ 18,135 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 40,194 | 37,978 |
| Unrealized foreign currency loss (gain) | 2,155 | (2,878) |
| Amortization of deferred financing costs and debt discount | 1,246 | 1,290 |
| Non-cash lease expense | 5,829 | 5,455 |
| Change in fair value of interest rate swap | (1,468) | 610 |
| Stock-based compensation expense | 3,711 | 5,332 |
| Loss on extinguishment of debt | 2,045 | — |
| Bad debt expense | 1,427 | 1,623 |
| Other non-cash, net | 632 | 655 |
| Earnings from equity method investment | (3,705) | (2,751) |
| Distributions received from equity method investment | 1,998 | 1,816 |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (40,138) | (50,352) |
| Inventories | (9,346) | 7,331 |
| Prepaid expenses and other current assets | (329) | (795) |
| Income tax receivable | 5,731 | (5,603) |
| Other assets | (131) | (241) |
| Accounts payable | 15,752 | 16,296 |
| Accrued expenses and other current liabilities | 13,341 | 6,672 |
| Other long-term liabilities | (644) | (452) |
| Net cash provided by operating activities | 54,576 | 40,121 |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (22,178) | (16,160) |
| Acquisition of business, net of cash acquired | (14,250) | (4,934) |
| Net cash used in investing activities | (36,428) | (21,094) |
| **Cash flows from financing activities:** | | |
| Proceeds from long-term debt borrowings, net of discount | 298,500 | — |
| Payments on long-term debt borrowings | (284,813) | (1,625) |
| Proceeds from borrowings on revolving credit facility | 35,000 | 25,000 |
| Payments on revolving credit facility | (35,000) | (25,000) |
| Deferred financing fees paid | (4,697) | — |
| Repayments of finance lease obligations | (663) | (616) |
| Common stock withheld for taxes on restricted stock units | (3,210) | (2,677) |
| Net cash provided by (used in) financing activities | 5,117 | (4,918) |
| Effect of exchange rate changes on cash | 502 | 11 |
| **Net increase in cash** | 23,767 | 14,120 |
| Cash at beginning of period | 71,043 | 56,398 |
| Cash at end of period | $ 94,810 | $ 70,518 |
| **Supplemental cash flow information:** | | |
| Cash paid for interest | $ 19,050 | $ 20,735 |
| Income taxes paid, net | 472 | 8,023 |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Purchases of property and equipment included in accounts payable and accrued expenses | $ 1,050 | $ 422 |
| Right-of-use operating and finance lease assets obtained in exchange for lease liabilities | 14,201 | 7,172 |
| Purchase of property and equipment through settlement of deposit | 12,000 | — |

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

**Notes to Condensed Consolidated Financial Statements (unaudited)**

**1. NATURE OF THE BUSINESS**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements and 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 unaudited condensed consolidated balance sheet at December 31, 2025 was derived from audited financial statements but does not include all disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements as of September 26, 2026 and for the fiscal quarters and three fiscal quarters ended September 26, 2026 and September 27, 2025, respectively, 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 fiscal year ended December 31, 2025 included in the Company's 2025 Annual Report on Form 10-K, filed with the SEC on March 4, 2026 (the "Annual Report"). In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of these condensed consolidated financial statements, have been included. The Company's results of operations for the fiscal quarter and three fiscal quarters ended September 26, 2026 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending December 31, 2026 or other interim periods thereof.

***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. In general, net sales and net income are highest (or net loss is the lowest) during the second and third quarters, representing the peak months of swimming pool use, pool installation, and remodeling and repair activities. Severe weather may also affect net sales in all periods.

***Significant Accounting Policies***

Refer to the Annual Report for a discussion of the Company's significant accounting policies.

***Recently Issued Accounting Pronouncements***

The Company qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and has elected to "opt in" to the extended transition period 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, which will occur no later than December 31, 2026. The Company may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40) ("ASU 2024-03"), which improves disclosures to provide more detailed information about a business entity's expenses. ASU 2024-03 is effective for public business entities for fiscal years beginning after December 15, 2026. The amendments should be applied retrospectively to all prior periods presented in the financial statements, with early adoption permitted. The Company is currently evaluating ASU 2024-03 and its potential impact on the condensed consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting* (Topic 270) ("ASU 2025-11"), which improves the navigability of the required interim disclosures and clarifies when that guidance is applicable. ASU 2025-11 is effective for public business entities for interim reporting periods within annual fiscal years beginning after December 15, 2027. The amendments should be applied retrospectively to all prior periods presented in the financial statements, with early adoption permitted. The Company is currently evaluating ASU 2025-11 and its potential impact on the condensed consolidated financial statements.

**3. ACQUISITIONS**

***Business Combinations***

In February 2025, the Company completed the acquisition of two autocover dealers located in New York and Tennessee for a purchase price of $5.6 million. In February 2026, the Company completed the acquisition of Freedom Pools in Australia for a purchase price of $15.4 million, including a holdback of $1.6 million that has been accrued for on the Company's condensed consolidated balance sheet. Each of these acquisitions qualified as a business combination. These transactions resulted in an increase to goodwill and intangibles, but were not material to the Company's condensed consolidated financial statements, and as a result, additional business combination disclosures for these acquisitions have been omitted.

**4. 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 fiscal quarters ended September 26, 2026 or September 27, 2025.

***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 and remeasured to fair value when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 2 and Level 3 inputs.

***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 because of the short-term maturities of these instruments.

***Term loans***

Term loans (see Note 7) are carried at amortized cost; however, the Company estimates the fair value of term loans for disclosure purposes. The fair value of a term loan is determined using inputs based on observable market data of a non-public exchange, which are classified as Level 2 inputs. The following table sets forth the carrying amount and fair value of the term loans (in thousands):

| | September 26, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| New Term Loan | $ 292,462 | $ 292,462 | $ — | $ — |
| Prior Term Loan | $ — | $ — | $ 279,841 | $ 279,841 |

***Interest rate swap***

The Company estimates the fair value of the interest rate swap on a quarterly basis using Level 2 inputs, including the forward SOFR 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 SOFR curve. As of September 26, 2026 and December 31, 2025, the Company's interest rate swap was an asset of $0.3 million and a liability of $1.1 million, respectively, which were recorded within other assets and other long-term liabilities, respectively, on the condensed consolidated balance sheets. See Note 7 for further detail.

**5. GOODWILL AND INTANGIBLE ASSETS, NET**

***Goodwill***

The carrying amount of goodwill as of September 26, 2026 and as of December 31, 2025 was $161.7 million and $155.2 million, respectively. The change in the carrying value during the three fiscal quarters ended September 26, 2026 was primarily driven by the acquisition of Freedom Pools made in the first fiscal quarter of 2026.

***Intangible Assets***

Intangible assets, net as of September 26, 2026 consisted of the following (in thousands):

| | September 26, 2026 | | | |
|---|---|---|---|---|
| | Gross Carrying Amount | Foreign Currency Translation | Accumulated Amortization | Net Amount |
| Trade names and trademarks | $ 149,319 | $ 201 | $ 47,789 | $ 101,731 |
| Patented technology | 16,126 | — | 12,880 | 3,246 |
| Technology | 13,000 | — | 4,190 | 8,810 |
| Pool designs | 13,628 | 157 | 5,547 | 8,238 |
| Dealer relationships | 241,492 | (57) | 112,486 | 128,949 |
| Order backlog | 2,393 | (3) | 2,238 | 152 |
| | $ 435,958 | $ 298 | $ 185,130 | $ 251,126 |

The Company recognized $7.4 million and $21.9 million of amortization expense related to intangible assets during the fiscal quarter and three fiscal quarters ended September 26, 2026. The Company recognized $7.2 million and $21.7 million of amortization expense related to intangible assets during the fiscal quarter and three fiscal quarters ended September 27, 2025.

The changes in the carrying values of dealer relationships, trade names and trademarks and backlog during the three fiscal quarters ended September 26, 2026 were driven primarily by the acquisition of Freedom Pools made in the first fiscal quarter of 2026.

Intangible assets, net as of December 31, 2025 consisted of the following (in thousands):

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Gross Carrying Amount | Foreign Currency Translation | Accumulated Amortization | Net Amount |
| Trade names and trademarks | $ 148,100 | $ (112) | $ 42,784 | $ 105,204 |
| Patented technology | 16,126 | — | 11,776 | 4,350 |
| Technology | 13,000 | — | 3,540 | 9,460 |
| Pool designs | 13,628 | (78) | 4,845 | 8,705 |
| Dealer relationships | 238,551 | — | 98,197 | 140,354 |
| Order backlog | 2,020 | — | 2,020 | — |
| | $ 431,425 | $ (190) | $ 163,162 | $ 268,073 |

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

| Fiscal Year Ending | Estimated Future Amortization Expense |
|---|---|
| Remainder of fiscal year 2026 | $ 7,363 |
| 2027 | 29,142 |
| 2028 | 28,121 |
| 2029 | 22,751 |
| 2030 | 21,902 |
| Thereafter | 141,847 |
| | $ 251,126 |

**6. INVENTORIES, NET**

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

| | September 26, 2026 | December 31, 2025 |
|---|---|---|
| Raw materials | $ 60,396 | $ 50,973 |
| Finished goods | 26,295 | 23,953 |
| | $ 86,691 | $ 74,926 |

**7. DEBT**

The components of the Company's outstanding long-term debt obligations consisted of the following (in thousands):

| | September 26, 2026 | December 31, 2025 |
|---|---|---|
| New Term Loan | $ 300,000 | $ — |
| Prior Term Loan | — | 284,813 |
| Prior and New Revolving Credit Facilities | — | — |
| Less: Unamortized discount and debt issuance costs | (7,538) | (4,972) |
| Total debt | 292,462 | 279,841 |
| Less: Current portion of long-term debt | (2,250) | (3,250) |
| Total long-term debt | $ 290,212 | $ 276,591 |

On August 20, 2026 (the "Closing Date"), Latham Pool Products and certain subsidiary guarantors entered into a new credit agreement (the "New Credit Agreement") with Jefferies Finance LLC, which provides a senior secured multicurrency revolving line of credit in an initial principal amount of $75.0 million, which includes a sub-limit for letters of credit (the "New Revolving Credit Facility"), and a U.S. Dollar senior secured term loan facility (the "New Term Loan") in an initial principal amount of $300.0 million (collectively, the "Refinancing"). On the Closing Date, proceeds from the borrowings under the New Credit Agreement were used to repay and replace all outstanding obligations under, and terminate, the Credit and Guaranty Agreement, dated as of February 23, 2022, among Latham Pool Products, Latham International Manufacturing Corp. ("LIMC") and the other guarantors party thereto, the lenders party thereto and Barclays Bank PLC, as administrative agent (the "Prior Credit Agreement").

The New Credit Agreement was evaluated under ASC 470-50, *Debt - Modifications and Extinguishments*. The borrowings under the Refinancing represent a loan syndication. As such, the New Credit Agreement was evaluated on a lender-by-lender basis and resulted in new borrowings, extinguishments and modifications depending on each lender's participation or lack thereof in the New Term Loan and the New Revolving Credit Facility. As part of the New Credit Agreement, $1.0 million of previously capitalized debt issuance costs were expensed within loss on extinguishment and modification of debt in the condensed consolidated statement of operations for the three fiscal quarters ended September 26, 2026.

The Company is required to meet certain financial covenants, including maintaining specific liquidity measurements. To the extent that outstanding usage of the New Revolving Credit Facility exceeds 40% of the commitments under the New Revolving Credit Facility as of the last day of any fiscal quarter, LIMC is required to be in compliance with a maximum First Lien Net Leverage Ratio (as defined below) of 5.20:1.00 as of the last day of such fiscal quarter. 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, make prepayments with respect to certain indebtedness and make restricted payments and other distributions.

The New Credit Agreement contains customary mandatory prepayment provisions, including requirements to make mandatory prepayments with 50% of any excess cash flow and with 100% of the net cash proceeds from the incurrence of nonpermitted indebtedness, asset sales and casualty and condemnation events, in each case, subject to customary exceptions.

***New Revolving Credit Facility***

The New Revolving Credit Facility may be utilized to finance working capital and other general corporate purposes and permits Latham Pool Products to borrow loans in U.S. Dollars, Canadian Dollars, Euros and Australian Dollars. The New Revolving Credit Facility matures on August 20, 2031. Loans outstanding under the New Revolving Credit Facility denominated in U.S. Dollars and Canadian Dollars bear interest, at the borrower's option, at a rate per annum based on Term SOFR or the Term CORRA Rate (each, as defined in the New Credit Agreement), as applicable, plus a margin ranging from 3.25% to 3.50%, depending on the First Lien Net Leverage Ratio (as defined in the New Credit Agreement, the "First Lien Net Leverage Ratio"), or at a rate per annum based on the Alternate Base Rate or the Canadian Prime Rate (each, as defined in the New Credit Agreement), plus a margin ranging from 2.25% to 2.50%, depending on the First Lien Net Leverage Ratio. Loans outstanding under the New Revolving Credit Facility denominated in Euros or Australian Dollars bear interest based on EURIBOR or the BBSY (each, as defined in the New Credit Agreement), respectively, plus a margin ranging from 3.25% to 3.50%, depending on the First Lien Net Leverage Ratio. A commitment fee accrues on any unused portion of the commitments under the New Revolving Credit Facility. The commitment fee is due and payable quarterly in arrears, and accrues at a rate per annum ranging from 0.25% to 0.50%, depending on the First Lien Net Leverage Ratio. Borrowings under the New Revolving Credit Facility are not subject to amortization and are due at maturity.

The Company incurred debt issuance costs of $0.8 million related to the New Revolving Credit Facility. The debt issuance costs were recorded within other assets on the condensed consolidated balance sheet and are being amortized over the life of the New Revolving Credit Facility.

As of September 26, 2026, there were no outstanding borrowings on the New Revolving Credit Facility and $75.0 million was available for future borrowing.

***New Term Loan***

Pursuant to the New Credit Agreement, Latham Pool Products borrowed $300.0 million in term loans. The New Term Loan matures on August 20, 2033. Loans outstanding under the New Term Loan bear interest, at the borrower's option, at a rate per annum based on Term SOFR (as defined in the New Credit Agreement), plus a margin of 4.00%, or based on the Alternate Base Rate (as defined in the New Credit Agreement), plus a margin of 3.00%. Loans under the New Term Loan are subject to scheduled quarterly amortization payments of $750,000, which represents 0.25% of the initial principal amount of the New Term Loan.

The Company recorded debt issuance costs of $5.2 million and $2.5 million of debt discount related to the New Term Loan as a direct reduction to the carrying amount of long-term debt on the condensed consolidated balance sheet.

Outstanding borrowings under the New Term Loan as of September 26, 2026 were $292.5 million, net of unamortized discount and debt issuance costs of $7.5 million.

As of September 26, 2026, the unamortized debt issuance costs and discount on the New Term Loan were $5.1 million and $2.4 million, respectively. The effective interest rate was 8.26% at September 26, 2026, including the impact of the Company's interest rate swap.

***Prior Revolving Credit Facility***

On February 23, 2022, the Company entered into a revolving credit facility with Barclays Bank, PLC under the Prior Credit Agreement that was utilized to finance ongoing general corporate and working capital needs and permitted Latham Pool Products to borrow loans in U.S. Dollars, Canadian Dollars, Euros and Australian Dollars up to $75.0 million (the "Prior Revolving Credit Facility"). The Prior Revolving Credit Facility had a maturity date of February 23, 2027 but was terminated as of the Closing Date of the Refinancing.

During the three fiscal quarters ended September 26, 2026, the Company repaid $35.0 million of outstanding borrowings on the Prior Revolving Credit Facility before the Refinancing.

***Prior Term Loan***

Pursuant to the Prior Credit Agreement, Latham Pool Products also borrowed $325.0 million in term loans (the "Prior Term Loan"). The Prior Term Loan was repaid and terminated as of the Closing Date of the Refinancing.

***Interest Rate Risk***

Interest rate risk associated with the Prior Credit Agreement was, and with the New Credit Agreement is, mitigated partially through interest rate swaps.

The Company entered into an interest rate swap that was executed on March 10, 2023 (the “2023 Interest Rate Swap”). The 2023 Interest Rate Swap had an effective date of May 18, 2023 and a termination date of May 18, 2026. Under the terms of the 2023 Interest Rate Swap, the Company fixed its SOFR borrowing rate at 4.3725% on a notional amount of $161.0 million. The 2023 Interest Rate Swap was not designated as a hedging instrument for accounting purposes (see Note 4).

Subsequently, the Company entered into a new interest rate swap that was executed on June 4, 2025 (the “2025 Interest Rate Swap”). As part of the 2025 Interest Rate Swap, the Company terminated the 2023 Interest Rate Swap prior to its May 18, 2026 termination date. The 2025 Interest Rate Swap became effective on May 19, 2025 and has a termination date of May 18, 2027. Under the terms of the 2025 Interest Rate Swap, the Company fixed its SOFR borrowing rate at 3.92% on a notional amount of $140.0 million. The 2025 Interest Rate Swap is not designated as a hedging instrument for accounting purposes (see Note 4).

***Debt Maturities***

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

| Fiscal Year Ending | New Term Loan |
|---|---|
| Remainder of fiscal year 2026 | $ — |
| 2027 | 3,000 |
| 2028 | 3,000 |
| 2029 | 3,000 |
| 2030 | 3,000 |
| Thereafter | 288,000 |
| | $ 300,000 |

***Guarantees***

The obligations under the New Credit Agreement are guaranteed by LIMC and the wholly-owned domestic subsidiaries of LIMC (other than Latham Pool Products) as set forth in the loan guaranty (the “Guarantors”), which was executed in connection with the New Credit Agreement. The obligations under the New Credit Agreement are secured by substantially all of the Guarantors’ tangible and intangible assets, including their accounts receivable, equipment, intellectual property and inventory. The New Credit Agreement also restricts payments and other distributions unless certain conditions are met, which could restrict the Company’s ability to pay dividends. The ownership chain between Latham Pool Products and the Company consists of a series of holding companies with no material assets, liabilities, or standalone operations other than indirect equity interests in Latham Pool Products.

**8. PRODUCT WARRANTIES**

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

| | Three Fiscal Quarters Ended | |
|---|---|---|
| | September 26, 2026 | September 27, 2025 |
| Balance at the beginning of the fiscal year | $ 3,349 | $ 2,647 |
| Adjustments to reserve | 2,718 | 2,338 |
| Less: Settlements made (in cash or in kind) | (2,661) | (1,957) |
| Balance at the end of the fiscal quarter | $ 3,406 | $ 3,028 |

**9. LEASES**

For leases with initial terms greater than 12 months, the Company considers these right-of-use assets and records the related asset and obligation at the present value of lease payments over the term. For leases with initial terms equal to or less than 12 months, the Company does not consider them as right-of-use assets and instead considers them short-term lease costs that are recognized on a straight-line basis over the lease term. The Company's leases may include escalation clauses, renewal options, and/or termination options that are factored into the Company's determination of lease term and lease payments when it is reasonably certain the option will be exercised. The Company elected to take the practical expedient and not separate lease and non-lease components of contracts. The Company estimates an incremental borrowing rate to discount the lease payments based on information available at lease commencement because the implicit rate of the lease is generally not known.

The Company leases manufacturing facilities, office space, land, and certain vehicles and equipment under operating leases. The Company also leases certain vehicles and equipment under finance leases. The Company determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The components of lease expense for the fiscal quarter and three fiscal quarters ended September 26, 2026 and September 27, 2025 were as follows (in thousands):

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Operating lease expense | $ 2,545 | $ 2,266 | $ 7,282 | $ 6,592 |
| Finance lease amortization of assets | 214 | 215 | 649 | 636 |
| Finance lease interest on lease liabilities | 56 | 67 | 171 | 202 |
| Short-term lease expense | 70 | 135 | 210 | 328 |
| Variable lease expense | 210 | 187 | 673 | 554 |
| Total lease expense | $ 3,095 | $ 2,870 | $ 8,985 | $ 8,312 |

Operating and finance lease right-of-use assets and lease-related liabilities as of September 26, 2026 and December 31, 2025 were as follows (in thousands):

| | September 26, 2026 | December 31, 2025 | Classification |
|---|---|---|---|
| Lease right-of-use assets: | | | |
| Operating leases | $ 32,830 | $ 30,723 | Operating lease right-of-use assets |
| Finance leases | 2,480 | 2,714 | Other assets |
| Total lease right-of-use assets | $ 35,310 | $ 33,437 | |
| Lease-related liabilities: | | | |
| Current | | | |
| Operating leases | $ 7,022 | $ 7,630 | Current operating lease liabilities |
| Finance leases | 914 | 815 | Accrued expenses and other current liabilities |
| Non-current | | | |
| Operating leases | 25,808 | 23,964 | Non-current operating lease liabilities |
| Finance leases | 1,782 | 2,125 | Other long-term liabilities |
| Total lease liabilities | $ 35,526 | $ 34,534 | |

The table below presents supplemental information related to leases as of September 26, 2026 and December 31, 2025:

| | September 26, 2026 | December 31, 2025 |
|---|---|---|
| Weighted-average remaining lease term (years): | | |
| Finance leases | 3.1 | 3.6 |
| Operating leases | 5.4 | 4.9 |
| Weighted-average discount rate: | | |
| Finance leases | 7.9 % | 8.1 % |
| Operating leases | 6.5 % | 5.9 % |

The table below presents supplemental information related to the cash flows for operating leases recorded on the condensed consolidated statements of cash flows (in thousands):

| | Three Fiscal Quarters Ended | |
|---|---|---|
| | September 26, 2026 | September 27, 2025 |
| Cash paid for amounts included in the measurement of operating lease liabilities: | | |
| Operating cash flows for operating leases | $ 5,693 | $ 5,589 |

The following table summarizes fiscal year maturities of operating and finance lease liabilities as of September 26, 2026 (in thousands):

| | Operating Leases | Finance Leases | Total |
|---|---|---|---|
| Remainder of fiscal year 2026 | $ 2,372 | $ 274 | $ 2,646 |
| 2027 | 8,556 | 1,080 | 9,636 |
| 2028 | 7,175 | 985 | 8,160 |
| 2029 | 6,569 | 498 | 7,067 |
| 2030 | 5,393 | 167 | 5,560 |
| Thereafter | 9,077 | 19 | 9,096 |
| Total lease payments | 39,142 | 3,023 | 42,165 |
| Less: Interest | (6,312) | (327) | (6,639) |
| Present value of lease liability | $ 32,830 | $ 2,696 | $ 35,526 |

**10. NET SALES**

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

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| In-ground Swimming Pools | $ 92,442 | $ 75,377 | $ 248,487 | $ 211,711 |
| Covers | 59,643 | 54,893 | 134,125 | 123,749 |
| Liners | 30,090 | 31,633 | 114,352 | 110,502 |
| | $ 182,175 | $ 161,903 | $ 496,964 | $ 445,962 |

**11. INCOME TAXES**

The effective income tax rate for the fiscal quarter and three fiscal quarters ended September 26, 2026 was 19.7% and 27.8%, respectively, compared to 47.9% and 32.0%, respectively, for the fiscal quarter and three fiscal quarters ended September 27, 2025. The differences between the U.S. federal statutory income tax rate and the Company's effective income tax rates for the fiscal quarter ended September 26, 2026 and the fiscal quarter ended September 27, 2025 were primarily attributable to the jurisdictional mix of income, the discrete impact of stock-based compensation forfeitures or windfalls and exercises and the effects of branch accounting for Latham Canada.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA maintained the 21% corporate tax rate and made permanent many of the beneficial expired and expiring tax provisions originally enacted in the Tax Cuts and Jobs Act of 2017, including the immediate expensing of domestic research and development expenditures, more favorable interest deductibility and 100% bonus depreciation with effective dates in 2025. Revisions to the international tax framework are effective in 2026. The OBBBA did not have a material impact on the Company's effective tax rate.

**12. STOCK-BASED COMPENSATION**

On April 12, 2021, the Company's stockholders approved the Latham Group, Inc. 2021 Omnibus Equity Incentive Plan (as amended, the "2021 Omnibus Equity Plan"), which became effective on April 22, 2021, and was further amended on May 2, 2023 and April 30, 2026. Such amendments, among other things, collectively increased the maximum aggregate number of shares reserved for issuance under the 2021 Omnibus Equity Plan to 24,570,212 shares. The 2021 Omnibus Equity Plan provides for the issuance of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units and other stock-based and cash-based awards.

The following table summarizes the Company's stock-based compensation expense (in thousands):

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Selling, general and administrative | $ 998 | $ 1,980 | $ 3,711 | $ 5,332 |

As of September 26, 2026, total unrecognized stock-based compensation expense related to all unvested stock-based awards was $9.8 million, which is expected to be recognized over a weighted-average period of 2.2 years.

***Restricted Stock Units***

The following table represents the Company's restricted stock units activity during the three fiscal quarters ended September 26, 2026:

| | Shares | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| Outstanding at January 1, 2026 | 3,335,594 | $ 4.22 |
| Granted | 922,631 | 6.26 |
| Vested | (1,213,999) | 4.36 |
| Forfeited | (746,468) | 4.49 |
| Outstanding at September 26, 2026 | 2,297,758 | $ 4.88 |

***Stock Options***

The following table represents the Company's stock options activity during the three fiscal quarters ended September 26, 2026:

| | Shares | Weighted-Average Exercise Price per Share | Weighted-Average Remaining Contract Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| | | | (in years) | (in thousands) |
| Outstanding at January 1, 2026 | 1,150,712 | $ 14.84 | | |
| Granted | — | — | | |
| Exercised | (15,562) | 5.77 | | |
| Forfeited | — | — | | |
| Expired | (100,757) | 17.20 | | |
| Outstanding at September 26, 2026 | 1,034,393 | $ 14.74 | 4.65 | $ 57 |
| Vested and expected to vest at September 26, 2026 | 1,034,393 | $ 14.74 | 4.65 | $ 57 |
| Options exercisable at September 26, 2026 | 1,031,811 | $ 14.77 | 4.65 | $ 52 |

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.

***Stock Appreciation Rights***

The following table represents the Company's stock appreciation rights activity during the three fiscal quarters ended September 26, 2026:

| | Shares | Weighted-Average Exercise Price per Share | Weighted-Average Remaining Contract Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Outstanding at January 1, 2026 | 514,503 | $ 3.12 | | |
| Granted | 907,591 | 6.44 | | |
| Exercised | (200,719) | 3.24 | | |
| Forfeited | (13,569) | 3.24 | | |
| Outstanding at September 26, 2026 | 1,207,806 | $ 5.59 | 8.64 | $ 963 |
| Vested and expected to vest at September 26, 2026 | 1,207,806 | $ 5.59 | 8.64 | $ 963 |
| Stock appreciation rights exercisable at September 26, 2026 | 158,960 | $ 3.05 | 6.69 | $ 508 |

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

***Performance Stock Units***

During the year ended December 31, 2025, the Compensation Committee of the Board of Directors of the Company approved the grant of performance stock units ("PSUs") as a portion of the annual equity award to the Company's senior management. The 2025 PSU program includes three equal tranches of grants. Each tranche has an annual performance period, with performance goals established for the first tranche of PSUs granted in 2025 in dollars, and second and third tranches of PSUs granted or to be granted in 2026 and 2027, respectively, as a percentage of growth from actual performance in the prior year. Any earned PSUs cliff vest on the third anniversary of the grant date for the first tranche. Thirty-three percent of the target number of PSUs awarded on each grant date will be earned at 0% to 200% of the target number of PSUs based on the Company's achievement of the applicable Adjusted EBITDA performance goal (with 100% of PSUs being earned at target performance, and linear interpolation between threshold and target performance and between target and maximum performance) as defined in the award agreement, for each year of the three-year performance period beginning on January 1, 2025 and ending December 31, 2027. The first and second tranches of PSUs under the 2025 PSU program were granted in March 2025 and 2026, respectively.

During the three fiscal quarters ended September 26, 2026, additional PSU grants were approved for the 2026 PSU program. The 2026 PSU program includes three equal tranches of grants. Each tranche has an annual performance period, with performance goals established for the first tranche of PSUs granted in 2026 in dollars, and second and third tranches of PSUs to be granted in 2027 and 2028, respectively, as a percentage of growth from actual performance in the prior year. Any earned PSUs cliff vest on the third anniversary of the grant date for the first tranche. Thirty-three percent of the target number of PSUs awarded on each grant date will be earned at 0% to 200% of the target number of PSUs based on the Company's achievement of the applicable Adjusted EBITDA performance goal (with 100% of PSUs being earned at target performance, and linear interpolation between threshold and target performance and between target and maximum performance) as defined in the award agreement, for each year of the three-year performance period beginning on January 1, 2026 and ending December 31, 2028. The first tranche of PSUs under the 2026 PSU program was granted in March 2026.

Adjusted EBITDA is considered a performance condition and the grant date fair value corresponds with management's expectation of the probable outcome of the performance condition as of the grant date. The grant date fair value was determined based on the fair market value of the Company's stock at market close on the grant date multiplied by the target number of shares subject to the award and adjusted for management's expectation of the probable outcome of the performance condition. The probability of achieving the performance criteria is assessed quarterly during the performance period. Compensation expense related to unvested PSUs is recognized ratably over the performance period.

The following table represents the Company's PSU activity during the three fiscal quarters ended September 26, 2026:

| | Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Outstanding at January 1, 2026 | 941,803 | $ 5.23 |
| Granted | 314,026 | 6.30 |
| Vested | (190,328) | 7.08 |
| Adjustment for performance achievement [1] | — | — |
| Forfeited | (277,032) | 6.11 |
| Outstanding at September 26, 2026 [2] | 788,469 | $ 4.90 |

(1) Represents the adjustment to previously granted PSUs based on the Company's performance expectations as of the end of each respective fiscal year.

(2) An additional 358,180 PSUs could potentially be included if the maximum performance level of 200% is earned for all PSUs granted on or after January 1, 2025 and outstanding as of September 26, 2026.

**13. NET INCOME PER SHARE**

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

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Numerator: | | | | |
| Net income attributable to common stockholders | $ 12,056 | $ 8,117 | $ 16,276 | $ 18,135 |
| Denominator: | | | | |
| Weighted-average common shares outstanding | | | | |
| Basic | 117,690,489 | 116,603,331 | 117,360,560 | 116,323,609 |
| Diluted | 119,797,839 | 119,907,619 | 119,756,831 | 119,720,706 |
| Net income per share attributable to common stockholders: | | | | |
| Basic | $ 0.10 | $ 0.07 | $ 0.14 | $ 0.16 |
| Diluted | $ 0.10 | $ 0.07 | $ 0.14 | $ 0.15 |

As of September 26, 2026 and December 31, 2025, 117,750,570 and 116,766,927 shares of common stock were issued and outstanding, respectively.

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 per share because the effect was anti-dilutive:

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Restricted stock awards | — | — | — | — |
| Restricted stock units | 3,453 | — | 236,449 | 240,049 |
| Stock options | 1,026,832 | 1,031,911 | 1,068,397 | 1,221,363 |
| Stock appreciation rights | 894,095 | — | 889,183 | — |
| Performance stock units | — | — | 100,671 | 132,414 |

**14. SEGMENT REPORTING**

The Company conducts business as one operating and reportable segment that designs, manufactures, and markets in-ground swimming pools, pool covers, and pool liners. The Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), reviews financial information presented on a consolidated basis for purposes of assessing financial performance and allocating resources.

The Company reports consolidated net income (loss), as management believes that is the measure most consistent with the measurement principles in the Company's consolidated financial statements. Consolidated net income (loss) is used by the CODM predominantly in the annual budget and forecasting, including consideration of budget-to-actual variances when making decisions about the allocation of operating and capital resources.

Operations of the Company's single segment consisted of the following (in thousands):

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Net sales | $ 182,175 | $ 161,903 | $ 496,964 | $ 445,962 |
| Other cost of sales[1] | 109,964 | 100,174 | 307,786 | 279,229 |
| Other selling, general and administrative expense[2] | 28,745 | 24,669 | 90,886 | 79,427 |
| Depreciation | 5,883 | 5,452 | 17,652 | 15,638 |
| Amortization[3] | 7,572 | 7,429 | 22,542 | 22,340 |
| Stock-based compensation expense | 998 | 1,980 | 3,711 | 5,332 |
| Strategic initiative costs[4] | 686 | 684 | 1,645 | 2,246 |
| Acquisition and integration related costs[5] | 3,231 | 7 | 9,155 | 289 |
| Restructuring charges[6] | 1,489 | — | 1,489 | 160 |
| Interest expense, net | 5,423 | 6,067 | 16,109 | 19,587 |
| Loss on extinguishment and modification of debt[7] | 5,022 | — | 5,022 | — |
| Other (income) expense, net | (71) | 1,168 | 2,123 | (2,187) |
| Earnings from equity method investment | (1,789) | (1,310) | (3,705) | (2,751) |
| Income tax expense | 2,966 | 7,466 | 6,273 | 8,517 |
| Net income | $ 12,056 | $ 8,117 | $ 16,276 | $ 18,135 |

(1) Other cost of sales includes total cost of sales (as presented in the condensed consolidated statements of operations) excluding depreciation, stock-based compensation, restructuring charges, and strategic initiative costs.

(2) Other selling, general and administrative expense includes total selling, general and administrative expense (as presented in the condensed consolidated statements of operations) excluding depreciation, amortization, stock-based compensation, strategic initiative costs and acquisition and integration related costs.

(3) Inclusive of finance lease amortization.

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

(5) Represents acquisition and integration costs, including the earn-out related to the Coverstar Central acquisition, as well as other costs related to potential transactions.

(6) Represents costs that include severance and other expenses for our program to optimize certain operational and administrative functions.

(7) Represents the loss on extinguishment and modification of debt in connection with the Refinancing.

**15. SUBSEQUENT EVENTS**

On October 27, 2026, the Latham Board of Directors approved a stock repurchase program (the "Repurchase Program") which authorized the Company to repurchase up to $100 million of the Company's shares of common stock over the next three years. The Company may effect these repurchases in open market transactions, privately negotiated purchases or other acquisitions. The Company is not obligated to repurchase any of its shares of its common stock under the Repurchase Program and the timing and amount of any repurchases will depend on market conditions, the Company's stock price, alternative uses of capital, the terms of the Company's debt instruments and other factors.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 4, 2026 (the "Annual Report").*

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact may constitute forward-looking statements, including statements regarding our future operating results and financial position, our business strategy and plans, business and market trends, our objectives for future operations, macroeconomic and geopolitical conditions, acquisitions and related benefits, and the sufficiency of our cash balances, working capital and cash generated from operating, investing, and financing activities for our future liquidity and capital resource needs. 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. These statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those set forth under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in the Annual Report and as described in other subsequent reports we file with the SEC, including elsewhere in this Quarterly Report on Form 10-Q. For similar reasons, our past results may not be a reliable indicator of future performance or trends. We encourage you to read this report and our other filings with the SEC carefully. You also should be aware that these risk factors and other information do not describe every risk that we face. New emerging risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations and cash flows. We operate in a very competitive and rapidly changing environment, and new risks emerge from time to time that may impair our business, financial condition, results of operations and cash flows. Although we believe that the expectations reflected in the forward-looking statements are reasonable and our expectations based on third-party information and projections are from sources that management believes to be reputable, we cannot guarantee future results, levels of activities, performance, or achievements.

These forward-looking statements reflect our views with respect to future events as of the date of this Quarterly Report on Form 10-Q or the date specified herein, and we have based these forward-looking statements on our current expectations and projections about future events and trends. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. Our forward-looking statements further do not reflect the potential impact of any future acquisitions, mergers, 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 leading position in North America in every product category in which we compete. It is our view that we are the most sought-after brand in the pool industry. We are Latham, The Pool Company™.

With an operating history that spans over 70 years, we offer the industry's broadest portfolio of pools and related products, including in-ground swimming pools, pool covers, and pool liners.

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 to 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 15 years. We support our dealer network with business development tools, co-branded marketing programs, and in-house training.

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.

Our operations consist of approximately 1,900 employees on average across approximately 40 locations. The broad geographic reach of our national manufacturing and distribution network allows us to service our customers on short lead times and to deliver our products in a cost-effective manner. Our mission is to design and manufacture high-quality pool products, with the homeowner in mind, and to be 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, pool covers, and pool liners.

**Recent Developments**

***Highlights for the fiscal quarter ended September 26, 2026***

- Increase in net sales of 12.5%, or $20.3 million, to $182.2 million for the fiscal quarter ended September 26, 2026, compared to $161.9 million for the fiscal quarter ended September 27, 2025.
- Increase in net income of $3.9 million to $12.1 million and representing a 6.6% net income margin for the fiscal quarter ended September 26, 2026, compared to $8.1 million and representing a 5.0% net income margin for the fiscal quarter ended September 27, 2025.
- Increase in Adjusted EBITDA (as defined below) of $6.9 million to $45.3 million for the fiscal quarter ended September 26, 2026, compared to $38.3 million for the fiscal quarter ended September 27, 2025. Adjusted EBITDA margin increased from 23.7% to 24.8%.

***Highlights for the three fiscal quarters ended September 26, 2026***

- Increase in net sales of 11.4%, or $51.0 million, to $497.0 million for the three fiscal quarters ended September 26, 2026, compared to $446.0 million for the three fiscal quarters ended September 27, 2025.
- Decrease in net income of $1.9 million to $16.3 million and representing a 3.3% net income margin for the three fiscal quarters ended September 26, 2026, compared to net income of $18.1 million and representing a 4.1% net income margin for the three fiscal quarters ended September 27, 2025.
- Increase in Adjusted EBITDA of $12.7 million to $102.0 million for the three fiscal quarters ended September 26, 2026, compared to $89.4 million for the three fiscal quarters ended September 27, 2025. Adjusted EBITDA margin increased from 20.0% to 20.5%.

***Business Update***

We delivered strong third quarter and year-to-date results, demonstrating continued success in material conversion and underpinning our expectation that Latham continues to gain share across our product lines. Third quarter net sales increased by 12.5%, including 8.4% organic growth, led by in-ground pool sales, which grew by 22.6%, or 13.9% organically, compared to last year's third quarter.

The substantial increase in in-ground pool sales was driven almost entirely by fiberglass pools, which are increasingly being recognized by consumers and pool builders for their competitive advantages over concrete, namely fast and easy installation, cost efficiency, durability, lifetime warranty and lower maintenance costs. Similarly, autocovers continued to gain momentum as they have strong safety benefits, offer significant cost savings to pool owners and are compatible with all types of in-ground pools. Cover sales showed substantial organic growth of autocovers, where we are achieving meaningful revenue synergies following the acquisitions of several of our Coverstar dealers over the last two years.

The Sand States remain a key growth market for Latham, which we believe has the potential to drive a step-change in companywide sales. Sales growth in the Sand States accelerated to 21.1% in the third quarter and increased 16.6% year-to-

date, led by strong performance in Florida and Texas. We are making meaningful progress in executing the Sand States growth strategy we outlined earlier this year, delivering on key initiatives that position us to drive continued growth by building on our refined market development framework. We also partnered with a national homebuilder to offer Latham fiberglass pools as an option in their new home construction in Florida. In parallel, we continued to strengthen our sales capabilities, adding field sales resources in Florida, with further expansion planned in Texas and Arizona, while targeted marketing initiatives are gaining traction and contributing to growth.

Additionally, we completed the build-out of our commercial organization, including hiring a Chief Commercial Officer.

***Strategic Acquisition***

Strategic transactions continue to be part of our growth strategy. On February 26, 2026, we completed the acquisition of Freedom Pools, a fiberglass pool manufacturer and installer operating in Australia and New Zealand. The acquisition has been and is expected to continue to be accretive to our earnings, adding approximately $20.0 million in net sales and approximately $4.0 million in Adjusted EBITDA, on an annualized basis, before acquisition synergies. The purchase price was $15.4 million, and included a holdback of $1.6 million that has been accrued on our condensed consolidated balance sheet. The transaction was fully funded with cash on hand.

***Purchase of Property***

During the fiscal quarter ended March 28, 2026, we purchased four fiberglass production facilities that had previously been leased. The transaction was completed on February 6, 2026 for a total purchase price of $17.6 million. The purchase price included a $12.0 million deposit made in the fourth quarter of 2025, and $5.6 million paid at closing. This purchase was the primary reason for the increase in property and equipment, net on the condensed consolidated balance sheet as of September 26, 2026.

***Debt Refinancing***

On August 20, 2026, we entered into an agreement (the “New Credit Agreement”) with Jefferies Finance LLC, which provides a senior secured multicurrency revolving line of credit (the “New Revolving Credit Facility”) in an initial principal amount of $75.0 million and a U.S. Dollar senior secured term loan facility (the “New Term Loan”) in an initial principal amount of $300.0 million (collectively, the “Refinancing”). On the Closing Date, proceeds under the agreement were used to repay and replace all outstanding obligations under, and terminate the Prior Credit Agreement (as defined below) and for general corporate purposes.

**Key Performance Indicators**

***Net Sales***

We derive our revenue from the design, manufacture, and sale of in-ground swimming pools, pool covers, and pool 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 pool covers, which are winterizing mesh or 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 (dealer in one-step distribution channel or distributor in two-step distribution channel), 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, returns, allowances, 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.

***Gross Margin***

Gross margin is gross profit as a percentage of our net sales. Gross margin depends upon several factors, such as the prices we charge buyers, changes in prices of raw materials, the volume and relative sales mix among product lines, 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***

Adjusted EBITDA and Adjusted EBITDA margin are key metrics used by management and the Board of Directors of the Company (the "Board") 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, to utilize as a significant performance metric in our annual management incentive bonus plan compensation, 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, net, (iii) income tax expense (benefit), (iv) (gain) loss on sale and disposal of property and equipment, (v) restructuring charges, (vi) stock-based compensation expense, (vii) unrealized losses (gains) on foreign currency transactions, (viii) strategic initiative costs, (ix) acquisition and integration related costs and (x) other.

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and should not be considered as alternatives to net income (loss) 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. We encourage evaluation of these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA and Adjusted EBITDA margin, be mindful 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 in the future, 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.

We believe Adjusted EBITDA and Adjusted EBITDA margin are useful measurements for investors as they help identify underlying trends that could otherwise be masked by certain expenses that we do not consider indicative of our ongoing operating performance. We also use Adjusted EBITDA and Adjusted EBITDA margin for planning purposes, assessing our financial performance, and other strategic decisions. 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 September 26, 2026 Compared to Fiscal Quarter Ended September 27, 2025***

The following table summarizes our results of operations for the fiscal quarter ended September 26, 2026 and September 27, 2025 (dollars in thousands):

| | Fiscal Quarter Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 26, 2026 | % of Net Sales | September 27, 2025 | % of Net Sales | Change Amount | Change % of Net Sales |
| Net sales | $ 182,175 | 100.0 % | $ 161,903 | 100.0 % | $ 20,272 | — % |
| Cost of sales | 115,348 | 63.3 % | 104,596 | 64.6 % | 10,752 | (1.3)% |
| Gross profit | 66,827 | 36.7 % | 57,307 | 35.4 % | 9,520 | 1.3 % |
| Selling, general and administrative expense | 35,862 | 19.7 % | 28,586 | 17.6 % | 7,276 | 2.1 % |
| Amortization | 7,358 | 4.0 % | 7,213 | 4.5 % | 145 | (0.5)% |
| Income from operations | 23,607 | 13.0 % | 21,508 | 13.3 % | 2,099 | (0.3)% |
| Other expense (income): | | | | | | |
| Interest expense, net | 5,423 | 3.0 % | 6,067 | 3.7 % | (644) | (0.7)% |
| Loss on extinguishment and modification of debt | 5,022 | 2.8 % | — | — % | 5,022 | 2.8 % |
| Other (income) expense, net | (71) | — % | 1,168 | 0.8 % | (1,239) | (0.8)% |
| Total other expense, net | 10,374 | 5.8 % | 7,235 | 4.5 % | 3,139 | 1.3 % |
| Earnings from equity method investment | 1,789 | 1.0 % | 1,310 | 0.8 % | 479 | 0.2 % |
| Income before income taxes | 15,022 | 8.2 % | 15,583 | 9.6 % | (561) | (1.4)% |
| Income tax expense | 2,966 | 1.6 % | 7,466 | 4.6 % | (4,500) | (3.0)% |
| Net income | $ 12,056 | 6.6 % | $ 8,117 | 5.0 % | $ 3,939 | 1.6 % |
| Adjusted EBITDA [(a)] | $ 45,254 | 24.8 % | $ 38,328 | 23.7 % | $ 6,926 | 1.1 % |

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

***Net Sales***

Net sales was $182.2 million for the fiscal quarter ended September 26, 2026, compared to $161.9 million for the fiscal quarter ended September 27, 2025. The $20.3 million, or 12.5%, increase in net sales was due to a $16.7 million increase in sales volume and a $3.6 million increase from higher pricing. The increase in net sales was primarily driven by organic growth in our in-ground pool sales including sales growth in the Sand States, organic growth of autocovers and the benefit of recent price increases, as well as the acquisition of Freedom Pools. The increase in net sales of $20.3 million across our product lines consisted of an increase of $17.1 million for in-ground swimming pools and $4.8 million for covers, partially offset by a decrease of $1.5 million for liners.

***Cost of Sales and Gross Margin***

Cost of sales was $115.3 million for the fiscal quarter ended September 26, 2026, compared to $104.6 million for the fiscal quarter ended September 27, 2025. The $10.8 million, or 10.3%, increase in cost of sales was primarily the result of the increase in sales volume, partially offset by the impact of production efficiencies resulting from lean manufacturing and

value engineering programs. Gross margin increased by 1.3%, to 36.7% of net sales for the fiscal quarter ended September 26, 2026, compared to 35.4% of net sales for the fiscal quarter ended September 27, 2025. The 1.3% increase in gross margin was primarily driven by greater plant absorption on higher volumes and the ongoing benefits of our lean manufacturing and value engineering initiatives.

***Selling, General and Administrative Expense***

Selling, general and administrative expense was $35.9 million for the fiscal quarter ended September 26, 2026, compared to $28.6 million for the fiscal quarter ended September 27, 2025. The $7.3 million, or 25.5%, increase in selling, general and administrative expense was primarily due to investments in support of our growth strategies and market share expansion, sales and marketing initiatives to accelerate the fiberglass conversion strategy in the Sand States, acquisition and integration related costs, which included $3.2 million of performance-based compensatory earn-out expenses related to our Coverstar Central acquisition in 2024, as well as costs related to our digital transformation program.

***Amortization***

Amortization was $7.4 million for the fiscal quarter ended September 26, 2026 and $7.2 million for the fiscal quarter ended September 27, 2025. The $0.1 million, or 2.0%, increase in amortization was due to the Freedom Pools acquisition.

***Interest Expense, net***

Interest expense, net was $5.4 million for the fiscal quarter ended September 26, 2026, compared to $6.1 million for the fiscal quarter ended September 27, 2025. The $0.6 million, or 10.6%, decrease in interest expense, net was primarily the result of the change in the fair value of our interest rate swap, a decrease in interest rates and a change in the amortization of financing fees related to the Refinancing (defined below), compared to the fiscal quarter ended September 27, 2025.

***Loss on Extinguishment and Modification of Debt***

Loss on extinguishment and modification of debt was $5.0 million for the fiscal quarter ended September 26, 2026, compared to none for the fiscal quarter ended September 27, 2025 due to the Refinancing that was completed in August 2026.

***Other (Income) Expense, Net***

Other income, net was $0.1 million for the fiscal quarter ended September 26, 2026, compared to other expense, net of $1.2 million for fiscal quarter ended September 27, 2025. The $1.2 million increase in other income, net was primarily driven by a favorable change in net foreign currency transaction gains and losses associated with our international subsidiaries.

***Earnings from Equity Method Investment***

Earnings from our equity method investment in Premier Pools & Spas was $1.8 million for the fiscal quarter ended September 26, 2026, compared to $1.3 million for the fiscal quarter ended September 27, 2025, due to the financial performance of Premier Pools & Spas.

***Income Tax Expense***

Income tax expense was $3.0 million for the fiscal quarter ended September 26, 2026, compared to $7.5 million for the fiscal quarter ended September 27, 2025. Our effective tax rate was 19.7% for the fiscal quarter ended September 26, 2026, compared to 47.9% for the fiscal quarter ended September 27, 2025. The differences between the U.S. federal statutory income tax rate and our effective income tax rates for the fiscal quarter ended September 26, 2026 and the fiscal quarter ended September 27, 2025 were primarily attributable to the jurisdictional mix of income, the discrete impact of stock-based compensation forfeitures or windfalls and exercises and the effects of branch accounting for Latham Canada.

***Net Income***

Net income was $12.1 million for the fiscal quarter ended September 26, 2026, compared to $8.1 million for the fiscal quarter ended September 27, 2025. The $3.9 million, or 48.5%, increase in net income was primarily driven by an increase in net sales, as well as the other factors described above.

***Net Income Margin***

Net income margin was 6.6% for the fiscal quarter ended September 26, 2026, compared to 5.0% for the fiscal quarter ended September 27, 2025. The 1.6% increase in net income margin was primarily driven by the $3.9 million increase in net income, as well as the other factors described above.

***Adjusted EBITDA***

Adjusted EBITDA was $45.3 million for the fiscal quarter ended September 26, 2026, compared to $38.3 million for the fiscal quarter ended September 27, 2025. The $6.9 million, or 18.1%, increase in Adjusted EBITDA was primarily because of higher gross margin that more than offset higher sales and marketing expenses, as well as the factors described above.

***Adjusted EBITDA Margin***

Adjusted EBITDA margin was 24.8% for the fiscal quarter ended September 26, 2026, compared to 23.7% for the fiscal quarter ended September 27, 2025. The 1.1% increase in Adjusted EBITDA margin was primarily because of the increase in net sales as well as the other factors described above.

***Three Fiscal Quarters Ended September 26, 2026 Compared to Three Fiscal Quarters Ended September 27, 2025***

The following table summarizes our results of operations for the three fiscal quarters ended September 26, 2026 and September 27, 2025 (dollars in thousands):

| | Three Fiscal Quarters Ended | | | | | |
|---|---|---|---|---|---|---|
| | September 26, 2026 | % of Net Sales | September 27, 2025 | % of Net Sales | Change Amount | Change % of Net Sales |
| Net sales | $ 496,964 | 100.0 % | $ 445,962 | 100.0 % | $ 51,002 | — % |
| Cost of sales | 322,902 | 65.0 % | 291,811 | 65.4 % | 31,091 | (0.4)% |
| Gross profit | 174,062 | 35.0 % | 154,151 | 34.6 % | 19,911 | 0.4 % |
| Selling, general and administrative expense | 110,071 | 22.1 % | 91,146 | 20.4 % | 18,925 | 1.7 % |
| Amortization | 21,893 | 4.4 % | 21,704 | 4.9 % | 189 | (0.5)% |
| Income from operations | 42,098 | 8.5 % | 41,301 | 9.3 % | 797 | (0.8)% |
| Other expense (income): | | | | | | |
| Interest expense, net | 16,109 | 3.3 % | 19,587 | 4.4 % | (3,478) | (1.1)% |
| Loss on extinguishment and modification of debt | 5,022 | 1.0 % | — | — % | 5,022 | 1.0 % |
| Other expense (income), net | 2,123 | 0.4 % | (2,187) | (0.5)% | 4,310 | 0.9 % |
| Total other expense, net | 23,254 | 4.7 % | 17,400 | 3.9 % | 5,854 | 0.8 % |
| Earnings from equity method investment | 3,705 | 0.7 % | 2,751 | 0.6 % | 954 | 0.1 % |
| Income before income taxes | 22,549 | 4.5 % | 26,652 | 6.0 % | (4,103) | (1.5)% |
| Income tax expense | 6,273 | 1.2 % | 8,517 | 1.9 % | (2,244) | (0.7)% |
| Net income | $ 16,276 | 3.3 % | $ 18,135 | 4.1 % | $ (1,859) | (0.8)% |
| Adjusted EBITDA [(a)] | $ 102,029 | 20.5 % | $ 89,354 | 20.0 % | $ 12,675 | 0.5 % |

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

***Net Sales***

Net sales was $497.0 million for the three fiscal quarters ended September 26, 2026, compared to $446.0 million for the three fiscal quarters ended September 27, 2025. The $51.0 million, or 11.4%, increase in net sales was due to a $38.8 million increase in sales volume and a $12.2 million increase from higher pricing. The sales volume increase was primarily due to organic growth of 7.9% with the acquisition of Freedom Pools contributing the remainder. The increase in net sales across our product lines consisted of an increase of $36.8 million for in-ground swimming pools, $10.4 million for covers and $3.9 million for liners.

***Cost of Sales and Gross Margin***

Cost of sales was $322.9 million for the three fiscal quarters ended September 26, 2026, compared to $291.8 million for the three fiscal quarters ended September 27, 2025. The $31.1 million increase in cost of sales was primarily the result of the increase in sales volume, partially offset by the impact of production efficiencies resulting from lean manufacturing and value engineering programs. Gross margin increased by 0.4% and was 35.0% of net sales for the three fiscal quarters

ended September 26, 2026, compared to 34.6% of net sales for the three fiscal quarters ended September 27, 2025. The increase in gross margin reflects the benefits of our incremental lean manufacturing and value engineering initiatives.

***Selling, General and Administrative Expense***

Selling, general and administrative expense was $110.1 million for the three fiscal quarters ended September 26, 2026, compared to $91.1 million for the three fiscal quarters ended September 27, 2025. The $18.9 million, or 20.8%, increase in selling, general and administrative expense was primarily driven by increased sales and marketing investments to accelerate our fiberglass conversion strategy in the Sand States, acquisition and integration related costs, which included $7.7 million of performance-based compensatory earn-out expenses related to our Coverstar Central acquisition in 2024 and costs related to our digital transformation program.

***Amortization***

Amortization was $21.9 million for the three fiscal quarters ended September 26, 2026 compared to $21.7 million for the three fiscal quarters ended September 27, 2025. The $0.2 million, or 0.9%, increase in amortization expense was driven by the acquisition of Freedom Pools.

***Interest Expense, net***

Interest expense, net was $16.1 million for the three fiscal quarters ended September 26, 2026, compared to $19.6 million for the three fiscal quarters ended September 27, 2025. The $3.5 million, or 17.8%, decrease in interest expense, net was the result of the change in the fair value of our interest rate swap and lower interest rates, compared to the three fiscal quarters ended September 27, 2025.

***Loss on Extinguishment and Modification of Debt***

Loss on extinguishment and modification of debt was $5.0 million for the three fiscal quarters ended September 26, 2026, compared to none for the three fiscal quarters ended September 27, 2025 due to the Refinancing that was completed in August 2026.

***Other Expense (Income), Net***

Other expense, net was $2.1 million for the three fiscal quarters ended September 26, 2026, compared to other income, net of $2.2 million for the three fiscal quarters ended September 27, 2025. The $4.3 million increase in other expense, net was primarily driven by an unfavorable change in net foreign currency transaction gains and losses associated with our international subsidiaries.

***Earnings from Equity Method Investment***

Earnings from our equity method investment in Premier Pools & Spas were $3.7 million for the three fiscal quarters ended September 26, 2026, compared to $2.8 million for the three fiscal quarters ended September 27, 2025, due to the financial performance of Premier Pools & Spas.

***Income Tax Expense***

Income tax expense was $6.3 million for the three fiscal quarters ended September 26, 2026, compared to income tax expense of $8.5 million for the three fiscal quarters ended September 27, 2025. Our effective tax rate was 27.8% for the three fiscal quarters ended September 26, 2026, compared to 32.0% for the three fiscal quarters ended September 27, 2025. The difference between the U.S. federal statutory income tax rate and our effective income tax rate for both the three fiscal quarters ended September 26, 2026 and September 27, 2025 was primarily attributable to the jurisdictional mix of income, the discrete impact of stock-based compensation forfeitures or windfalls and exercises and the effects of branch accounting for Latham Canada.

***Net Income***

Net income was $16.3 million for the three fiscal quarters ended September 26, 2026, compared to $18.1 million for the three fiscal quarters ended September 27, 2025. The $1.9 million, or 10.3%, decrease in net income was primarily

driven by a one-time loss on extinguishment and modification of debt related to the Refinancing, as well as the other factors described above.

***Net Income Margin***

Net income margin was 3.3% for the three fiscal quarters ended September 26, 2026, compared to 4.1% for the three fiscal quarters ended September 27, 2025. The 0.8% decrease in net income margin was driven by a $1.9 million decrease in net income as well as the other factors described above.

***Adjusted EBITDA***

Adjusted EBITDA was $102.0 million for the three fiscal quarters ended September 26, 2026, compared to $89.4 million for the three fiscal quarters ended September 27, 2025. The $12.7 million, or 14.2%, increase in Adjusted EBITDA was driven by the factors described above.

***Adjusted EBITDA Margin***

Adjusted EBITDA margin was 20.5% for the three fiscal quarters ended September 26, 2026 compared to 20.0% for the three fiscal quarters ended September 27, 2025. The 0.5% increase in Adjusted EBITDA margin was primarily because of the increase in net sales as well as the other factors described above.

**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 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, to utilize as a significant performance metric in our annual management incentive bonus plan compensation, 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, net, (iii) income tax expense (benefit), (iv) (gain) 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) loss on extinguishment and modification of debt and (xi) other.

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and should not be considered as alternatives to net income (loss) 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. We encourage evaluation of these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA and Adjusted EBITDA margin, be mindful 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 in the future, 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 should not be considered 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, net, or the amounts necessary to service interest or principal payments, on our outstanding debt;
- do not reflect income tax expense (benefit), 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 stock-based compensation, which will remain a key element of our overall 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 (dollars in thousands):

| | Fiscal Quarter Ended | | Three Fiscal Quarters Ended | |
|---|---|---|---|---|
| | September 26, 2026 | September 27, 2025 | September 26, 2026 | September 27, 2025 |
| Net income | $ 12,056 | $ 8,117 | $ 16,276 | $ 18,135 |
| Depreciation and amortization | 13,455 | 12,881 | 40,194 | 37,978 |
| Interest expense, net | 5,423 | 6,067 | 16,109 | 19,587 |
| Income tax expense | 2,966 | 7,466 | 6,273 | 8,517 |
| (Gain) loss on sale and disposal of property and equipment | — | (26) | — | 20 |
| Restructuring charges[a] | 1,489 | — | 1,489 | 160 |
| Stock-based compensation expense[b] | 998 | 1,980 | 3,711 | 5,332 |
| Unrealized (gains) losses on foreign currency transactions[c] | (72) | 1,181 | 2,155 | (2,878) |
| Strategic initiative costs[d] | 686 | 684 | 1,645 | 2,246 |
| Acquisition and integration related costs[e] | 3,231 | 7 | 9,155 | 289 |
| Loss on extinguishment and modification of debt[f] | 5,022 | — | 5,022 | — |
| Other[g] | — | (29) | — | (32) |
| Adjusted EBITDA | $ 45,254 | $ 38,328 | $ 102,029 | $ 89,354 |
| Net sales | $ 182,175 | $ 161,903 | $ 496,964 | $ 445,962 |
| Net income margin | 6.6 % | 5.0 % | 3.3 % | 4.1 % |
| Adjusted EBITDA margin | 24.8 % | 23.7 % | 20.5 % | 20.0 % |

(a) Represents costs that include severance and other expenses for our program to optimize certain operational and administrative functions.
(b) Represents non-cash stock-based compensation expense.
(c) Represents unrealized foreign currency transaction losses (gains) associated with our international subsidiaries.
(d) Represents fees paid to external consultants and other expenses for our strategic initiatives.
(e) Represents acquisition and integration costs, including the earn-out related to the Coverstar Central acquisition, as well as other costs related to potential transactions.
(f) Represents the loss on extinguishment and modification of debt in connection with the Refinancing.
(g) Other costs consist of other discrete items as determined by management, primarily including (i) fees paid to external advisors for various matters and (ii) other items.

**Liquidity and Capital Resources**

***Overview***

Our primary sources of liquidity are net cash provided by operating activities and availability under our New Revolving Credit Facility (as defined below). Historically, we have funded working capital requirements, capital expenditures, payments related to acquisitions, and debt service requirements with internally generated cash on hand, through borrowings under our credit facilities, 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 or investments we may undertake.

As of September 26, 2026, we had $94.8 million of cash, $292.5 million of outstanding borrowings and an additional $75.0 million of borrowing availability under our New Revolving Credit Facility.

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 fiscal year, driven primarily by seasonality and the timing of raw material purchases. Our capital expenditures are primarily related to our growth strategy, including production capacity, diversifying our product offerings, storage, and delivery equipment. We are currently undergoing a digital transformation program to upgrade all of our technology and enterprise resource planning ("ERP") systems. We expect to fund these capital expenditures from net cash provided by operating activities or the utilization of a portion of our borrowing availability under our New Revolving Credit Facility.

Our disciplined capital activity allocation strategy remains focused on deploying capital opportunistically to position Latham for profitable organic and acquisition-related growth and to de-lever and further reduce our net debt leverage ratio.

It is our belief that our existing cash, cash generated from operations and availability under our New Revolving Credit Facility will be adequate to fund our operating expenses and capital expenditure requirements over the next 12 months, as well as our longer-term liquidity needs. 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. We may issue debt or equity securities, which may provide an additional source of liquidity. However, there can be no assurance equity or debt financing will be available to us when we need it or, if available, the terms will be satisfactory to us and not dilutive to our then-current stockholders.

***Our Indebtedness***

On August 20, 2026 (the "Closing Date"), we completed the Refinancing. Latham Pool Products and certain subsidiary guarantors, entered into New Credit Agreement with Jefferies Finance LLC, which provides a senior secured multicurrency revolving line of credit in an initial principal amount of $75.0 million, which includes a sub-limit for letters of credit, and a U.S. Dollar senior secured term loan facility in an initial principal amount of $300.0 million. On the Closing Date, proceeds from the borrowings under the New Credit Agreement were used to repay and replace all outstanding obligations under, and terminate, the Credit and Guaranty Agreement, dated as of February 23, 2022, among Latham Pool Products, Latham International Manufacturing Corp. ("LIMC") and the other guarantors party thereto, the lenders party thereto and Barclays Bank PLC, as administrative agent (the "Prior Credit Agreement").

We are required to meet certain financial covenants, including maintaining specific liquidity measurements. To the extent that outstanding usage of the New Revolving Credit Facility exceeds 40% of the commitments under the New Revolving Credit Facility as of the last day of any fiscal quarter, LIMC is required to be in compliance with a maximum First Lien Net Leverage Ratio (as defined below) of 5.20:1.00 as of the last day of such fiscal quarter. 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, make prepayments with respect to certain indebtedness and make restricted payments and other distributions.

The New Credit Agreement contains customary mandatory prepayment provisions, including requirements to make mandatory prepayments with 50% of any excess cash flow and with 100% of the net cash proceeds from the incurrence of nonpermitted indebtedness, asset sales and casualty and condemnation events, in each case, subject to customary exceptions.

As of September 26, 2026, we were in compliance with all covenants under the New Credit Agreement.

*New Revolving Credit Facility*

The New Revolving Credit Facility may be utilized to finance working capital and other general corporate purposes and permits Latham Pool Products to borrow loans in U.S. Dollars, Canadian Dollars, Euros and Australian Dollars. The New Revolving Credit Facility matures on August 20, 2031. Loans outstanding under the New Revolving Credit Facility denominated in U.S. Dollars and Canadian Dollars bear interest, at the borrower’s option, at a rate per annum based on Term SOFR or the Term CORRA Rate (each, as defined in the New Credit Agreement), as applicable, plus a margin ranging from 3.25% to 3.50%, depending on the First Lien Net Leverage Ratio (as defined in the New Credit Agreement, the “First Lien Net Leverage Ratio”), or at a rate per annum based on the Alternate Base Rate or the Canadian Prime Rate (each, as defined in the New Credit Agreement), plus a margin ranging from 2.25% to 2.50%, depending on the First Lien Net Leverage Ratio. Loans outstanding under the New Revolving Credit Facility denominated in Euros or Australian Dollars bear interest based on EURIBOR or the BBSY (each, as defined in the New Credit Agreement), respectively, plus a margin ranging from 3.25% to 3.50%, depending on the First Lien Net Leverage Ratio. A commitment fee accrues on any unused portion of the commitments under the New Revolving Credit Facility. The commitment fee is due and payable quarterly in arrears and accrues at a rate per annum ranging from 0.25% to 0.50%, depending on the First Lien Net

Leverage Ratio. Borrowings under the New Revolving Credit Facility are not subject to amortization and are due at maturity.

As of September 26, 2026, we had no outstanding borrowings under the New Revolving Credit Facility and $75.0 million was available for future borrowing.

*New Term Loan*

Pursuant to the New Credit Agreement, we borrowed $300.0 million in term loans. The New Term Loan matures on August 20, 2033. Loans outstanding under the New Term Loan bear interest, at the borrower's option, at a rate per annum based on Term SOFR (as defined in the New Credit Agreement), plus a margin of 4.00%, or based on the Alternate Base Rate (as defined in the New Credit Agreement), plus a margin of 3.00%. Loans under the New Term Loan are subject to scheduled quarterly amortization payments of $750,000, which represents 0.25% of the initial principal amount of the New Term Loan.

As of September 26, 2026, we had $292.5 million of outstanding borrowings under the New Term Loan.

*Prior Revolving Credit Facility*

On February 23, 2022, the Company entered into a prior revolving credit facility with Barclays Bank, PLC that was utilized to finance ongoing general corporate and working capital needs and permits Latham Pool Products to borrow loans in U.S Dollars, Canadian Dollars, Euros and Australian Dollars up to $75 million (the "Prior Revolving Credit Facility"). The Prior Revolving Credit Facility would have matured on February 23, 2027 but was terminated in connection with the Refinancing.

During the three fiscal quarters ended September 26, 2026, we repaid $35.0 million of outstanding borrowings on the Prior Revolving Credit Facility, before the Refinancing.

*Prior Term Loan*

Pursuant to the Prior Credit Agreement, Latham Pool Products also borrowed $325.0 million in term loans (the "Prior Term Loan"). The Prior Term Loan was repaid and terminated as of the Closing Date of the Refinancing.

***Cash Flows***

The following table summarizes our sources and uses of cash for each of the periods presented (dollars in thousands):

| | Three Fiscal Quarters Ended | |
|---|---|---|
| | **September 26, 2026** | **September 27, 2025** |
| Net cash provided by operating activities | $ 54,576 | $ 40,121 |
| Net cash used in investing activities | (36,428) | (21,094) |
| Net cash provided by (used in) financing activities | 5,117 | (4,918) |
| Effect of exchange rate changes on cash | 502 | 11 |
| Net increase in cash | $ 23,767 | $ 14,120 |

*Operating Activities*

During the three fiscal quarters ended September 26, 2026, operating activities provided $54.6 million of cash. Net income, after adjustments for non-cash items, provided cash of $70.3 million. Cash provided by operating activities was partially reduced by changes in our operating assets and liabilities, which used $15.8 million. Net cash used due to changes in our operating assets and liabilities for the three fiscal quarters ended September 26, 2026 consisted primarily of a $40.1 million increase in trade receivables, a $9.3 million increase in inventories, a $0.6 million decrease in other long-term liabilities, a $0.3 million increase in prepaid expenses and other current assets and a $0.1 million increase in other assets,

partially offset by a $15.8 million increase in accounts payable, a $13.3 million increase in accrued expenses and other current liabilities and a $5.7 million decrease in income tax receivable. The change in trade receivables was primarily driven by the increase and timing of net sales, the change in accounts payable was primarily driven by volume of purchases and timing of payments and the change in accrued expenses and other current liabilities was primarily driven by the performance-based compensatory earn-out expenses related to our Coverstar Central acquisition in 2024.

During the three fiscal quarters ended September 27, 2025, operating activities provided $40.1 million of cash. Net income, after adjustments for non-cash items, provided cash of $67.3 million. Cash provided by operating activities was partially reduced by changes in our operating assets and liabilities, which used $27.1 million. Net cash used by changes in our operating assets and liabilities for the three fiscal quarters ended September 27, 2025 consisted primarily of a $50.4 million increase in trade receivables, a $5.6 million increase in income tax receivable, a $0.8 million increase in prepaid expenses and other current assets, a $0.5 million decrease in other long-term liabilities and a $0.2 million increase in other assets, partially offset by a $16.3 million increase in accounts payable, a $7.3 million decrease in inventories and a $6.7 million increase in accrued expenses and other current liabilities. The change in trade receivables was primarily driven by the increase and timing of net sales and the change in accounts payable was primarily driven by volume of purchases and timing of payments.

*Investing Activities*

During the three fiscal quarters ended September 26, 2026, investing activities used $36.4 million of cash, consisting of purchases of property and equipment for $22.2 million and a cash payment for the acquisition of business, net of cash acquired of $14.3 million. Acquisition of business, net of cash acquired included $13.9 million cash paid for the acquisition of Freedom Pools and $0.4 million for a holdback paid related to the acquisition of two of our smaller autocover dealers in New York and Tennessee. Purchases of property and equipment included the second payment of $5.6 million that was paid as a follow up to the deposit made in the prior year of $12.0 million for the purchase of four fiberglass plants that had previously been leased. The remainder was primarily to expand capacity for production and diversify offerings, especially for fiberglass pools, and on-going strategic initiatives such as our digital transformation program.

During the three fiscal quarters ended September 27, 2025, investing activities used $21.1 million of cash, consisting of purchases of property and equipment for $16.2 million and the acquisition of two of our autocover dealers of $4.9 million. The purchase of property and equipment was primarily to expand capacity for production and diversify offerings, especially for fiberglass pools, as well as on-going strategic initiatives such as digital transformation.

*Financing Activities*

During the three fiscal quarters ended September 26, 2026, financing activities provided $5.1 million of cash, primarily consisting of proceeds from long-term debt borrowings, net of discount of $298.5 million, partially offset by payments on long-term debt borrowings of $284.8 million, deferred financing fees paid of $4.7 million, common stock withheld for taxes on restricted stock units of $3.2 million and repayments of finance lease obligations of $0.7 million.

During the three fiscal quarters ended September 27, 2025, financing activities used $4.9 million of cash, primarily consisting of common stock withheld for taxes on restricted stock units of $2.7 million, Term Loan payments of $1.6 million and repayments of finance lease obligations of $0.6 million.

**Contractual Obligations**

There have been no material changes, outside of the ordinary course of business, to our contractual obligations during the three fiscal quarters ended September 26, 2026 from those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations” in our Annual Report.

**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 and estimates are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report and Note 2 to our condensed consolidated

financial statements in this Quarterly Report on Form 10-Q. 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.

**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, and notes to such financial statements, is disclosed in Note 2 to our condensed consolidated financial statements 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 three fiscal quarters ended September 26, 2026, 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 Annual Report.

***Interest Rate Risk***

We entered into an interest rate swap that was executed on March 10, 2023 (the “2023 Interest Rate Swap”). The 2023 Interest Rate Swap had an effective date of May 18, 2023 and a termination date of May 18, 2026. Under the terms of the 2023 Interest Rate Swap, we fixed our SOFR borrowing rate on a notional amount of $161.0 million. The 2023 Interest Rate Swap was not designated as a hedging instrument for accounting purposes.

Additionally, we entered into a new interest rate swap that was executed on June 4, 2025 (the “2025 Interest Rate Swap”). As part of the 2025 Interest Rate Swap, we terminated the 2023 Interest Rate Swap prior to its May 18, 2026 termination date. The 2025 Interest Rate Swap became effective on May 19, 2025 and has a termination date of May 18, 2027. Under the terms of the 2025 Interest Rate Swap, we fixed our SOFR borrowing rate on a notional amount of $140.0 million. The 2025 Interest Rate Swap is not designated as a hedging instrument for accounting purposes.

An increase or decrease of 1% in the effective interest rate, giving effect related to interest rate swaps, as of September 26, 2026, would cause an increase or decrease to annual interest expense, net of approximately $1.4 million.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 26, 2026. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 26, 2026.

**Changes in Internal Control over Financial Reporting**

Starting in the second quarter of 2024, as part of a multi-year implementation of a new ERP system, the Company began utilizing certain aspects of the new ERP system. Eventually, this ERP system will replace the existing core financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance the flow of financial information, improve data management and provide timely information to its management team. The Company does not believe the changes implemented to date represent a material change in internal control over financial reporting.

There were no other changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have 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 a control system 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. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements related to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we may be involved in legal proceedings in the ordinary course of business, including, among others, contract and employment claims, personal injury claims, intellectual property claims, product liability claims and warranty claims, some of which may be covered by insurance. Currently, there are no legal proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. Further, no material legal proceedings were terminated, settled, or otherwise resolved during the fiscal quarter ended September 26, 2026. However, the results of any current or future legal proceedings cannot be predicted with certainty and, regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of legal proceedings.

### Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report, the risk factors that materially affect our business, financial condition, and results of operations. There have been no material changes from the risk factors previously disclosed in our Annual Report and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2026. You should carefully consider the risks, uncertainties, assumptions and other important factors set forth in the Annual Report and other subsequent reports we file with the SEC, including this Quarterly Report on Form 10-Q, any of which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied. For similar reasons, our past results may not be a reliable indicator of future performance and trends. You also should be aware that these risk factors and other information do not describe every risk that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may affect us. We operate in a very competitive and rapidly changing environment and new risks emerge from time to time, and we anticipate that subsequent events and developments will cause our views to change. In addition, these risks do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may undertake. Any of these known or emerging factors may materially adversely affect our business, financial condition, and operating results, as well as the trading price of our common stock.

**Item 5. Other Information**

**Rule 10b5-1 Trading Plans – Directors and Section 16 Officers**

During the fiscal quarter ended September 26, 2026, none of the Company's directors or Section 16 officers adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement."

**Item 6. Exhibits**

| Exhibit No. | Description |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Latham Group, Inc. (incorporated by reference to Exhibit 3.1 to Latham Group, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on June 3, 2021 (File No. 001-40358)) |
| 3.2 | Amended and Restated Bylaws of Latham Group, Inc. (incorporated by reference to Exhibit 3.2 to Latham Group, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on June 3, 2021 (File No. 001-40358)) |
| 10.1† | Credit Agreement, dated as of August 20, 2026, by and among Latham Pool Products, Inc., Latham International Manufacturing Corp., the other guarantors party thereto, the lenders and letter of credit issuers party thereto and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.1 to Latham Group, Inc.'s Current Report on Form 8-K filed with the SEC on August 21, 2026 (File No. 001-40358)) |
| 10.2† | Loan Guaranty, dated as of August 20, 2026, by and among Latham Pool Products, Inc., Latham International Manufacturing Corp., the other guarantors party thereto, the lenders and letter of credit issuers party thereto and Jefferies Finance LLC, as administrative agent (incorporated by reference to Exhibit 10.2 to Latham Group, Inc.'s Current Report on Form 8-K filed with the SEC on August 21, 2026 (File No. 001-40358)) |
| 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.

** Furnished herewith.

† Schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish any omitted schedules or exhibits upon the request of the Securities and Exchange Commission. A list of the omitted schedules and exhibits to this agreement is set forth in the agreement.

**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: November 4, 2026

LATHAM GROUP, INC.

/s/ Oliver C. Gloe
Oliver C. Gloe
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 31.1**

**LATHAM GROUP, INC.**

I, Sean Gadd, 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)) and internal control over financial reporting (as defined in Securities Exchange Act Rule 13-a15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. 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

    d. 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.

November 4, 2026

*/s/ Sean Gadd*

Sean Gadd
Chief Executive Officer and President
Latham Group, Inc.

**Exhibit 31.2**

**LATHAM GROUP, INC.**

I, Oliver C. Gloe, 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)) and internal control over financial reporting (as defined in Securities Exchange Act Rule 13-a15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. 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

    d. 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.

November 4, 2026

*/s/ Oliver C. Gloe*

Oliver C. Gloe
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 September 26, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean Gadd, 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.

November 4, 2026

*/s/ Sean Gadd*
Sean Gadd
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 September 26, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Oliver C. Gloe, 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.

November 4, 2026

*/s/ Oliver C. Gloe*
Oliver C. Gloe
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).