



Fourth Quarter 2021 Earnings

December 9, 2021



Disclaimer

Industry Information

This presentation includes market data and certain other statistical information and estimates that are based on reports and other publications from industry analysts, market research firms, and other independent sources, as well as management's own good faith estimates and analyses. We believe these third-party reports to be reputable, but have not independently verified the underlying data sources, methodologies, or assumptions. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances reflected in this information.

Non-GAAP Financial Measures

Included in this presentation and the accompanying oral presentation are certain non-GAAP financial measures designed to supplement the Company's financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"). These non-GAAP measures should not be considered in isolation or as substitutes for the Company's results as reported under GAAP. In addition, these non-GAAP financial measures are not calculated in the same manner by all companies, and accordingly, are not necessarily comparable to similarly titled measures of other companies and may not be appropriate measures for performance relative to other companies. Our presentation of the non-GAAP measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed to imply that our future results will be unaffected by these or other unexpected items. See the appendix to this presentation for a reconciliation of each of these non-GAAP measures to their most comparable financial measure compiled in accordance with GAAP.

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This presentation contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this presentation, including statements regarding our future results of operations or financial condition, business strategy and plans, objectives of management for future operations, and expected industry dynamics, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions.

Our actual results could differ materially from those indicated in these forward-looking statements for a variety of reasons, including, among others: our ability to execute on our growth strategies; our ability to maintain favorable relationships with suppliers and manufacturers; competition from mass merchants and specialty retailers; impacts on our business from the sensitivity of our business to weather conditions, changes in the economy, and the housing market; our ability to implement technology initiatives that deliver the anticipated benefits, without disrupting our operations, regulatory changes and development affecting our current and future products; our ability to obtain additional capital to finance operations; commodity price inflation and deflation; impacts on our business from the COVID-19 pandemic, impacts on our business from cyber and other security threats or disruptions; and other risks and uncertainties, including those listed in the section titled "Risk Factors" in our filings with the U.S. Securities and Exchange Commission, including but not limited to, our annual report on Form 10-K and quarterly reports on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this presentation are based on events or circumstances as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this presentation, to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.



Fourth Quarter 2021 Earnings Call



Mike Egeck
Chief Executive Officer

Steve Weddell
*Executive Vice President and
Chief Financial Officer*



Nasdaq: LESL





Fourth Quarter 2021 Highlights

Record Fourth Quarter Sales, Gross Profit, and Adj. EBITDA²

+16.3%

Comp sales
growth¹

Sales of \$409M

- Two year stack growth: +39.6%¹
- Reported fiscal comp: +10.0%

+190bps

Gross margin
expansion

Gross Profit of \$188M

- Gross margin: 46.0%
- Reported growth: +11.3%

+18.3%

Adj. EBITDA
growth^{1,2}

Adj. EBITDA² of \$82M

- Adj. EBITDA margin: 20.0%
- Reported growth: +2.4%

Key Updates

- **Key macro trends – consumers are continuing to:**
 - Focus time and investment on their homes
 - Work from home – full time or hybrid schedules
 - Pursue healthy outdoor lifestyles
 - Migrate to suburbs and exurbs, particularly in the South and Southwest
 - Increase attention to safety and sanitization
- Fourth quarter **target file growth of +15.3%**
- Fourth quarter **loyalty file growth of +14.0%**
- **PRO business grew +42.4%** in the fourth quarter. We define our PRO business as all non-residential B2B business
- **Opened three new locations** in Q4
- **Leslie's Connect enabled ~30%** of Leslie's fourth quarter digital orders
- Published inaugural **ESG Report**
- Team is successfully navigating **extraordinary industry dynamics**

In fourth quarter 2021, strong execution of our strategic growth initiatives by the Leslie's team drove significant sales and earnings growth

Note: Reported growth not adjusted for impact of 53rd week in fiscal 2020.

¹ Adjusted for impact of 53rd week in fiscal 2020 and related calendar shift, which negatively impacted fourth quarter comparisons to the prior year by approximately \$38 million for sales and \$11 million for Adj. EBITDA.

² See Appendix for reconciliation of non-GAAP measures to the most directly comparable GAAP measures.





Fiscal 2021 Highlights

58th Consecutive Year of Sales Growth, Record Adj. EBITDA²

+21.2%

Comp sales growth¹

Sales of \$1,343M

- Two year stack growth: +39.1%¹
- Reported sales growth: +20.7%

+290bps

Gross margin expansion

Gross Profit of \$595M

- Gross margin: 44.3%
- Reported growth: +29.2%

+50.6%

Adj. EBITDA growth^{1,2}

Adj. EBITDA² of \$271M

- Adj. EBITDA margin: 20.2%
- Margin expansion: +380bps

Key Updates

- Fiscal 2021 **target file growth of +18.3%**, well in excess of estimated growth in the installed base
- Fiscal 2021 **loyalty file growth of +18.0%**
- **PRO business grew +44.2%** in fiscal 2021 and now represents approximately 15% of total sales
- **Leslie's Connect enabled ~30%** of Leslie's 2021 digital orders
- Finished 2021 with **total inventory of \$199M**, a 34% increase, as we focus on serving more customers in the current environment
- Completed **three bolt-on acquisitions** in fiscal 2021, adding eight new locations and approximately \$23M of run-rate sales
- Added a total of **sixteen locations** in fiscal 2021
- Ended 2021 with **952 physical locations** across 38 states
- **Acquired B&L Pools** in first quarter 2022, adding seven pool supply locations to our network – we now operate **959** locations

Our full year performance generated record sales, margin, Adj. EBITDA, and cash flow. These results reflect the effectiveness of our strategic growth initiatives and the tremendous work of our associates and vendor partners to meet strong consumer demand in the face of constrained supply.

Note: Reported growth not adjusted for impact of 53rd week.

¹ Adjusted for impact of 53rd week in fiscal 2020 and related calendar shift.

² See Appendix for reconciliation of non-GAAP measures to the most directly comparable GAAP measures.



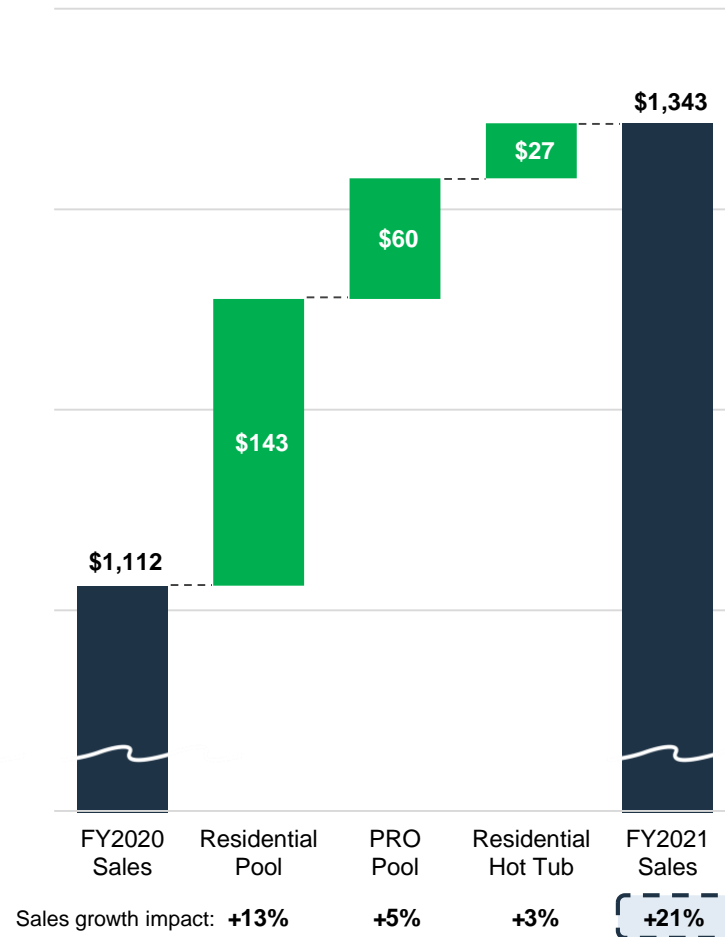
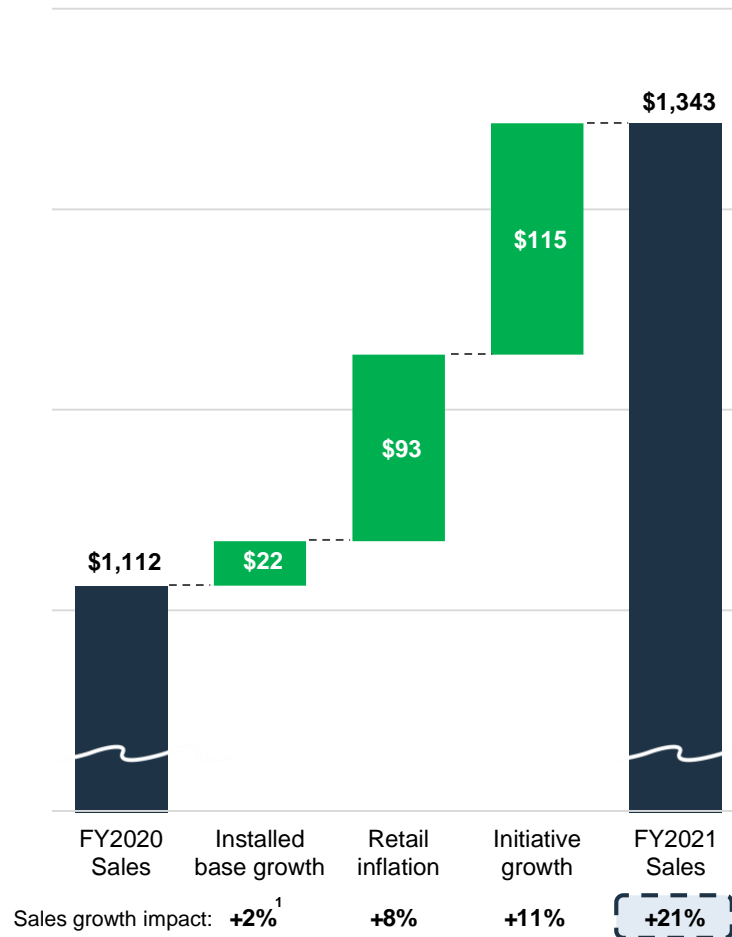


Fiscal 2021 – Sales Growth of 21%

Sales Bridge (\$M)

Customer Bridge (\$M)

Isolated Sales Impact from Select Drivers (\$M)



Driver	FY21 YoY \$ Growth	FY21 Sales Growth Impact
Trichlor	\$70M	6%
Price	\$40M	
Volume	\$30M	
Above Ground Pools	\$15M	1%
Price	\$15M	
Volume	\$0	
Hot Tubs	\$20M	2%
Price	\$5M	
Volume	\$15M	
53 rd Week	(\$18M)	(2%)

Note: figures may not sum due to rounding.
¹ Source: P.K. Data.



Fiscal 2021 Sales Growth Impact

Growing consumer file +11% <ul style="list-style-type: none"> Target customer file +18%; new customers +37% Loyalty file +18%; new loyalty customers +35% Growth supported by new marketing capabilities and our advantaged inventory position 	Deeper customer relationships +2% <ul style="list-style-type: none"> Average sales per customer grew +6% Average sales grew less than inflation due to strong new customer growth and resulting mix shift 	The PRO market +5% <ul style="list-style-type: none"> 1,000+ PRO Affiliate contracts to date Now operating 28 PRO locations Leslie's PRO website supporting PRO Affiliates
Programmatic M&A +1% <ul style="list-style-type: none"> Completed three acquisitions throughout the year, adding eight locations to our physical network and expanding our presence into a 38th state The three acquisitions contributed +2% sales growth on a run-rate basis 	Residential whitespace +2% <ul style="list-style-type: none"> Added eight net new locations¹ Grew underserved markets with targeted digital tactics 	Disruptive innovation N/M <ul style="list-style-type: none"> Launched AccuBlue Home™ pilot in June 2021, nearly one-third of active members are new Leslie's customers Program fully subscribed within weeks of launch

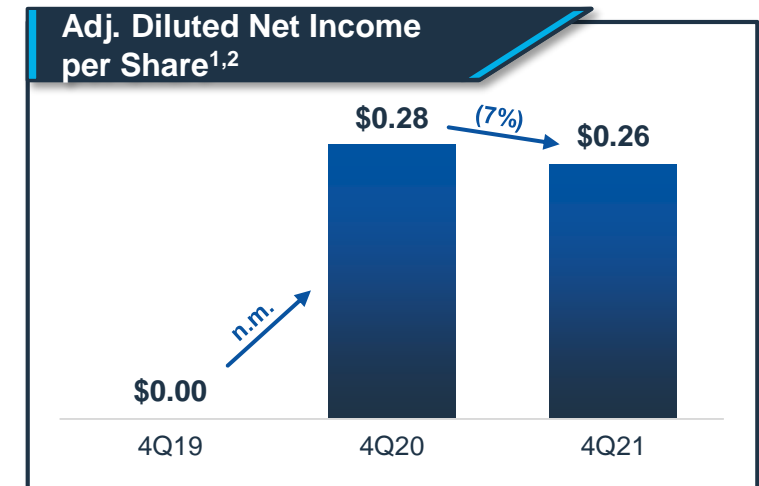
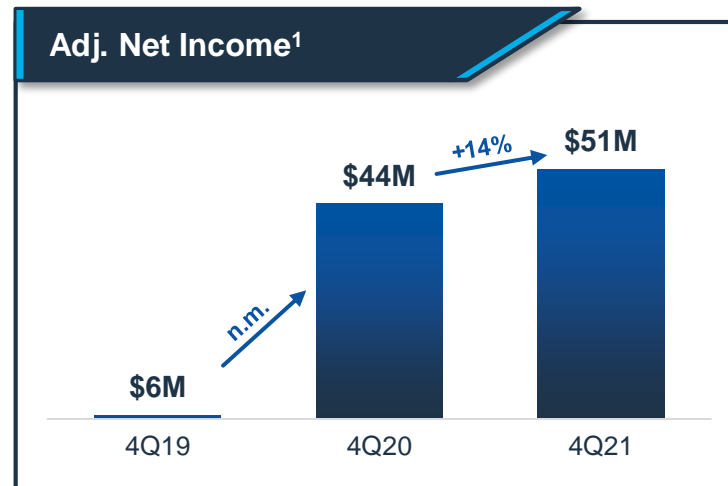
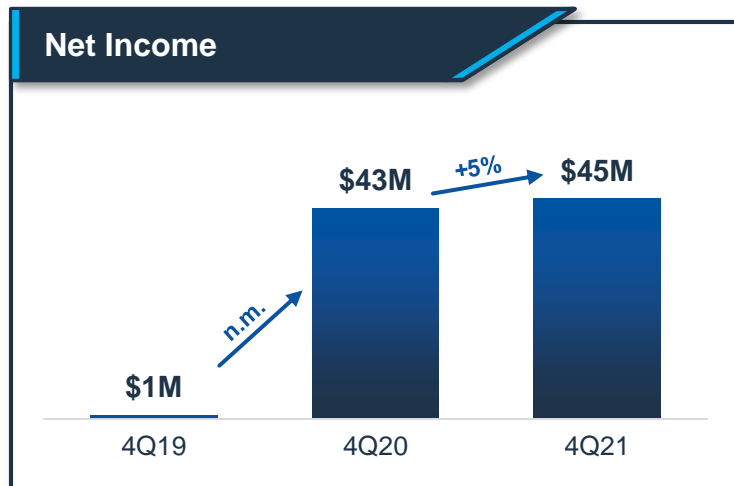
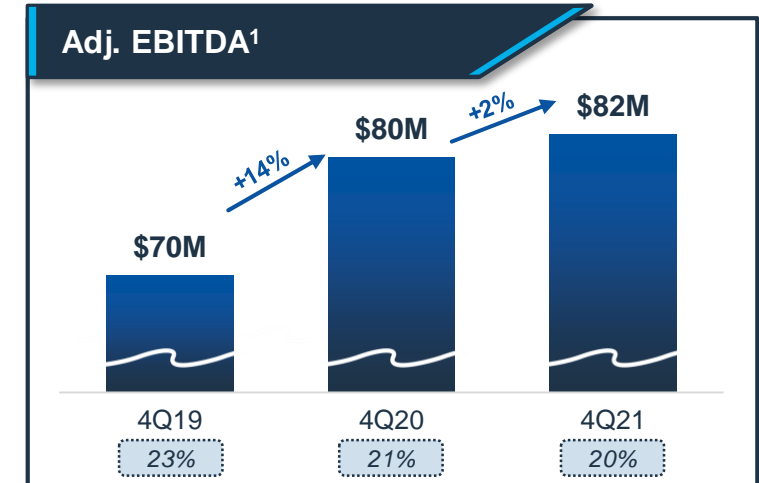
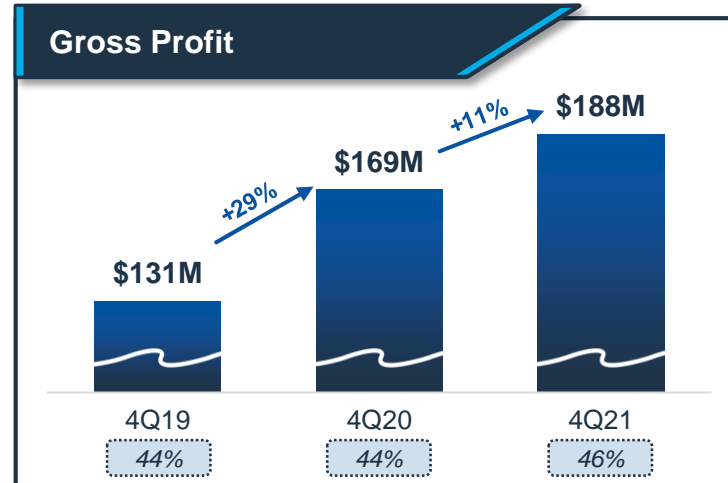
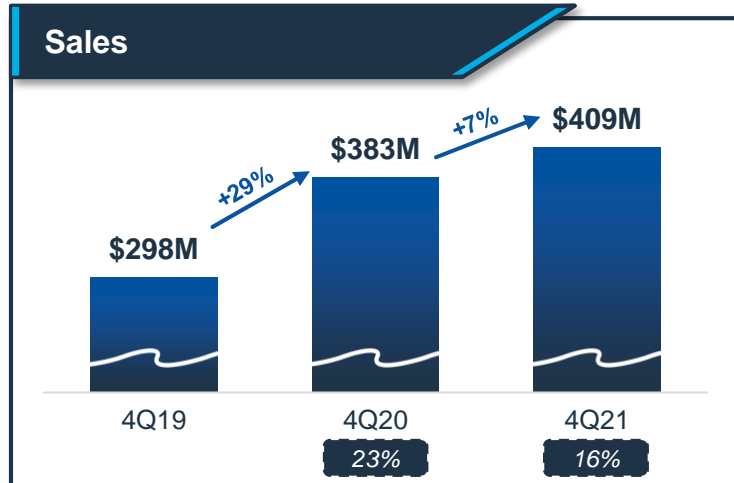
Leslie's strategic growth initiatives are driving share gains

Note: Sales growth contribution figures presented net of 53rd week impact.

¹ Includes new Residential locations and new PRO locations, as PRO locations also serve residential customers.



Fourth Quarter 2021 Summary Financial Results

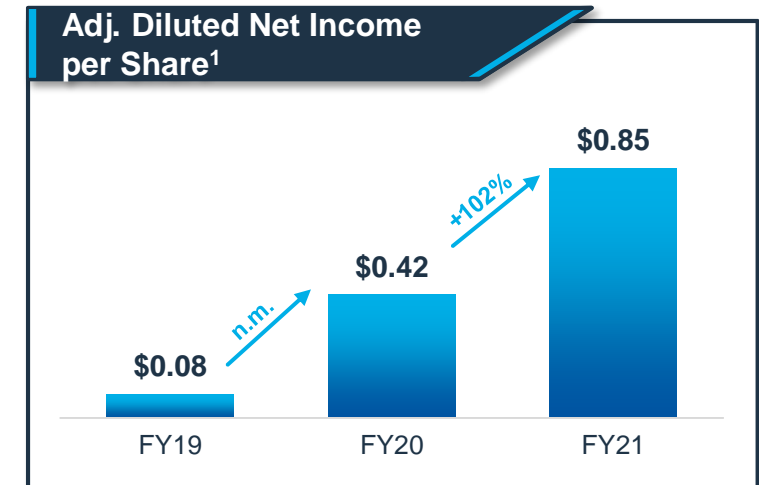
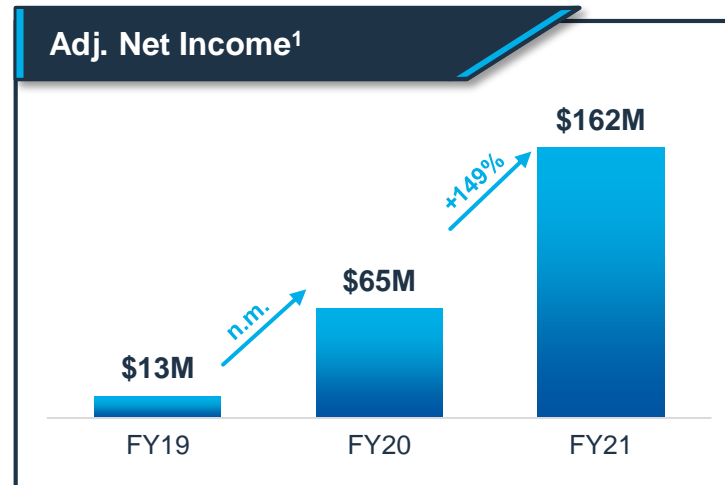
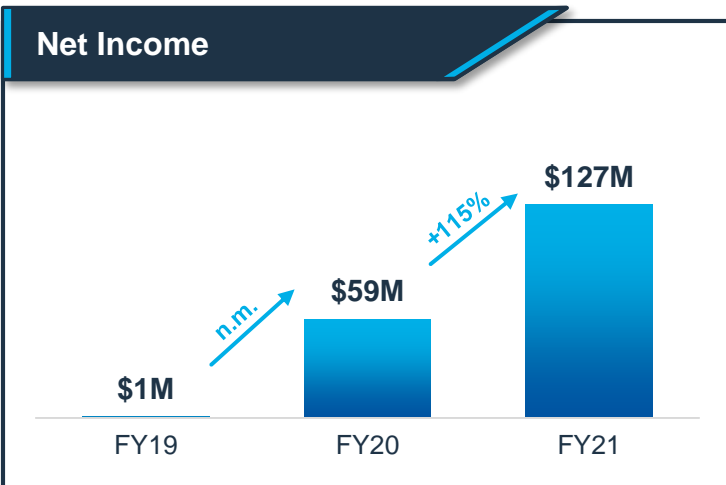
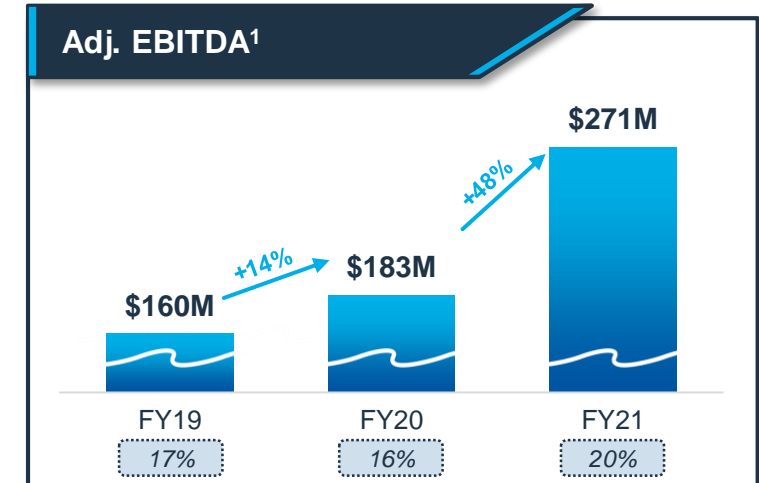
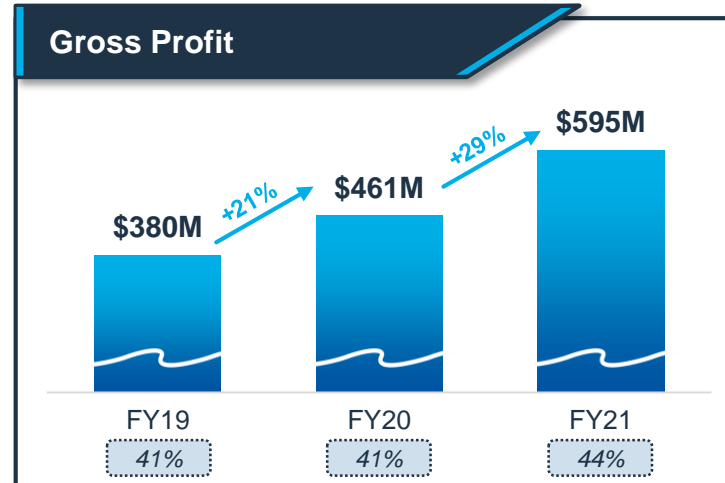
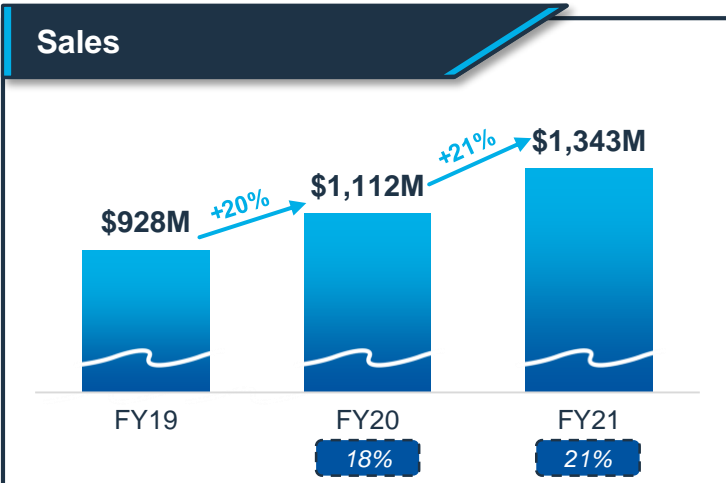


In fourth quarter 2021, on a reported basis, the 53rd week in fiscal 2020 combined with the related calendar shift reduced year-over-year comparison for sales by approximately \$38M and Adj. EBITDA by approximately \$11M

¹ See Appendix for reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

² Share count impacted by primary shares sold in IPO in the first quarter of fiscal 2021.

Fiscal 2021 Summary Financial Results



Record Fiscal 2021 Financial Results Driven by Strength Across Businesses

¹ See Appendix for reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Fiscal 2022 Guidance

Fiscal 2022 Guidance		Long-term Growth Algorithm
Sales \$1,475M – \$1,500M	Sales Growth 10% – 12%	Annual Sales Growth MSD to HSD %
Gross Profit \$655M – \$665M	Gross Margin Flat to +10bps	Gross Margin Flat to +25bps
Adj. EBITDA¹ \$295M – \$305M	Adj. EBITDA¹ Growth 9% – 13%	Adj. EBITDA¹ Growth LDD %
Adj. Net Income¹ \$180M – \$190M	Adj. Net Income¹ Growth 12% – 18%	Earnings Growth Mid- to high-teens %
Fiscal 2022 Guidance Commentary		Leslie's Long-term Growth Drivers

At the midpoint of our guidance:

- ✓ Sales growth stronger than long-term growth algorithm driven by investments in strategic growth initiatives
- ✓ Gross margin and earnings growth inline with long-term growth algorithm

- ✓ Consistent industry growth
- ✓ Leslie's differentiated market position
- ✓ Leslie's unique capabilities and strategic initiatives

¹ See Appendix for reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Capital Allocation Priorities

Announced \$300 Million Share Repurchase Authorization on December 9, 2021

Priority	Considerations
Achieve Target Capital Structure	<ul style="list-style-type: none"> Finished 2021 with net debt to adjusted EBITDA of 1.7x¹ and funded debt to EBITDA of 3.0x¹ Total of \$345M in cash on hand, undrawn \$200M revolving credit facility, and first debt maturity in 2025
Invest in Growth: Capex	<ul style="list-style-type: none"> Historically invested approximately 3% of total sales per year Opportunity to increase level of investment behind high ROI projects, including new locations, pro location conversions, distribution network enhancements, manufacturing capabilities, and information technology
Invest in Growth: M&A	<ul style="list-style-type: none"> Completed three transactions in fiscal 2021, one completed in fiscal 2022 to date, and under non-binding LOI for a second Strong pipeline of acquisition targets Significant opportunity to increase investment by executing M&A on a programmatic basis and continuing to consolidate highly fragmented markets
Return Capital	<ul style="list-style-type: none"> Deploy excess cash towards opportunistic share repurchases Preserve flexibility to redirect excess cash towards capex and M&A opportunities

Leslie's is uniquely positioned with significant growth opportunities, a stable balance sheet, strong liquidity, and robust cash flow generation

¹ Non-GAAP financial measure.

Industry Update

Macro Trends

Consumers are continuing to:

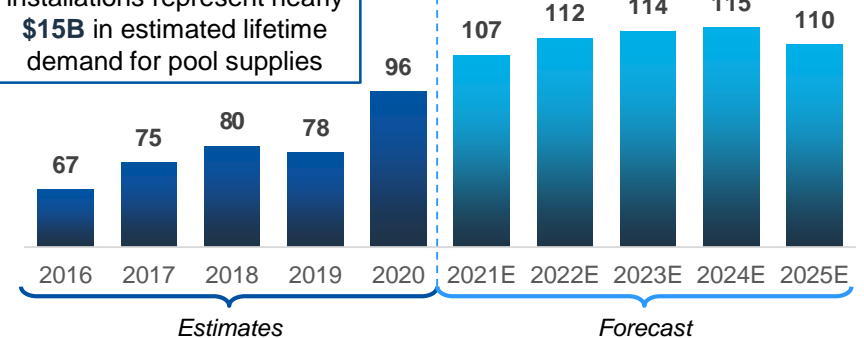
- Focus time and investment on their homes
- Work from home
- Pursue healthy outdoor lifestyles
- Move to the suburbs and exurbs, particularly in the South and Southwest
- Increase attention to safety and sanitization

Resulting in elevated levels of:

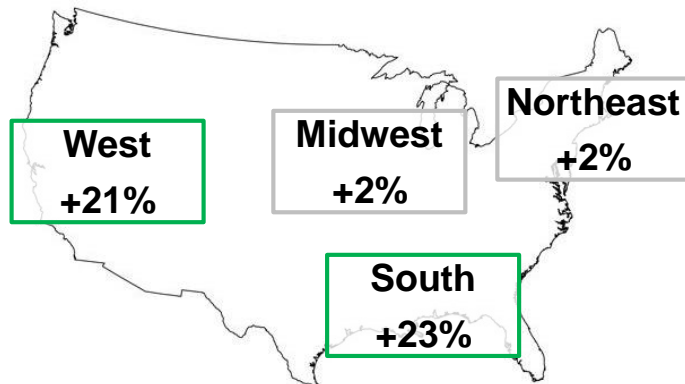
- Pool & spa usage
- Interest in pool & spa ownership
- New pool installations and construction backlogs
- New spa purchases and order backlogs

New In Ground Pool Installations (thousands)¹

2021-25 forecasted pool installations represent nearly **\$15B** in estimated lifetime demand for pool supplies



Proj. U.S. Population Growth through 2040²



Migration to the Sunbelt³

Over the last five years,
1-in-4
 interstate movers relocated
 to a Sunbelt State

Acceleration in Home Investment Trends⁴

- In the last twelve months, **33%** of Americans engaged in a home renovation project
- Millennials are spending **27%** more in the home retail category than they were this time last year

Demand is being driven by the continuation of the macro trends that accelerated with the onset of the pandemic, were further elevated by work from home, and are showing no signs of slowing

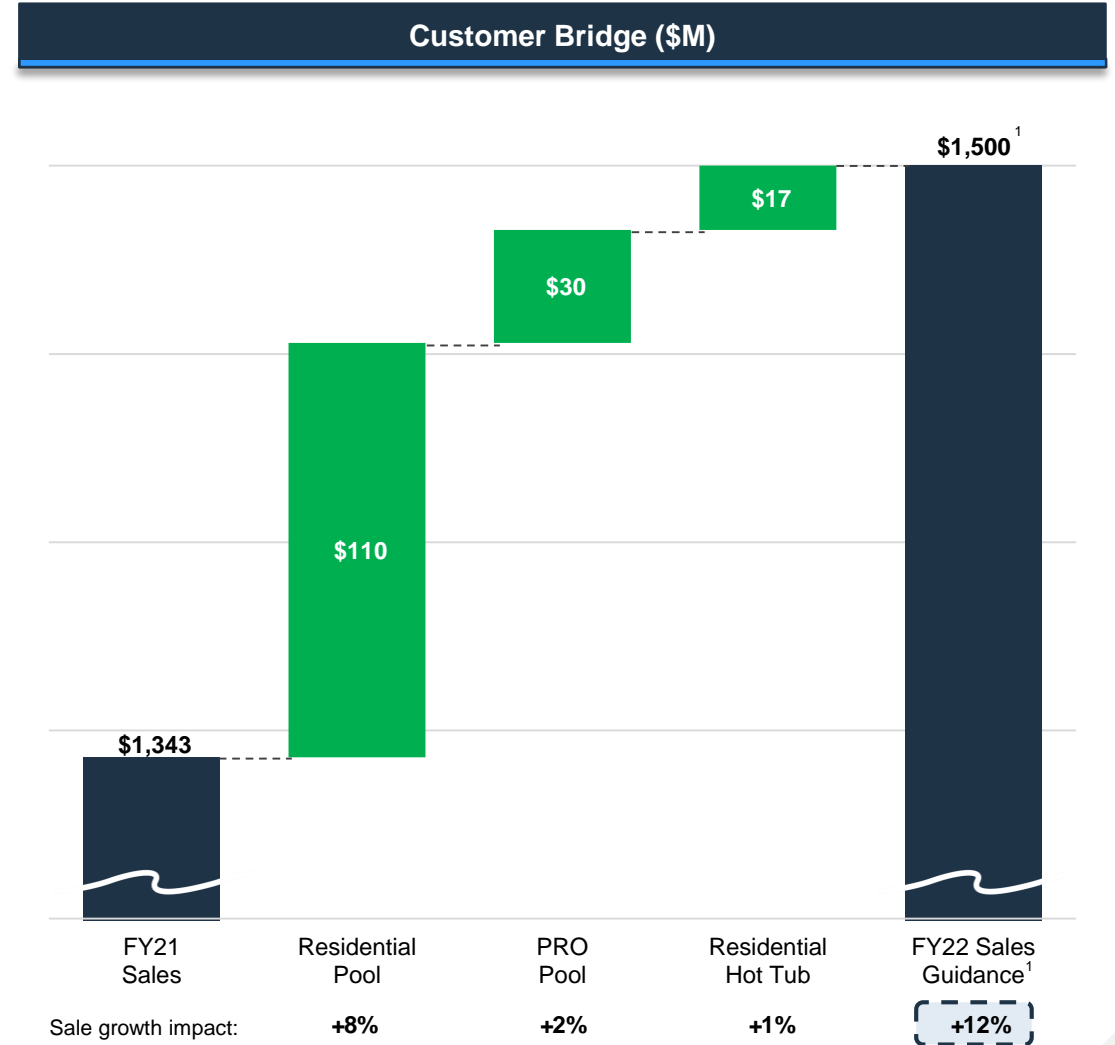
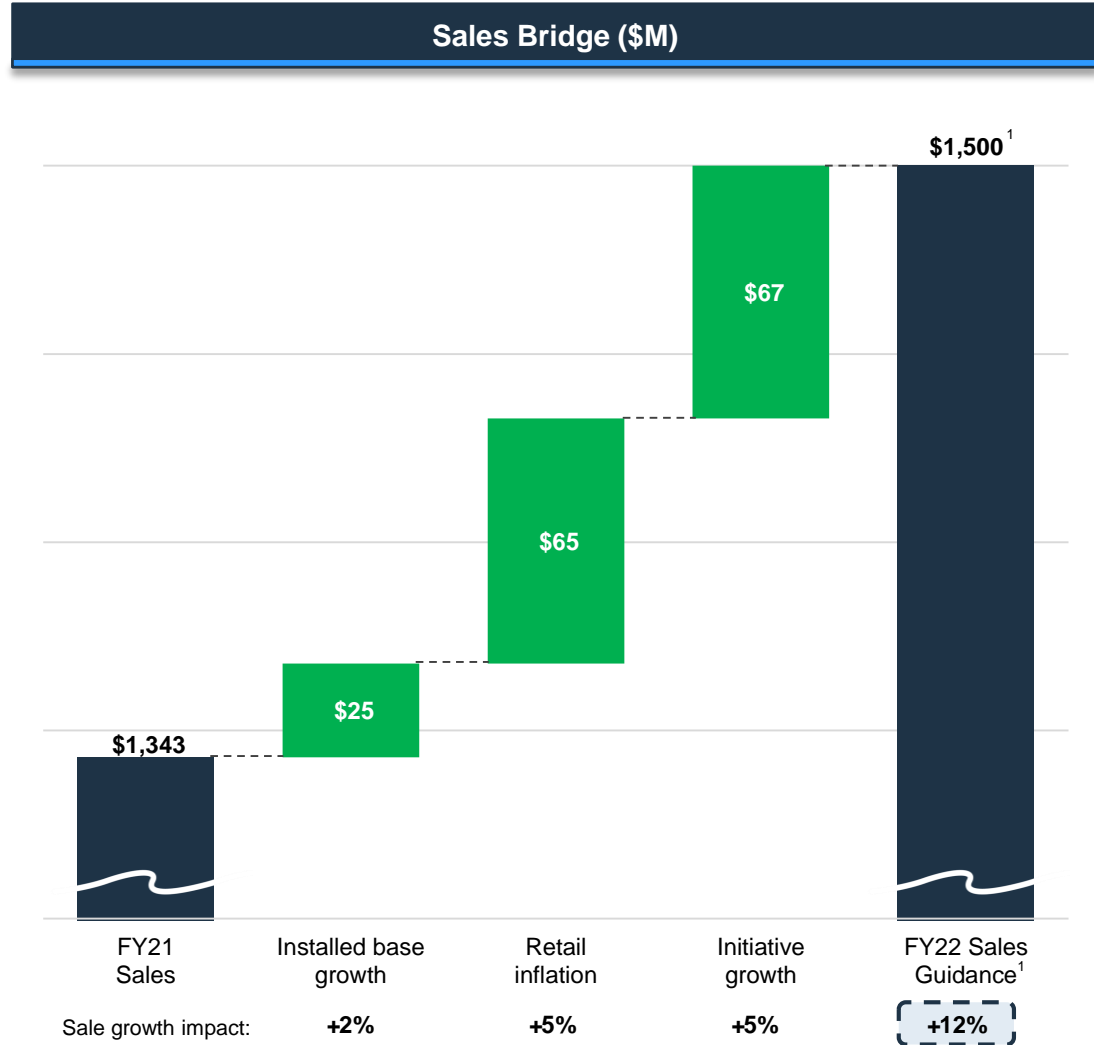
¹ Source: P.K. Data.

² Source: U.S. Census Bureau, Weldon Cooper Center for Public Service, Demographics Research Group.

³ Source: U.S. Census Bureau; Sunbelt States include California, Arizona, Texas, and Florida.

⁴ Source: McKinsey, as of August 2021.

Fiscal 2022 – Bridge to 12% Sales Growth



Note: contribution figures may not sum to sales growth guidance due to rounding.
¹ Reflects high-end of FY22 sales guidance.

Fiscal 2022 Sales Growth Drivers






Leslie's is focused on achieving a series of objectives to deliver topline growth

Growing consumer file <div>+100 to 300bps</div> <ul style="list-style-type: none"> Increasing marketing spend by approximately 30% to accelerate customer acquisition Advantaged inventory position 	Deeper customer relationships <div>+100 to 300bps</div> <ul style="list-style-type: none"> Loyalty 2.5 – continued refinement of loyalty customer experience Refine customer segmentation and targeted marketing tactics to deepen relationships 	The PRO market <div>+100 to 300bps</div> <ul style="list-style-type: none"> 1,500+ PRO Affiliate contracts 25 PRO conversions and 5 new builds Continue to scale Leslie's PRO website
Programmatic M&A <div>+100 to 300bps</div> <ul style="list-style-type: none"> Capitalize on rich pipeline of M&A opportunities by acquiring pool and spa supply businesses in strategically advantaged markets Targeting \$30M+ FY22 sales contribution and 35+ new locations from bolt-on acquisitions 	Residential whitespace <div>+100 to 300bps</div> <ul style="list-style-type: none"> Open at least 10 residential locations in new and existing markets Continue addressing underserved markets with targeted digital marketing tactics 	Disruptive innovations <div>N/M</div> <ul style="list-style-type: none"> Introduce enhancements to the AccuBlue Home™ platform and begin testing v2.0 device Continue exploring new means of addressing the evolving needs of pool and spa owners

Leslie's growth is expected to be broad based across our growth initiatives

Leslie's is Well-Positioned to Navigate Extraordinary Industry Dynamics

While demand remains elevated, the category is faced with many of the same challenges observed across all industries

Industry Dynamic	Structural Advantages and Measures Taken
 Cost Inflation	<ul style="list-style-type: none"> • Vertical integration • Long-term supply contracts • Ability to pass on costs
 Supply Chain Disruption	<ul style="list-style-type: none"> • Leveraging our scale and balance sheet to secure inventory • 30%+ more inventory on hand • 'Always on' inventory procurement
 Tight Labor Market	<ul style="list-style-type: none"> • Increased wages and minimum wage • Equity distribution to store managers • Increased recruiting capabilities
 COVID-19	<ul style="list-style-type: none"> • Established as an 'essential business,' providing protection against further shutdowns • Robust digital presence • 80% non-discretionary – pool and spa owners cannot forgo maintenance
 Trichlor Supply	<ul style="list-style-type: none"> • Procured more Trichlor for fiscal 2022



Leslie's Value Proposition

The largest and most trusted direct-to-consumer brand in the highly advantaged and fragmented pool and spa care industry

Advantaged industry

Large / demand annuity / predictable growth



Integrated ecosystem

Consumer-centric / unmatched scale and reach / total solution provider



Clear path to growth

Whitespace / proven growth levers / disruptive innovator







GAAP to Non-GAAP Reconciliation Tables

	Three Months Ended			Year Ended		
	October 2, 2021	October 3, 2020 ⁽¹⁾	September 28, 2019	October 2, 2021	October 3, 2020 ⁽¹⁾	September 28, 2019
Net income	\$ 44,541	\$ 42,640	\$ 780	\$ 126,634	\$ 58,561	\$ 702
Interest expense	7,369	19,501	23,937	34,410	84,098	98,578
Income tax expense	14,746	7,229	31,176	36,495	2,627	14,855
Depreciation and amortization expense ⁽²⁾	7,348	8,463	7,554	26,553	28,925	30,424
Management fees ⁽³⁾	—	1,752	1,810	382	4,900	4,533
Equity-based compensation expense ⁽⁴⁾	5,030	(8)	679	25,621	1,785	2,130
Loss on debt extinguishment ⁽⁵⁾	—	—	—	9,169	—	—
Costs related to equity offerings ⁽⁶⁾	458	—	—	10,444	—	—
Executive transition costs and other ⁽⁷⁾	2,490	479	3,976	905	1,874	8,781
Adjusted EBITDA	\$ 81,982	\$ 80,056	\$ 69,912	\$ 270,613	\$ 182,770	\$ 160,003

1. The three months ended and year ended October 3, 2020 included 14 weeks and 53 weeks, respectively. The amounts for the three months ended October 3, 2020 differ from amounts previously reported, as a result of the retrospective presentation of the effects of the adoption of Topics 606 and 842 which were adopted on October 3, 2020. The amounts for the year ended October 3, 2020 included the full year impact and no amounts differ.
2. Includes depreciation related to our distribution centers and locations, which is reported in cost of merchandise and services sold in our consolidated statements of operations.
3. Represents amounts paid or accrued in connection with our management services agreement, which was terminated upon the completion of our IPO in November 2020 and are reported in SG&A in our consolidated statements of operations.
4. Represents charges related to equity-based compensation and the related Company payroll tax expense which are reported in SG&A in our consolidated statements of operations.
5. Represents non-cash expense due to the write-off of deferred financing costs related to our Term Loan modification and the repayment of our senior unsecured notes in fiscal 2021 and are reported in loss on debt extinguishment in our consolidated statements of operations.
6. Includes one-time payments of contractual amounts incurred in connection with our IPO that was completed in November 2020 which are reported in SG&A, and costs incurred for follow-on equity offerings in February, June and September 2021 which are reported in other expenses, net in our consolidated statements of operations.
7. Includes executive transition costs, losses (gains) on disposition of fixed assets, mark-to-market on interest rate cap and other non-recurring, non-cash or discrete items as determined by management. Amounts are reported in SG&A and other expenses, net in our consolidated statements of operations.



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Executive transition costs and other ⁽⁷⁾	2,490	479	3,976	905	1,874	8,781
Tax effects of these adjustments ⁽⁸⁾	(2,005)	(558)	(1,416)	(11,677)	(2,147)	(3,381)
Adjusted net income	\$ 50,514	\$ 44,305	\$ 5,829	\$ 161,478	\$ 64,973	\$ 12,765

	Three Months Ended			Year Ended		
	October 2, 2021	October 3, 2020 ⁽¹⁾	September 28, 2019	October 2, 2021	October 3, 2020 ⁽¹⁾	September 28, 2019
Adjusted earnings per share - basic	\$ 0.27	\$ 0.28	\$ 0.04	\$ 0.87	\$ 0.42	\$ 0.08
Adjusted earnings per share - diluted	\$ 0.26	\$ 0.28	\$ 0.04	\$ 0.85	\$ 0.42	\$ 0.08
Weighted average shares outstanding						
Basic	189,582	156,500	156,500	185,412	156,500	156,500
Diluted	192,729	156,500	156,500	190,009	156,500	156,500

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8. Represents the tax effect of the total adjustments based on our actual statutory tax rate. Amounts are reported in income tax expense in our consolidated statements of operations.