



# William Blair Conference Presentation

June 7, 2022



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### 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.

### Forward-Looking Statements

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; supply disruptions; 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.

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To the extent forward looking non-GAAP financial measures are provided herein, they are not reconciled to comparable forward-looking GAAP measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.





## 2022 William Blair Conference



**Mike Egeck**

*Chief Executive Officer*

**Steve Weddell**

*Executive Vice President and  
Chief Financial Officer*



Nasdaq: LESL





## Leslie's at a glance

Largest and most trusted direct-to-consumer brand in the pool and spa care industry

Physical network larger than the sum of our 20 largest competitors

Digital sales are ~5x as large as that of our largest digital competitor

Listed on Nasdaq Global Select Market under the ticker symbol "**LESL**" since October 29, 2020

**>\$1.3B**

FY21  
Sales

**20.7%**

Sales  
Growth

**\$271M**

FY21  
Adj. EBITDA<sup>1</sup>

**48.0%**

Adj. EBITDA<sup>1</sup>  
Growth

Record Fiscal Year and 58<sup>th</sup> consecutive year of growth



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





## What makes us unique

### Advantaged Industry

- **Large**
  - U.S. pool & spa installed base = 14M
  - U.S. aftermarket opportunity = \$14B
- **Annuity-like Demand**
  - 80%+ non-discretionary product sales
- **Predictable Growth**
  - Installed base has grown every year for 52 years
  - 7%+ industry CAGR from 2016-2021

### Integrated Ecosystem

- **Consumer-centric**
  - 12M+ direct consumer relationships
- **Unmatched Scale and Reach**
  - 970 locations across 39 states
  - Digital properties capture 60% of specialty DTC pool traffic
- **Total Solutions Provider**
  - Proprietary AccuBlue water testing
  - Omni-channel capabilities
  - Serving consumers whatever their need, whenever, wherever, and however they choose to engage with us

### Clear Path To Continued Growth

- **Six Proven Growth Initiatives**
  - Growing Consumer File
  - Deeper Customer Relationships
  - The PRO Market
  - Programmatic M&A
  - Residential Whitespace
  - Disruptive Innovations







## *Advantaged Industry*





We serve all types of consumers in the large and growing aftermarket pool and spa industry

## Residential pool



**8.7M** Addressable pools  
**\$7.6B** TAM

## Residential hot tub



**5.5M** Addressable spas  
**\$2.0B** TAM

## Professional pool



**250k** Commercial pools managed by Pro Operators  
**45k** Pool Pros servicing residential pools  
**\$4.3B** TAM

**TAM of 14M** bodies of water and **\$14B** of annual aftermarket spend



## Pool care is complex...

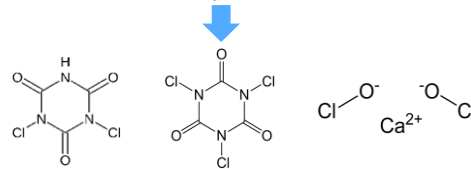
No matter the consumer's need state or technical experience, Leslie's delivers the solution

### Water balance

pH level: 7.2-7.8  
total alkalinity (TA) level: 80-120 ppm  
calcium hardness (CH) level: 200-400 ppm  
cyanuric acid (CYA) level: 30-50 ppm  
free available chlorine (FAC) level: 1.0-4.0 ppm

### Water sanitation

Trichloro-s-triazinetriene  
Dichlor-s-triazinetriene  
Calcium Hypochlorite



### Water circulation

Single Speed Pump | Variable Speed Pump

↓  
1 hour per  
10° F  
Air Temperature

↓  
High RPM 3-4 Hours &  
Low RPM for  
6-8 Hours

### Filtration

Sand | Cartridge | Diatomaceous Earth

↓  
Clean and backwash regularly when  
pressure gauge increases 8-10 PSI;  
periodic replacement of filter media

### Cleaning

Robotic Pool Cleaner | Manual Cleaning

↓  
Frequent water surface, skimmer  
basket, and filter cleaning

### Water testing

pH | total alkalinity | calcium hardness |  
total available chlorine (TAC) |  
free available chlorine (FAC) |  
cyanuric acid (CYA) |  
phosphates | iron | copper |  
total dissolved solids (TDS)



... And once a pool is in the ground, there is no option but to maintain it  
If a pool is...

**Not Maintained**

- Expensive chemical treatments
- Risk of permanent equipment failure



**Drained**

- Risk of structural failures



**Decommissioned**

- Prohibitively expensive
- Home value depreciation



The installed base has grown every year for at least 50 years



Weekly maintenance over decades creates highly attractive unit economics

$$\begin{array}{ccccc} \$900 & \times & 30 \text{ Years} & = & \$27,000 \\ \text{Annual spend} & & \text{Long-term,} & & \text{Aftermarket} \\ \text{on essential,} & & \text{annuity-like demand} & & \text{lifetime value}^1 \\ \text{non-discretionary} & & & & \\ \text{products} & & & & \end{array}$$

Installation of ~600k new in-ground pools during 2021-2025 creates ~\$16B in new lifetime value

1. Represents estimated average spend of in-ground pool owner on maintenance products over life of a pool.





## Numerous secular tailwinds are driving growth in our industry

### Macro Trends

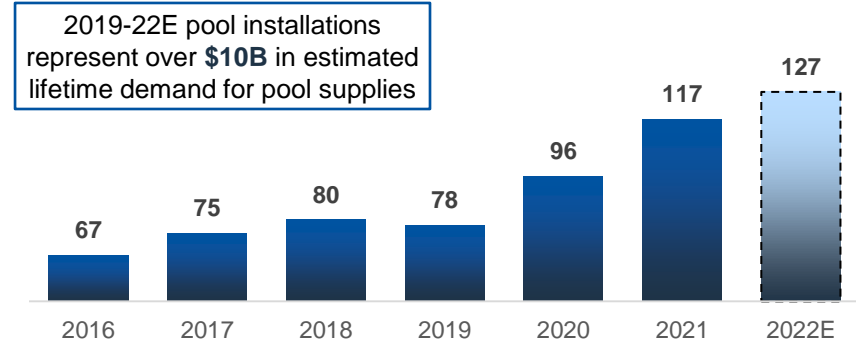
#### Consumers are continuing to:

- 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

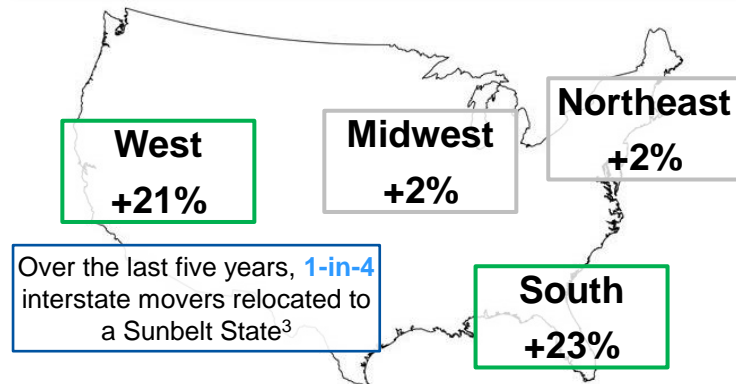
#### Resulting in elevated levels of:

- 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)<sup>1</sup>

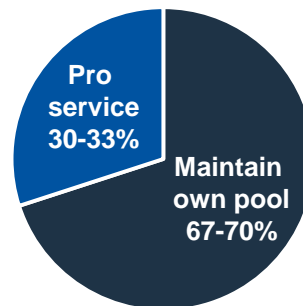


### Proj. U.S. Population Growth through 2040<sup>2</sup>

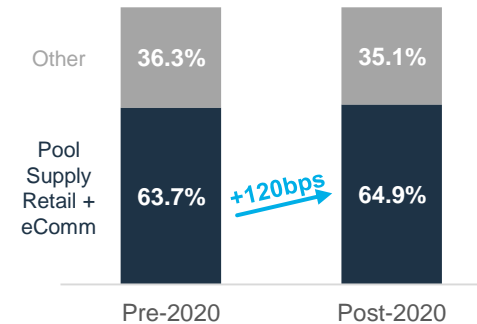


### Consumer Behavior Continues to Favor Leslie's Competitive Positioning Within the Industry<sup>1</sup>

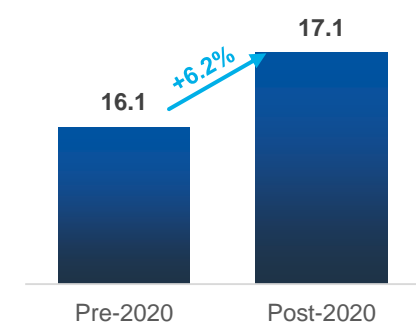
#### 2021 residential pool maintenance: DIY vs. Professional Service



#### Residential chemical purchases by channel, pre- and post-2020



#### Average days per month of pool usage, pre- and post-2020



**Demand is being driven by a set of macro trends that accelerated with the onset of the pandemic and were further elevated by work from home**

<sup>1</sup> Source: P.K. Data.

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

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



## *Integrated Ecosystem*







## Leslie's operates an integrated network of physical and digital properties

### Physical Network – 970 Total Locations

### Digital Platform

Physical network larger than the sum of  
our twenty largest competitors

Digital sales are >5x as large as that of  
our largest digital competitor

850

Residential  
locations



77

Professional  
locations

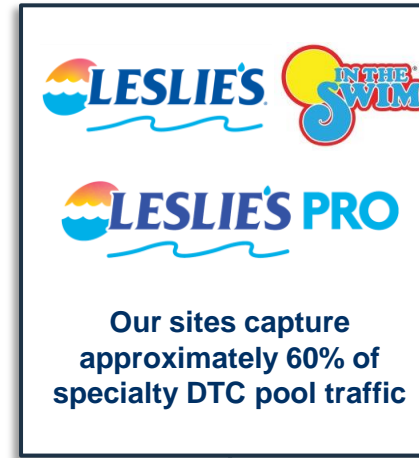


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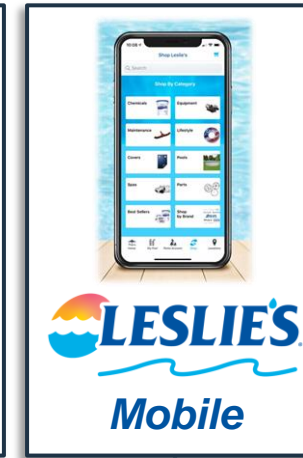
Hot Tub  
locations



Owned Sites



Mobile App



Marketplaces



Integrated with BOPIS / BORIS / SFS / STS

Our physical and digital properties are integrated with omni-channel capabilities,  
enabling consumers to engage with Leslie's whenever, wherever, and however they prefer to shop.



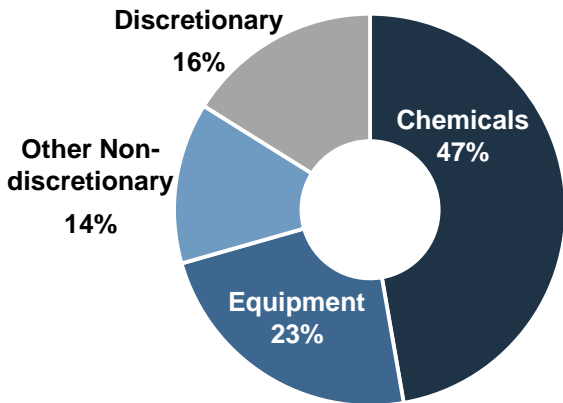


## Leslie's products and services are essential for pool and spa maintenance

### Physical Products

The majority of our products are both  
non-discretionary and exclusive

#### Recurring Sales



**>80%** of sales are  
non-discretionary

#### Proprietary Brands

**55%**  
of all products sold  
are proprietary

**85%**  
proprietary  
chemicals

### Essential Services

We help consumers spend less time  
maintaining and more time enjoying their pools

#### In-store service

**4,000+** in-store associates provide skilled support

- ✓ Expert advice and consumer education
- ✓ Free water testing and customized treatment plans
- ✓ Free in-store repairs

#### In-field service

**200+** certified in-field technicians provide essential on-site equipment installation and repair services to residential and commercial consumers





Our proprietary AccuBlue water testing provides pool owners with the total solution for a safe, clean, beautiful pool

58 Years

of conducting  
water tests

17K

lines of proprietary code to generate  
prescription and treatment plan

40M+

water tests  
performed

10-Point test

calibrated specifically to  
Leslie's product specifications

AccuBlue Home Pilot launched 2021

**LESLIE'S**

**Pool Details**  
Pool & Spa 14000 Gal  
Salt 3000-4000 Pebble  
2005 E Indian School Rd  
602-366-3999  
James Hamilton

S05720000047524

Test completed 09/21/20 09:47 by James H. Your next test is due on 09/28/20.

- Due To Variations In Chemical Products, Leslie's Proprietary Water Test Prescription Is For Leslie's Customers Only -  
- Always run your pump on high speed when adding chemicals to your pool or spa -

**Leslie's Weekly Maintenance Program**  
Follow this weekly maintenance program to help maintain a safe and healthy pool.

**1. Sanitize**  
Adjust your Salt Chlorine Generator to maintain 1-4 ppm free chlorine.

**2. Shock**  
Add 1 lbs 0 oz of any Leslie's Shock weekly.

**3. Prevent**  
Add 7 Fl oz of Leslie's Perfect Weekly every week.

**Pro Tip** For problem pools with heavy use, swimming animals, or significant debris, add 5 Fl oz of Leslie's Algae Control weekly.

Test	Ideal Range	Result
Free Chlorine	1 - 4 ppm	3.8
Total Chlorine	Within 0.2 of FAC	4
pH	7.2 - 7.8	7.6
Total Alkalinity	80 - 120 ppm	50 *
Calcium Hardness	200 - 400 ppm	475
Cyanuric Acid	50 - 100 ppm	90
Iron	0 - 0.2 ppm	0.3
Copper	0 - 0.2 ppm	0
Phosphates	0 - 100 ppb	250
Salt	3000 - 4000 ppm	3800

**Water Test Quality Score**

50% Tests In Range

\* Total Alkalinity has been adjusted due to the effect of CyA on tested Total Alkalinity

**Problems Reported**

- ☐ Green or Yellow/Brown Algae
- ☐ Scale Formation
- ☐ Black Algae
- ☐ Cloudy/Hazy Water
- ☐ Surface Stains
- ☐ Dark Oily Water Ring
- ☐ Water Foaming
- ☐ Fresh Fill
- ☐ Dirty Filter

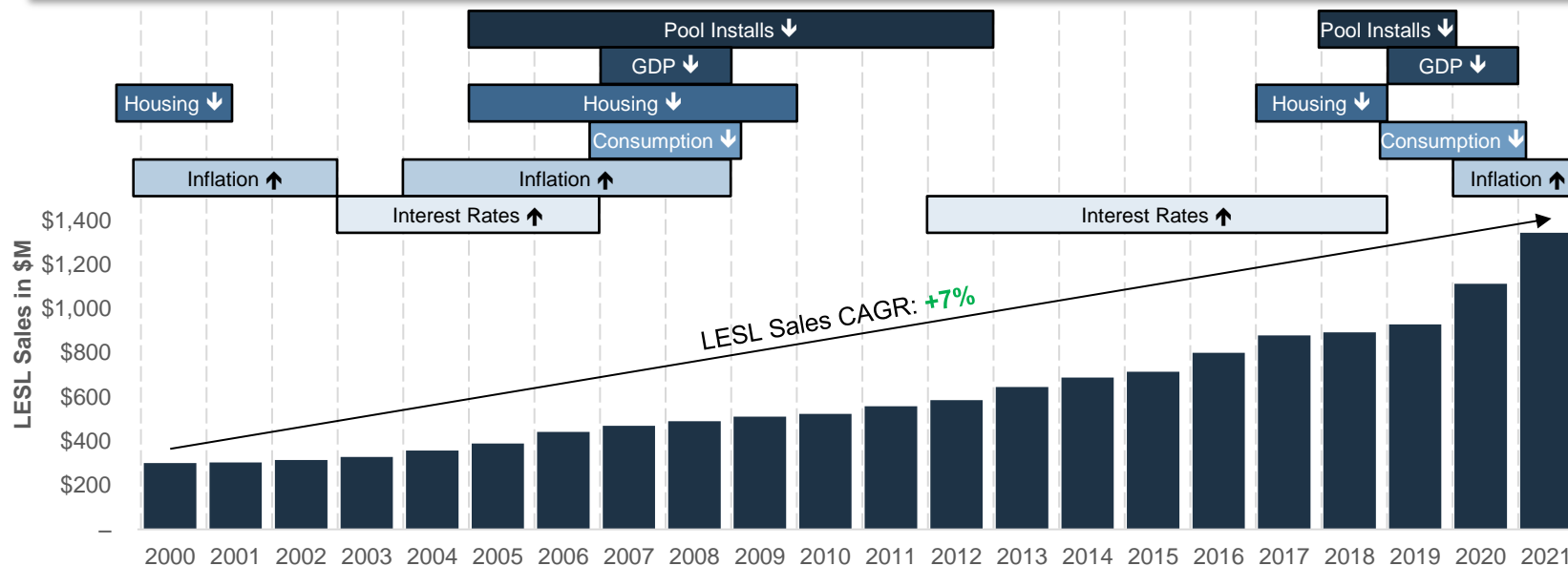
Problem	Product	Solution
<b>1: Low Total Alkalinity</b> Low Total Alkalinity causes pH issues, corrosion of metal parts, surface damage and swimmer discomfort.		1. Your pool needs a Total Amount of 9 lbs 13 oz of Leslie's Alkalinity Up. The Maximum Dose you should add at any one time is 14 lbs 0 oz. 2. Broadcast the Alkalinity Up into your pool water with the pump running. 3. Wait 4 hours and add additional product (never exceeding the Maximum Dose) until the Total Amount has been added. (We recommend retesting after half of the Total Amount has been added.) Additional adjustments may be needed when complete. 4. After the last dose has been added, wait 4 hours, then proceed to next step. <b>Caution:</b> Do not add Leslie's Alkalinity Up the same day as Leslie's Hardness Plus. <b>Pro Tip:</b> Adjusting the Total Alkalinity affects the pH. Retest both as additional balancing may be required.

## 58 consecutive years of growth through a range of macro environments

### Leslie's Performance through Select Macro Environments since 2000

	Decline in New Pool Installations	Decline in Nominal GDP	Decline in Housing Starts	Decline in Consumer Spending	High Inflation	Rising Interest Rates
<b>Leslie's sales growth<sup>1</sup></b>	<b>+6%</b>	<b>+12%</b>	<b>+6%</b>	<b>+12%</b>	<b>+6%</b>	<b>+8%</b>
Change in macro indicator <sup>1</sup>	<b>(14.2%) CAGR</b>	<b>(0.9%)</b>	<b>(24.6%) CAGR</b>	<b>(1.9%)</b>	<b>+2.4%</b>	<b>+256bps</b>
Instances since 2000	2	2	3	2	3	2
Years affected since 2000	8	2	6	2	7	9

### Leslie's Sales History and Timing of Key Macro Events



### Key Performance Highlights | 2000-2022

- 2000-22 sales CAGR of 7% with growth each year.
- Positive comp in all but four of those years; comp declined 1% in three of the four years and declined 2% in the remaining year.
- During the financial crisis, 2006-09, Leslie's grew its topline at a +16% CAGR, comped positive in each of those years, and grew its EBITDA by 47%.
- Leslie's grew its EBITDA in all but two of the last 22 years.
- Since 2000, Leslie's EBITDA has grown at a 14% CAGR, and its EBITDA margins have expanded by ~1,400bps.

<sup>1</sup> Represents weighted average change during affected years

## ESG – Leslie's is committed to responsible and sustainable business practices



### Environmental

- **Sanitation & Safety:**
  - Business focused on educating consumers and providing essential products and services related to water sanitation and safety
- **Sustainability:**
  - Environmentally friendly products, such as energy saving pumps and low NOx heaters, and initiatives underway to reduce packaging footprint
- **Reduce, Reuse, and Recycle:**
  - Multiple company-wide initiatives in process



### Social

- **Water & Operating Safety:**
  - A top operational priority
- **Health:**
  - Health and wellness programs, training, educational assistance, and benefit programs
- **COVID-19:**
  - Proactive actions to protect associates and consumers throughout our operations
- **Social Equity:**
  - Fostering diversity and inclusion among our leadership and workforce with our DIVE IN initiative – Diversity and Inclusion council comprised of associates from C-suite to store associates



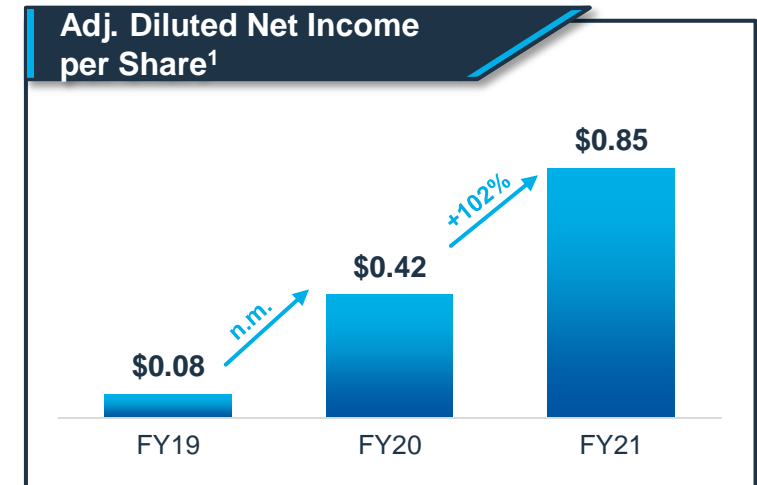
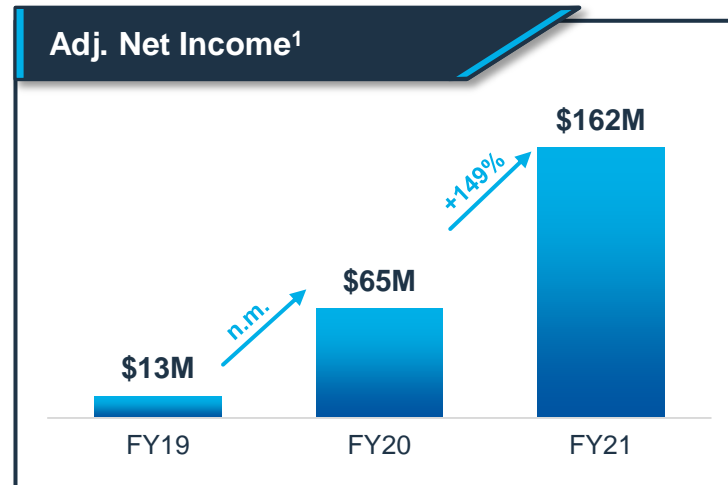
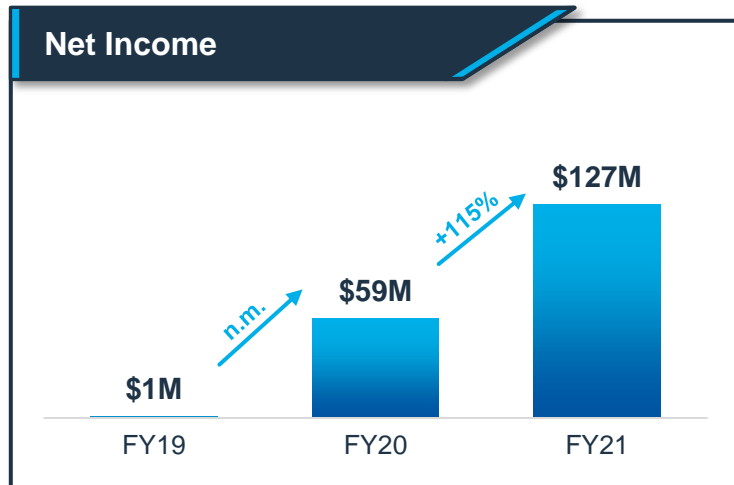
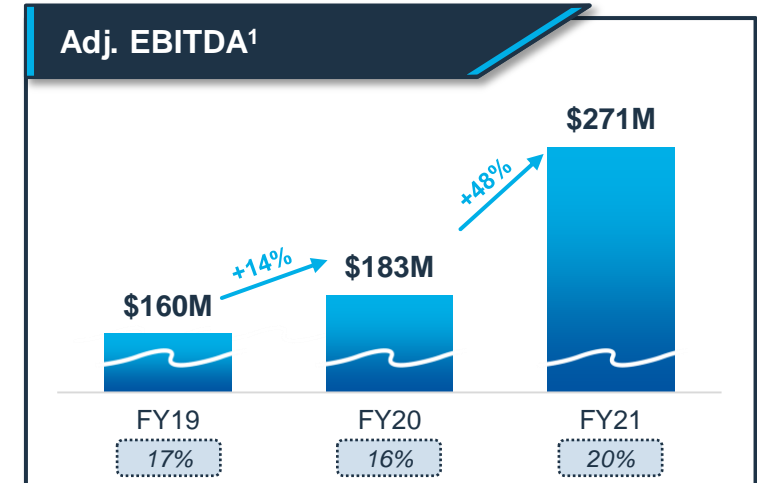
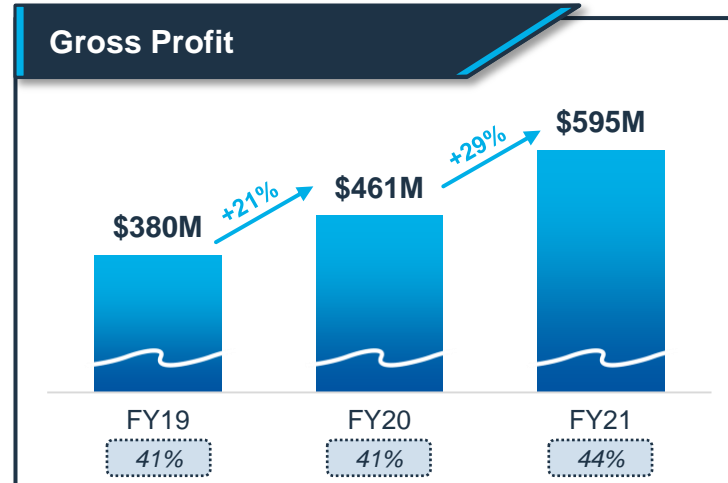
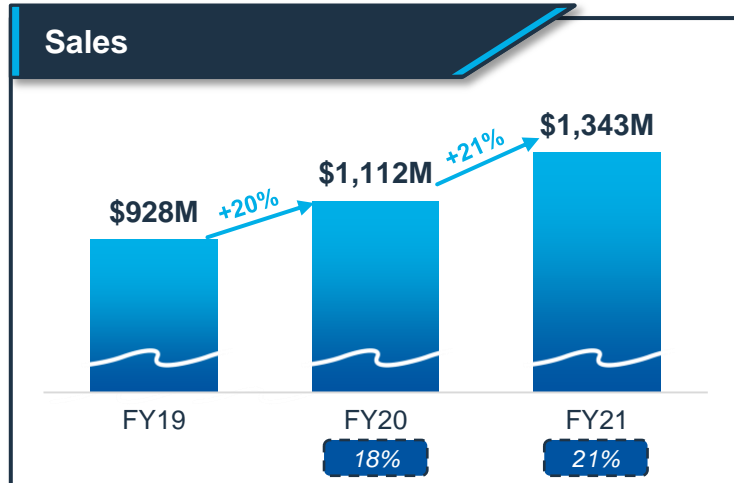
### Governance

- **Code of Conduct:**
  - Adhering to high ethical standards in conducting our business
- **Oversight:**
  - Principled and consistent oversight across corporate leadership
- **Board Diversity:**
  - Four women and three ethnically diverse members of our board of directors
- **Board Committee Independence:**
  - All Committees are fully comprised of independent directors

Leslie's filed its inaugural ESG Report in September 2021, which can be found on our IR website at: <https://ir.lesliespool.com/esg>



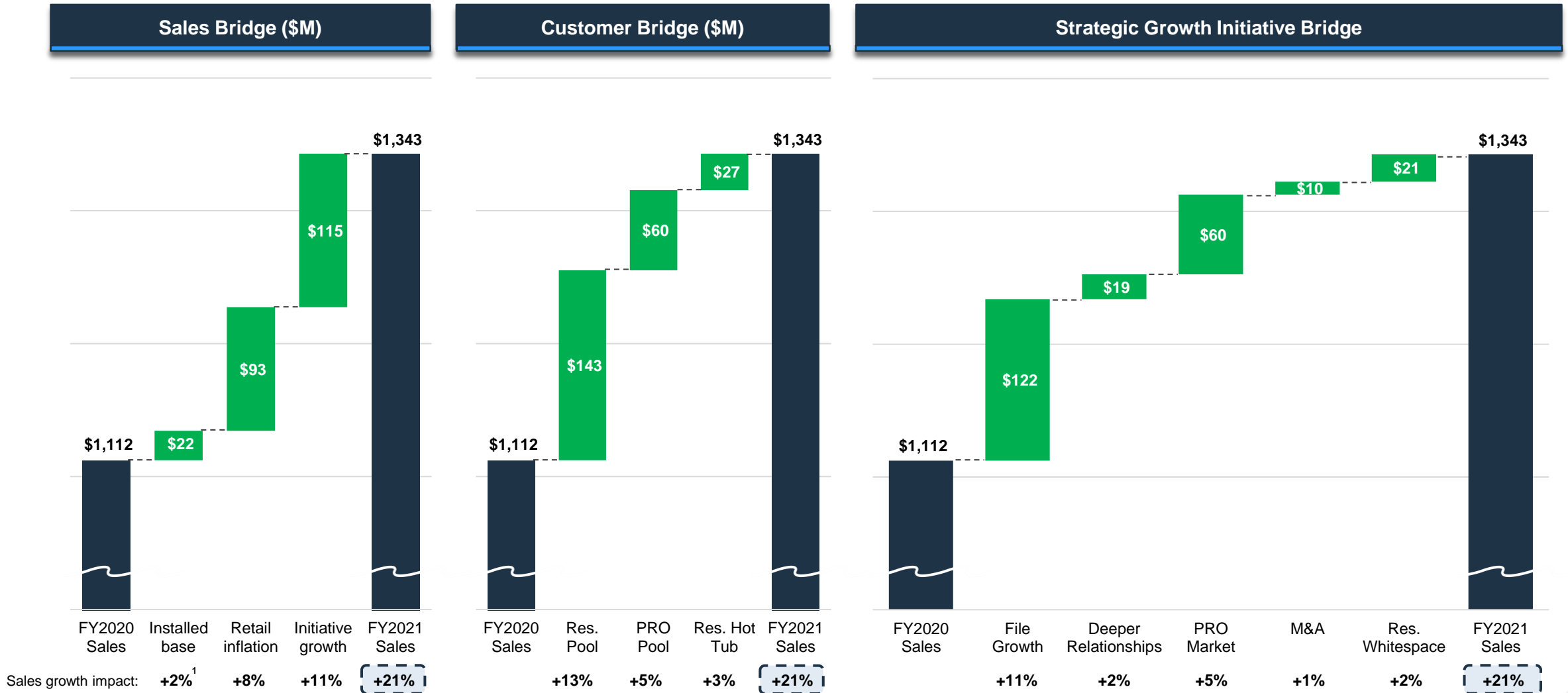
## Fiscal 2019–2021 summary financial results



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.

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

## Fiscal 2021 – sales growth of 21%



Note: figures may not sum due to rounding.  
<sup>1</sup> Source: P.K. Data.

## Strong cash flows enable both growth investments and return of capital to shareholders

First half 2022: Deployed ~\$30M toward M&A and completed ~\$150 million share repurchase

Priority	Considerations
Achieve Target Capital Structure	<ul style="list-style-type: none"> <li>Finished 2021 with net debt to adjusted EBITDA of 1.7x<sup>1</sup> and funded debt to EBITDA of 3.0x<sup>1</sup></li> <li>Total of \$345M in cash on hand, undrawn \$200M revolving credit facility, and first debt maturity in 2025</li> </ul>
Invest in Growth: Capex	<ul style="list-style-type: none"> <li>Historically invested approximately 3% of total sales per year</li> <li>Opportunity to increase level of investment behind high ROI projects, including new locations, pro location conversions, distribution network enhancements, manufacturing capabilities, and information technology</li> </ul>
Invest in Growth: M&A	<ul style="list-style-type: none"> <li>Completed three transactions in FY21 and two in FY22 to date; under non-binding LOI for three additional acquisitions</li> <li>Strong pipeline of acquisition targets</li> <li>Significant opportunity to increase investment by executing M&amp;A on a programmatic basis and continuing to consolidate highly fragmented markets</li> </ul>
Return Capital	<ul style="list-style-type: none"> <li>Deploy excess cash towards opportunistic share repurchases</li> <li>Preserve flexibility to redirect excess cash towards capex and M&amp;A opportunities</li> </ul>

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

<sup>1</sup> Non-GAAP financial measure.





## ***Clear Path to Continued Growth***





## First half Fiscal 2022 highlights

Continued sales momentum and Adj. EBITDA<sup>1</sup> performance

**+22%**

Sales growth

### Sales of \$413M

- Comp sales growth: +16%
- Two-year stack comp: +48%

**+40bps**

Gross margin expansion

### Gross Profit of \$153M

- Gross margin: 37.0%
- Reported growth: +24%

**+5.5%**

Adj. EBITDA growth<sup>1</sup>

### Adj. EBITDA<sup>1</sup> of \$10M

- Adj. EBITDA<sup>1</sup> margin: 2.4%
- LTM Adj. EBITDA<sup>1</sup>: \$271M
- LTM Adj. EBITDA<sup>1</sup> margin: 19.1%

## Key Updates

- 1H22 **target file growth of +8%**
- 1H22 **average revenue per customer growth of +14%**
- **PRO business grew +27%** in 1H22 and represents approximately 15% of LTM total sales
- **Residential Hot Tub business grew +68%** in 1H22
- Entering pool season with **total inventory of \$345M**, a 24% increase vs. prior year, as we focus on serving our growing consumer file
- Completed **two bolt-on acquisitions** year-to-date, adding fourteen new locations and approximately \$37M of run-rate sales
- **Under LOI on three additional acquisitions** that are expected to close during the third quarter
- Added a net total of **seventeen locations** year-to-date
- Now operating **970 physical locations** across 39 states, with **nearly 10 new openings** planned for Q3

Our first half performance features robust sales growth, continued margin expansion, further share gains, and continued investments to enable growth. Leslie's is entering pool season 2022 with significant operational and category tailwinds.

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



## Fiscal 2022 sales growth drivers

<b>Growing consumer file</b> <div>+100 to 300bps</div> <ul style="list-style-type: none"> <li>• Increase marketing spend by more than 30% to drive consumer acquisition</li> <li>• Advantaged inventory position and compelling assortments</li> </ul>	<b>Deeper customer relationships</b> <div>+200 to 400bps</div> <ul style="list-style-type: none"> <li>• Loyalty 2.5 – continued refinement of loyalty customer experience</li> <li>• Drive ARC with targeted and segmented marketing tactics</li> </ul>	<b>The PRO market</b> <div>+300 to 500bps</div> <ul style="list-style-type: none"> <li>• ~3,000 PRO Affiliate contracts</li> <li>• 29 PRO location conversions and 5 new builds</li> <li>• Continue to scale Leslie's PRO website</li> </ul>
<b>Programmatic M&amp;A</b> <div>+300 to 500bps</div> <ul style="list-style-type: none"> <li>• Capitalize on pipeline of M&amp;A opportunities by acquiring pool and spa supply businesses in strategically advantaged markets</li> <li>• Now forecasting ~\$45M FY22 sales contribution from bolt-on acquisitions</li> </ul>	<b>Residential whitespace</b> <div>+300 to 500bps</div> <ul style="list-style-type: none"> <li>• Open at least 10 locations in new and existing markets</li> <li>• Address underserved markets with targeted digital marketing tactics</li> </ul>	<b>Disruptive innovations</b> <div>N/M</div> <ul style="list-style-type: none"> <li>• Enhance the AccuBlue Home™ platform and begin testing v2.0 device</li> <li>• Continue exploring new means of addressing the evolving needs of pool and spa owners</li> </ul>

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



## Fiscal 2022 guidance revised May 5th

Revised Fiscal 2022 Guidance		Prior Fiscal 2022 Guidance		Long-term Growth Algorithm
<b>Sales</b> \$1,575M – \$1,610M	<b>Sales Growth</b> 17% – 20%	<b>Sales</b> \$1,495M – \$1,520M	<b>Sales Growth</b> 11% – 13%	<b>Annual Sales Growth</b> MSD to HSD %
<b>Gross Profit</b> \$700M – \$715M	<b>Gross Margin</b> +5bps to +15bps	<b>Gross Profit</b> \$665M – \$675M	<b>Gross Margin</b> +5bps to +15bps	<b>Gross Margin</b> Flat to +25bps
<b>Adj. EBITDA<sup>1</sup></b> \$315M – \$330M	<b>Adj. EBITDA<sup>1</sup> Growth</b> 16% – 22%	<b>Adj. EBITDA<sup>1</sup></b> \$300M – \$310M	<b>Adj. EBITDA<sup>1</sup> Growth</b> 11% – 15%	<b>Adj. EBITDA<sup>1</sup> Growth</b> LDD %
<b>Adj. Net Income<sup>1</sup></b> \$193M – \$205M	<b>Adj. Net Income<sup>1</sup> Growth</b> 20% – 27%	<b>Adj. Net Income<sup>1</sup></b> \$183M – \$193M	<b>Adj. Net Income<sup>1</sup> Growth</b> 13% – 19%	<b>Earnings Growth</b> Mid- to high-teens %
Fiscal 2022 Guidance Commentary				Leslie's Long-term Growth Drivers

- ✓ Sales and earnings growth stronger than long-term growth algorithm driven by investments in strategic growth initiatives
- ✓ Gross margin growth inline with long-term growth algorithm
- ✓ ***Note on seasonality:*** Historically, Q3 represents approx. 60% to 70% of second half profitability. In 2021, it was towards the high end of the range and we expect it to be towards the low to mid point of the range this year.

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

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



## 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 / annuity-like demand / 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

	Six Months Ended		
	April 2, 2022	April 3, 2021	March 28, 2020
Net loss	\$ (21,891)	\$ (36,709)	\$ (56,013)
Interest expense	13,812	19,642	45,126
Income tax benefit	(8,929)	(17,624)	(24,215)
Depreciation and amortization expense <sup>(1)</sup>	15,817	12,858	14,088
Management fees <sup>(2)</sup>	—	382	1,940
Equity-based compensation expense <sup>(3)</sup>	5,712	14,111	1,195
Loss on debt extinguishment <sup>(4)</sup>	—	9,169	—
Costs related to equity offerings <sup>(5)</sup>	550	9,209	—
Strategic project costs <sup>(6)</sup>	3,787	—	—
Executive transition costs and other <sup>(7)</sup>	934	(1,753)	794
Adjusted EBITDA	\$ 9,792	\$ 9,285	\$ (17,085)

1. Includes depreciation related to our distribution centers and locations, which is reported in cost of merchandise and services sold in our condensed consolidated statements of operations.
2. 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 condensed consolidated statements of operations.
3. Represents equity-based compensation and the related Company payroll tax expense which are reported in SG&A in our condensed consolidated statements of operations.
4. Represents non-cash expense due to the write-off of deferred financing costs primarily related to the term loan modification and the repayment of our senior unsecured notes during the six months ended April 3, 2021 which are reported in loss on debt extinguishment in our condensed consolidated statements of operations.
5. 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 December 2021 which are reported in other expenses, net in our condensed consolidated statements of operations.
6. Represents non-recurring costs, such as third-party consulting costs that are not part of our ongoing operations and are incurred to execute differentiated, strategic projects, and are reported in SG&A in our condensed consolidated statements of operations.
7. Includes executive transition costs, losses (gains) on disposition of fixed assets, 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 condensed consolidated statements of operations.

Note: A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty of expenses that may be incurred in the future, although it is important to note that these factors could be material to our results computed in accordance with GAAP.



## GAAP to non-GAAP reconciliation tables

	Six Months Ended		
	April 2, 2022	April 3, 2021	March 28, 2020
Net loss	\$ (21,891)	\$ (36,709)	\$ (56,013)
Management fees <sup>(1)</sup>	—	382	1,940
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Costs related to equity offerings <sup>(4)</sup>	550	9,209	—
Strategic project costs <sup>(5)</sup>	3,787	—	—
Executive transition costs and other <sup>(6)</sup>	934	(1,753)	794
Tax effects of these adjustments <sup>(7)</sup>	(2,746)	(7,809)	(986)
Adjusted net loss	<u>\$ (13,654)</u>	<u>\$ (13,400)</u>	<u>\$ (53,070)</u>
Diluted earnings per share	\$ (0.12)	\$ (0.20)	\$ (0.36)
Adjusted diluted earnings per share	\$ (0.07)	\$ (0.07)	\$ (0.34)
Weighted average shares outstanding			
Basic	185,592	181,900	156,500
Diluted	185,592	181,900	156,500

1. 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 condensed consolidated statements of operations.
2. Represents equity-based compensation and the related Company payroll tax expense which are reported in SG&A in our condensed consolidated statements of operations.
3. Represents non-cash expense due to the write-off of deferred financing costs primarily related to the term loan modification and the repayment of our senior unsecured notes during the six months ended April 3, 2021 which are reported in loss on debt extinguishment in our condensed consolidated statements of operations.
4. 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 December 2021 which are reported in other expenses, net in our condensed consolidated statements of operations.
5. Represents non-recurring costs, such as third-party consulting costs that are not part of our ongoing operations and are incurred to execute differentiated, strategic projects, and are reported in SG&A in our condensed consolidated statements of operations.
6. Includes executive transition costs, losses (gains) on disposition of fixed assets, 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 condensed consolidated statements of operations.
7. Represents the tax effect of the total adjustments based on our actual statutory tax rate. Amounts are reported in income tax benefit in our condensed consolidated statements of operations.



## GAAP to non-GAAP reconciliation tables

	Year Ended		
	October 2, 2021	October 3, 2020	September 28, 2019
Net income	\$ 126,634	\$ 58,561	\$ 702
Interest expense	34,410	84,098	98,578
Income tax expense	36,495	2,627	14,855
Depreciation and amortization expense <sup>(1)</sup>	26,553	28,925	30,424
Management fees <sup>(2)</sup>	382	4,900	4,533
Equity-based compensation expense <sup>(3)</sup>	25,621	1,785	2,130
Loss on debt extinguishment <sup>(4)</sup>	9,169	—	—
Costs related to equity offerings <sup>(5)</sup>	10,444	—	—
Executive transition costs and other <sup>(6)</sup>	905	1,874	8,781
Adjusted EBITDA	<u>\$ 270,613</u>	<u>\$ 182,770</u>	<u>\$ 160,003</u>

Notes: Year ended October 3, 2020 included 53 weeks. Financials are unaudited. Amounts are presented in thousands except per share data

1. 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.
2. 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.
3. 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.
4. Represents non-cash expense due to the write-off of deferred financing costs primarily related to the term loan modification and the repayment of our senior unsecured notes during the six months ended April 3, 2021 which are reported in loss on debt extinguishment in our condensed consolidated statements of operations.
5. 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.
6. 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.



## GAAP to non-GAAP reconciliation tables

	Year Ended		
	October 2, 2021	October 3, 2020	September 28, 2019
Net income	\$ 126,634	\$ 58,561	\$ 702
Management fees <sup>(1)</sup>	382	4,900	4,533
Equity-based compensation expense <sup>(2)</sup>	25,621	1,785	2,130
Loss on debt extinguishment <sup>(3)</sup>	9,169	—	—
Costs related to equity offerings <sup>(4)</sup>	10,444	—	—
Executive transition costs and other <sup>(5)</sup>	905	1,874	8,781
Tax effects of these adjustments <sup>(6)</sup>	(11,677)	(2,147)	(3,381)
Adjusted net income	<u>\$ 161,478</u>	<u>\$ 64,973</u>	<u>\$ 12,765</u>

	Year Ended		
	October 2, 2021	October 3, 2020	September 28, 2019
Diluted earnings per share	\$ 0.67	\$ 0.37	\$ 0.00
Adjusted diluted earnings per share	\$ 0.85	\$ 0.42	\$ 0.08
Weighted average shares outstanding			
Basic	185,412	156,500	156,500
Diluted	190,009	156,500	156,500

Notes: Year ended October 3, 2020 included 53 weeks. Financials are unaudited. Amounts are presented in thousands except per share data

1. 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.
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5. 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.
6. 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.