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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 28, 2025

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: 001-39667

LESLIE'S, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**20-8397425** (I.R.S. Employer Identification No.)
2005 East Indian School Road **Phoenix, AZ** (Address of principal executive offices)	**85016** (Zip Code)

Registrant's telephone number, including area code: (602) 366-3999

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 $0.001 per share	LESL	The Nasdaq Global Select Market

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 August 1, 2025, the Registrant had 185,608,308, shares of common stock, $0.001 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy, legal proceedings, competitive advantages, market size, growth opportunities, industry expectations, and plans and objectives of management for future operations, 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 or outcomes 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 expectations regarding our cash resources and cash generation from normal operations;
- supply disruptions or increased costs, including as a result of trade policies;
- 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 (including high interest rates, recession fears, inflationary pressures and changes in trade policies, including tariffs or other trade restrictions or the threat of such actions), geopolitical events or conflicts, and the housing market;
- disruptions in the operations of our distribution centers;
- our ability to implement technology initiatives that deliver the anticipated benefits, without disrupting our operations;
- our ability to execute on our management transition plans and to attract and retain senior management and other qualified personnel;
- regulatory changes and developments affecting our current and future products including evolving legal standards, regulations and stakeholder expectations concerning environmental, social and governance (“ESG”) matters;
- our ability to obtain additional capital to finance operations;
- commodity price inflation and deflation;
- impacts on our business from epidemics, pandemics, or natural disasters;
- impacts on our business from cyber incidents and other security threats or disruptions;
- our ability to regain and maintain compliance with Nasdaq listing standards;
- our ability to implement the proposed reverse stock split in a timely manner, if at all and the anticipated effects of the proposed reverse stock split on the price of shares of our common stock;
- our ability to remediate material weaknesses or other deficiencies in our internal control over financial reporting or to maintain effective disclosure controls and procedures and internal control over financial reporting; and
- other risks and uncertainties, including those listed in the section titled “Risk Factors” in our filings with the United States Securities and Exchange Commission (“SEC”).

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended September 28, 2024, in Part II, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 29, 2025, elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. 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 Quarterly Report on Form 10-Q. The results, outcomes, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results or outcomes could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q, and, while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information, changed expectations, the occurrence of unanticipated events or otherwise, except as required by law. We may not actually achieve the plans, intentions, outcomes, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

LESLIE'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Share and Per Share Amounts)

	June 28, 2025 (Unaudited)	September 28, 2024 (Audited)	June 29, 2024 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents	$ 42,684	$ 108,505	$ 74,438
Accounts and other receivables, net	34,794	45,467	45,817
Inventories	273,192	234,283	302,209
Prepaid expenses and other current assets	34,460	34,179	34,545
Total current assets	385,130	422,434	457,009
Property and equipment, net	94,143	98,447	94,135
Operating lease right-of-use assets	260,925	270,488	282,556
Goodwill and other intangibles, net	212,407	215,127	216,041
Deferred tax assets	—	4,168	15,409
Other assets	36,888	39,661	40,038
Total assets	$ 989,493	$ 1,050,325	$ 1,105,188
Liabilities and stockholders' deficit			
Current liabilities			
Accounts payable	$ 91,587	$ 67,622	$ 108,935
Accrued expenses and other current liabilities	104,629	106,713	107,208
Operating lease liabilities	65,755	63,357	61,638
Income taxes payable	—	1,127	—
Current portion of long-term debt	—	8,100	8,100
Total current liabilities	261,971	246,919	285,881
Deferred tax liabilities	1,549	—	—
Operating lease liabilities, noncurrent	197,375	209,067	216,756
Revolving credit facility	20,000	—	—
Long-term debt, net	751,547	769,065	768,598
Other long-term liabilities	3,218	2,423	2,110
Total liabilities	1,235,660	1,227,474	1,273,345
Commitments and contingencies			
Stockholders' deficit			
Common stock, $0.001 par value, 1,000,000,000 shares authorized and 185,578,489, 184,969,296, and 184,912,804 issued and outstanding as of June 28, 2025, September 28, 2024, and June 29, 2024.	186	185	185
Additional paid-in capital	112,006	106,871	105,940
Retained deficit	(358,359)	(284,205)	(274,282)
Total stockholders' deficit	(246,167)	(177,149)	(168,157)
Total liabilities and stockholders' deficit	$ 989,493	$ 1,050,325	$ 1,105,188

See accompanying notes which are an integral part of these condensed consolidated financial statements.

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LESLIE'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Sales	$ 500,347	$ 569,638	$ 852,709	$ 932,262
Cost of merchandise and services sold	302,457	340,798	563,156	598,686
Gross profit	197,890	228,840	289,553	333,576
Selling, general and administrative expenses	129,572	131,145	309,313	302,879
Operating income (loss)	68,318	97,695	(19,760)	30,697
Interest expense	15,764	18,156	47,425	53,380
Net income (loss) before taxes	52,554	79,539	(67,185)	(22,683)
Income tax expense (benefit)	30,824	18,889	6,969	(9,227)
Net income (loss)	$ 21,730	$ 60,650	$ (74,154)	$ (13,456)
Earnings (loss) per share:				
Basic	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)
Diluted	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)
Weighted average shares outstanding:				
Basic	185,490	184,834	185,256	184,614
Diluted	185,490	184,861	185,256	184,614

See accompanying notes which are an integral part of these condensed consolidated financial statements.

LESLIE'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Amounts in Thousands)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Deficit	Total Stockholders' Deficit
Balance, March 31, 2024	184,743	$ 185	$ 103,775	$ (334,932)	$ (230,972)
Issuance of common stock under the Plan	186	—	—	—	—
Equity-based compensation	—	—	2,246	—	2,246
Restricted stock units surrendered in lieu of withholding taxes	(16)	—	(81)	—	(81)
Net income	—	—	—	60,650	60,650
Balance, June 29, 2024	184,913	$ 185	$ 105,940	$ (274,282)	$ (168,157)
Balance, March 30, 2025	185,402	185	110,445	(380,089)	(269,459)
Issuance of common stock under the Plan	188	1	—	—	1
Equity-based compensation	—	—	1,571	—	1,571
Restricted stock units surrendered in lieu of withholding taxes	(12)	—	(10)	—	(10)
Net income	—	—	—	21,730	21,730
Balance, June 28, 2025	185,578	$ 186	$ 112,006	$ (358,359)	$ (246,167)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Deficit	Total Stockholders' Deficit
Balance, September 30, 2023	184,334	$ 184	$ 99,280	$ (260,826)	$ (161,362)
Issuance of common stock under the Plan	727	1	—	—	1
Equity-based compensation	—	—	7,629	—	7,629
Repurchase and retirement of common stock	(148)	—	(969)	—	(969)
Net loss	—	—	—	(13,456)	(13,456)
Balance, June 29, 2024	184,913	$ 185	$ 105,940	$ (274,282)	$ (168,157)
Balance, September 28, 2024	184,969	$ 185	$ 106,871	$ (284,205)	$ (177,149)
Issuance of common stock under the Plan	650	1	—	—	1
Equity-based compensation	—	—	5,194	—	5,194
Restricted stock units surrendered in lieu of withholding taxes	(41)	—	(59)	—	(59)
Net loss	—	—	—	(74,154)	(74,154)
Balance, June 28, 2025	185,578	$ 186	$ 112,006	$ (358,359)	$ (246,167)

See accompanying notes which are an integral part of these condensed consolidated financial statements.

LESLIE'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

	Nine Months Ended	
	June 28, 2025	June 29, 2024
Operating Activities		
Net loss	$ (74,154)	$ (13,456)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	25,080	24,420
Equity-based compensation	5,194	7,629
Amortization of deferred financing costs and debt discounts	1,619	1,647
Provision for credit losses	574	1,007
Deferred income taxes	5,717	(7,811)
Loss on asset dispositions	1,044	52
Changes in operating assets and liabilities:		
Accounts and other receivables	10,099	(17,428)
Inventories	(38,909)	9,628
Prepaid expenses and other current assets	(281)	(10,912)
Other assets	2,561	6,561
Accounts payable	23,965	50,379
Accrued expenses and other current liabilities	(1,049)	14,428
Income taxes payable	(1,127)	(5,782)
Operating lease assets and liabilities, net	269	48
Net cash (used in) provided by operating activities	(39,398)	60,410
Investing Activities		
Purchases of property and equipment	(19,064)	(34,324)
Proceeds from asset dispositions	117	77
Net cash used in investing activities	(18,947)	(34,247)
Financing Activities		
Borrowings on revolving credit facility	159,500	140,500
Payments on revolving credit facility	(139,500)	(140,500)
Repayment of long-term debt	(27,025)	(6,075)
Payments on finance leases	(392)	—
Payment of deferred financing costs	—	(101)
Payments of employee tax withholdings related to restricted stock vesting	(59)	(969)
Net cash used in financing activities	(7,476)	(7,145)
Net (decrease) increase in cash and cash equivalents	(65,821)	19,018
Cash and cash equivalents, beginning of period	108,505	55,420
Cash and cash equivalents, end of period	$ 42,684	$ 74,438
Supplemental Information:		
Cash paid for interest	$ 46,462	$ 51,762
Cash paid for income taxes, net of refunds received	3,556	6,702

See accompanying notes which are an integral part of these condensed consolidated financial statements.

LESLIE'S, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Business and Operations

Leslie's, Inc. ("Leslie's," "we," "our," "us," "its," or the "Company") is the leading direct-to-consumer pool and spa care brand. We market and sell pool and spa supplies and related products and services, which primarily consist of maintenance items such as chemicals, equipment and parts, and cleaning accessories, as well as safety, recreational, and fitness-related products. We currently market our products through over 1,000 company-operated locations in 39 states and e-commerce websites.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

We prepared the accompanying interim condensed consolidated financial statements following United States generally accepted accounting principles ("GAAP"). The financial statements include all normal and recurring adjustments that are necessary for a fair presentation of our financial position and operating results. The interim condensed consolidated financial statements include the accounts of Leslie's, Inc. and our subsidiaries. All significant intercompany accounts and transactions have been eliminated. These interim condensed consolidated financial statements and the related notes should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended September 28, 2024.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on our results of operations.

Fiscal Periods

We operate on a fiscal calendar that results in a fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to September 30th as approved by the board. In a 52-week fiscal year, each quarter contains 13 weeks of operations; in a 53-week fiscal year, each of the first, second and third quarters includes 13 weeks of operations and the fourth quarter includes 14 weeks of operations. References to the three months ended June 28, 2025 and June 29, 2024 refer to the 13 weeks ended June 28, 2025 and June 29, 2024. Reference to the nine months ended June 28, 2025 and June 29, 2024 refer to the 39 weeks ended June 28, 2025 and June 29, 2024.

Use of Estimates

Management is required to make certain estimates and assumptions during the preparation of the condensed consolidated financial statements in accordance with GAAP. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the condensed consolidated financial statements. They also impact the reported amount of net income (loss) during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying condensed consolidated financial statements include inventory reserves, lease assumptions, vendor rebate programs, our loyalty program, the determination of income taxes payable and deferred income taxes, sales returns reserves, self-insurance liabilities, the recoverability of intangible assets and goodwill, and contingent consideration related to business combinations.

Seasonality

Our business is highly seasonal. Sales and earnings are highest during our third and fourth fiscal quarters, April through September, which represent the peak months of swimming pool use. Sales are substantially lower during our first and second fiscal quarters.

Summary of Other Significant Accounting Policies

There have been no changes to our Significant Accounting Policies since our Annual Report on Form 10-K for the year ended September 28, 2024. For more information regarding our Significant Accounting Policies and Estimates, see Note 2—Summary of Significant Accounting Policies included in our Annual Report on Form 10-K for the year ended September 28, 2024.

Recent Accounting Pronouncements

In January 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2025-01, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 2020-40): Disaggregation of Income Statement Expenses. This update clarifies the initial effective date for entities that do not have an annual reporting period that ends on December 31 to be the first annual reporting period beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. We are currently evaluating the ASU to determine its impact on our disclosures; however, we do not expect there to be a material impact.

In November 2024, FASB issued ASU No. 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This update requires additional disclosures over certain expenses, including purchases of inventory, employee compensation, depreciation, intangible asset amortization, and other specific expense categories. This standard also requires disclosure of the total amount of selling expenses and the Company's definition of selling expenses. This update is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the ASU to determine its impact on our disclosures; however, we do not expect there to be a material impact.

In December 2023, FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This update is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. We are currently evaluating the ASU to determine its impact on our disclosures; however, we do not expect there to be a material impact.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which require an entity to disclose the title and position of the Chief Operating Decision Maker ("CODM") and the significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss. This update is effective for annual periods beginning after December 15, 2023 and interim disclosures beginning after December 15, 2024, though early adoption is permitted. This update is effective retrospectively upon adoption to all periods presented in the financial statements. We are currently evaluating the ASU to determine its impact on our disclosures; however, we do not expect there to be a material impact.

Note 3 —Goodwill and Other Intangibles, Net

Goodwill

The following table details goodwill (in thousands):

	June 28, 2025	September 28, 2024	June 29, 2024
Balance at beginning of the period	$ 180,698	$ 180,698	$ 180,698
Acquisitions, net of measurement period adjustments	-	-	-
Balance at the end of the period	$ 180,698	$ 180,698	$ 180,698

Goodwill and Intangibles Impairment Valuation

We review goodwill and indefinite-lived intangible assets for impairment annually (in the fourth quarter) or more frequently if impairment indicators arise. During the three months ended June 28, 2025, management identified certain indicators (i.e., decline in market capitalization and reduced operating performance), which required an interim goodwill and indefinite-lived intangible asset impairment evaluation.

As a result, we performed a quantitative impairment test for our only reporting unit under ASC 350, Intangibles - Goodwill and Other. The fair value of the reporting unit was estimated using a combined discounted cash flow model and market approach, consistent with valuation methodologies used historically.

Key assumptions of the analysis included:

- Discount rate: 16%
- Long-term growth rate: 3%

Based on the results of this analysis, we determined that the fair value of the reporting unit exceeded its carrying amount, and therefore no impairment loss needed to be recognized.

Our indefinite-lived intangible assets were tested for impairment using the relief of royalty method consistent with standard valuation methodologies used in prior acquisitions. These same key assumptions were used in the impairment evaluation of our indefinite-lived intangible assets. Based on the analysis performed it was determined that the fair value of the indefinite-lived intangibles was greater than the carrying value and thus no impairment charge was recognized.

Other Intangibles

Other intangible assets consisted of the following as of June 28, 2025 (in thousands, except weighted average remaining useful life):

	Weighted Average Remaining Useful Life (in Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Trade name and trademarks (finite life)	8.2	$ 22,100	$ (6,834)	$ 15,266
Trade name and trademarks (indefinite life)	Indefinite	9,350	—	9,350
Non-compete agreements	3.7	2,260	(1,523)	737
Consumer relationships	6.1	15,400	(9,097)	6,303
Other intangibles	3.3	4,000	(3,947)	53
Total		$ 53,110	$ (21,401)	$ 31,709

Other intangible assets consisted of the following as of September 28, 2024 (in thousands, except weighted average remaining useful life):

	Weighted Average Remaining Useful Life (in Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Trade name and trademarks (finite life)	8.9	$ 22,100	$ (5,355)	$ 16,745
Trade name and trademarks (indefinite life)	Indefinite	9,350	—	9,350
Non-compete agreements	4.4	2,260	(1,368)	892
Consumer relationships	6.6	15,400	(8,038)	7,362
Other intangibles	4.1	4,000	(3,920)	80
Total		$ 53,110	$ (18,681)	$ 34,429

Other intangible assets consisted of the following as of June 29, 2024 (in thousands, except weighted average remaining useful life):

	Weighted Average Remaining Useful Life (in Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Trade name and trademarks (finite life)	9.2	$ 22,100	$ (4,861)	$ 17,239
Trade name and trademarks (indefinite life)	Indefinite	9,350	—	9,350
Non-compete agreements	4.6	2,260	(1,317)	943
Consumer relationships	6.8	15,400	(7,685)	7,715
Other intangibles	4.3	4,000	(3,904)	96
Total		$ 53,110	$ (17,767)	$ 35,343

Amortization expense was $0.9 million and $0.9 million for the three months ended June 28, 2025 and June 29, 2024. Amortization expense was $2.7 million and $2.8 million for the nine months ended June 28, 2025 and June 29, 2024. No impairment of goodwill or other intangible assets was recorded during the three and nine months ended June 28, 2025 and June 29, 2024.

The following table summarizes the estimated future amortization expense related to finite-lived intangible assets on our condensed consolidated balance sheet as of June 28, 2025 (in thousands):

	Amount
Remainder of fiscal 2025	$ 980
2026	3,382
2027	3,262
2028	3,150
2029	2,899
Thereafter	8,686
Total	$ 22,359

Note 4—Accounts and Other Receivables, Net

Accounts and other receivables, net consisted of the following (in thousands):

	June 28, 2025	September 28, 2024	June 29, 2024
Vendor and other rebates receivable	$ 13,527	$ 24,713	$ 20,393
Customer receivables	20,287	18,262	21,592
Other receivables	3,210	4,723	6,031
Allowance for credit losses	(2,230)	(2,231)	(2,199)
Total	$ 34,794	$ 45,467	$ 45,817

Note 5—Inventories

Inventories consisted of the following (in thousands):

	June 28, 2025	September 28, 2024	June 29, 2024
Raw materials	$ 3,038	$ 3,381	$ 4,787
Finished goods	270,154	230,902	297,422
Total	$ 273,192	$ 234,283	$ 302,209

Note 6—Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 28, 2025	September 28, 2024	June 29, 2024
Prepaid insurance	$ 3,164	$ 1,120	$ 3,449
Prepaid occupancy costs	2,280	2,132	2,173
Prepaid sales tax	6,734	3,719	6,788
Prepaid maintenance	5,140	4,388	5,038
Prepaid other	4,209	13,380	5,626
Other current assets	12,933	9,440	11,471
Total	$ 34,460	$ 34,179	$ 34,545

Note 7—Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 28, 2025	September 28, 2024	June 29, 2024
Accrued payroll and employee benefits	$ 18,780	$ 20,813	$ 12,484
Customer deposits	5,807	5,289	5,428
Interest	4,888	5,545	555
Inventory related accruals	13,001	13,586	14,323
Loyalty and deferred revenue	7,919	6,269	6,685
Sales tax	13,916	8,282	15,442
Self-insurance reserves	11,666	9,287	11,228
Other accrued liabilities	28,652	37,642	41,063
Total	$ 104,629	$ 106,713	$ 107,208

As of June 28, 2025, September 28, 2024, and June 29, 2024, capital expenditures included in other accrued liabilities were $0.6 million, $1.0 million, and $2.0 million.

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Note 8—Long-Term Debt, Net

Our long-term debt, net consisted of the following (in thousands, except interest rates):

	Effective Interest Rate [1]	June 28, 2025	September 28, 2024	June 29, 2024
Term Loan	7.19 % [2]	$ 756,650	$ 783,675	$ 783,675
Revolving Credit Facility	6.02 % [3]	20,000	—	—
Total long-term debt		776,650	783,675	783,675
Less: current portion of long-term debt		—	(8,100)	(8,100)
Less: noncurrent Revolving Credit Facility		(20,000)	—	—
Less: unamortized discount		(1,436)	(1,818)	(1,944)
Less: deferred financing charges		(3,667)	(4,692)	(5,033)
Total long-term debt, net		$ 751,547	$ 769,065	$ 768,598

(1)Effective interest rates as of June 28, 2025.
(2)Carries interest at a specified margin over the Term Secured Overnight Financing Rate ("SOFR") between 2.50% and 2.75% with a minimum SOFR of 0.50% plus a SOFR adjustment.
(3)Carries interest at a specific margin between 0.25% and 0.75% with respect to base rate loans and between 1.25% and 1.75% with respect to Term SOFR loans, with a SOFR adjustment.

Term Loan

In June 2023, we entered into Amendment No. 1 ("Term Loan Amendment") to our Amended and Restated Term Loan Credit Agreement ("Term Loan"). The Term Loan Amendment (i) replaced the existing LIBOR-based interest rate benchmark with a Term SOFR-based benchmark and (ii) amended certain other related terms and provisions, including the addition of a SOFR adjustment of (a) 0.11448% per annum for one-month, (b) 0.26161% per annum for three months, and (c) 0.42826% per annum for six months. The other material terms of the Term Loan remained substantially unchanged.

The Term Loan provides for an $810.0 million secured term loan facility with a maturity date of March 9, 2028. Borrowings under the Term Loan have an initial applicable rate, at our option, of (i) 2.75% for loans that are Term SOFR loans and (ii) 1.75% for loans that are (the "Applicable Rate") ABR loans. The Applicable Rate of the Term Loan is based on our first lien leverage ratio as follows: (a) if the first lien leverage ratio is greater than 2.75 to 1.00, the applicable rate will be 2.75% for Term SOFR loans and 1.75% for ABR loans and (b) if the first lien leverage ratio is less than or equal to 2.75 to 1.00, the applicable rate will be 2.50% for Term SOFR loans and 1.50% for ABR loans. For Term SOFR loans, the loans will bear interest at the Term SOFR-based benchmark rate plus the Applicable Rate and the SOFR adjustment, as defined above.

During the quarter ended December 28, 2024, we made our normal principal payment of $2.0 million and a $25.0 million pre-payment on our Term Loan. This pre-payment was applied to our scheduled principal payments in fiscal years 2025, 2026 and 2027.

Revolving Credit Facility

In March 2023, we entered into Amendment No. 6 to our $200.0 million credit facility ("Revolving Credit Facility") maturing on August 13, 2025 (the "Amendment"). The Amendment (i) increased the revolving credit commitments under the Revolving Credit Facility in the amount of $50.0 million, such that the aggregate commitments are $250.0 million and (ii) replaced the existing LIBOR-based rate with a Term SOFR-based rate, as an interest rate benchmark. The Revolving Credit Facility has (i) an applicable margin on base rate loans with a range of 0.25% to 0.75%, (ii) an applicable margin on Term SOFR loans with a range of 1.25% and 1.75%, (iii) a SOFR adjustment of 0.10% for all borrowing periods, (iv) a floor of 0% per annum, and (v) a commitment fee rate of 0.25% per annum. The other material terms of the Revolving Credit Facility prior to the Amendment remained substantially unchanged.

On April 3, 2024, we entered into Amendment No. 7 to our Revolving Credit Facility (the "2024 Amendment"). The 2024 Amendment (i) extended the maturity date to April 3, 2029 and (ii) revised the applicable margin on Term SOFR and base rate loans. The other material terms of the Revolving Credit Facility prior to the 2024 Amendment remained substantially unchanged.

As of June 28, 2025, we had $20.0 million outstanding on our Revolving Credit Facility. The amount available under our Revolving Credit Facility was reduced by $11.8 million, $10.4 million, and $10.9 million of existing standby letters of credit as of June 28, 2025, September 28, 2024, and June 29, 2024.

Subsequent to quarter end we paid off the remaining $20.0 million outstanding on our Revolving Credit Facility

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Fair Value

The fair value of our Term Loan due in 2028 was determined to be $534.4 million as of June 28, 2025, $758.2 million as of September 28, 2024, and $775.9 million as of June 29, 2024. These fair value estimates, determined to be Level 2, are subjective in nature and involve uncertainties and matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Representations and Covenants

Substantially all of our assets are pledged as collateral to secure our indebtedness. The Term Loan does not require us to comply with any financial covenants. The Term Loan and the Revolving Credit Facility contain customary representations and warranties, covenants, and conditions to borrowing. No event of default occurred as of June 28, 2025, September 28, 2024, and June 29, 2024.

Future Debt Maturities

The following table summarizes the debt maturities and scheduled principal repayments of our indebtedness as of June 28, 2025 (in thousands):

		Amount
Remainder of fiscal 2025	$	20,000
2026		—
2027		—
2028		756,650
2029		—
Thereafter		—
Total	$	776,650

Note 9—Income Taxes

Our effective income tax rate was (10.4)% for the nine months ended June 28, 2025, compared to a benefit of 40.7% for the nine months ended June 29, 2024. The differences between the statutory rate and our effective rate for the nine months ended June 28, 2025 were primarily attributable to state taxes and change in valuation allowance. The difference between the statutory rate and our effective rate for the nine months ended June 29, 2024 was primarily attributable to state taxes and tax expenses due to equity-based compensation awards. Our effective income tax rate can fluctuate due to factors including valuation allowances, changes in tax laws, federal and state audits, and the impact of other discrete items.

For the nine months ended June 28, 2025, we utilized the discrete effective tax rate method, as allowed by Accounting Standards Codification (“ASC”) 740- 270-30-18, “Income Taxes—Interim Reporting,” to calculate our interim income tax provision. The discrete method treats the year-to-date period as if it was the annual period and determines the income tax expense or benefit on that basis. The Company believes that the use of this discrete method is more appropriate than the annual effective tax rate method due to the sensitivity of tax adjustments to marginal pre-tax book profitability anticipated for the year.

On July 4, 2025, the One Big Beautiful Bill Act (the “OBBBA”) was signed into law, which includes a broad range of tax reform provisions affecting businesses, including extending and modifying certain key provisions of the Tax Cuts & Jobs Act of 2017. The Company is currently assessing the potential impacts of the OBBBA, if any, on its financials results, and currently does not expect it to have a material impact on its 2025 financial results.

Note 10—Commitments & Contingencies

Contingencies

On September 8, 2023, a class action complaint for violation of federal securities laws was filed by West Palm Beach Police Pension Fund in the U.S. District Court for the District of Arizona against us, our former Chief Executive Officer and our former Chief Financial Officer. On December 1, 2023, the court appointed the lead plaintiff, and on February 20, 2024, the lead plaintiff filed an amended and consolidated complaint. The amended and consolidated complaint alleges that we violated federal securities laws by issuing materially false and misleading statements that failed to disclose adverse facts about our financial guidance, business operations and prospects, and seeks class certification, damages, interest, attorneys’ fees, and other relief. On April 22, 2024, we filed a motion to dismiss the amended and consolidated complaint. That court granted that motion and dismissed the claims on July 14, 2025. The court will allow the plaintiff to file a second amended complaint, which is due on or before August 13, 2025. Due to the early stage of this proceeding, we cannot reasonably estimate the potential range of loss, if any. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

On March 13, 2024 and March 14, 2024, and December 17, 2024, three derivative actions were separately filed in the U.S. District Courts for the Districts of Arizona and Delaware by John Clemens, Sally Flynn, and Ian Mednick, on behalf of the Company, against our officers and directors. Each of the three complaints include substantially the same allegations as those in the securities class action, and allege that the defendant directors and officers harmed the Company by either making false or misleading statements, or allowing false or misleading statements to be made. The complaints seek the award of damages, costs, attorney's fees, and other declaratory relief. The two derivative actions pending in the U.S. District Court for the District of Arizona have been consolidated into a single proceeding. All of the derivative actions are stayed pending a decision on the motion to dismiss in the securities class action. These matters will continue to be stayed pending a decision on a motion to dismiss a second amended complaint in the securities class action. Due to the early stage of these proceedings, we cannot reasonably estimate the potential range of loss, if any. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

We are also defendants in lawsuits or potential claims encountered in the normal course of business. When the potential liability from a matter can be estimated and the loss is considered probable, we record the estimated loss. Due to uncertainties related to the resolution of lawsuits, investigations and claims, the ultimate outcome may differ from the estimates. We do not expect that the resolutions of any of these matters will have a material effect on our condensed consolidated financial position or results of operations. We did not record any material loss contingencies for the periods presented.

In August 2024, the Company entered into an amended agreement with one of its vendors in which the Company provided a guarantee of certain existing and future warranty obligations of the vendor's products. In exchange for providing the guarantee, the Company was provided additional rebates on past and future purchases from the vendor. The amended agreement was retroactive to January 1, 2024 with a term of four years.

Under the terms of the guarantee, the Company was required to reimburse the vendor for parts used for warranty work performed. The guarantee had no limitation on the maximum potential future payment of warranty costs under the agreement. The Company recognized a liability in accrued expenses associated with this guarantee at an estimated fair value of approximately $10.7 million. The corresponding asset related to the expected discounts on future purchases is recorded in prepaid expenses and other current assets. The amortization of this balance would have been recorded as cost of goods sold during the term of the amended agreement. As of September 28, 2024, the liability related to the guarantee was $9.5 million.

In November 2024, the Company and the vendor amended the agreement effective September 29, 2024 to eliminate the guarantee and reduce rebates on future purchases. As a result, the Company derecognized the warranty guarantee liability and the other current asset balance in the first quarter of fiscal 2025. Additionally, the Company received credit for $1.8 million of previous warranty-related expense which was recorded as a reduction to cost of goods sold.

Our workers' compensation insurance program, general liability insurance program, and employee group medical plan have self-insurance retention features of up to $0.4 million per event. We had standby letters of credit outstanding in the amount of $11.8 million and $10.7 million as of June 28, 2025 and June 29, 2024, for the purpose of securing such obligations under our workers' compensation self-insurance programs.

Note 11—Share Repurchase Program

On December 3, 2021, the board of directors authorized a share repurchase program for up to an aggregate of $300 million of the Company's outstanding shares of common stock over a period of three years, which expired on December 31, 2024. The amount, price, manner, and timing of repurchases were determined by the Company in its discretion and depended on a number of factors, including legal requirements, price, economic and market conditions, the Company's financial condition, capital requirements, cash flows, results of operations, business prospects, and other factors management deemed relevant. Shares were authorized to be repurchased from time-to-time using a variety of methods, including on the open market and/or in privately negotiated transactions, including under plans complying with Rule 10b5-1 under the Exchange Act, as part of accelerated share repurchases, and other methods.

On December 16, 2021, the Company repurchased and retired 7.5 million shares of common stock at a price per share of $20.25 under the program. The Company paid $151.9 million ($152.1 million including offering costs) to fund the share repurchase using existing cash on hand. The Company accounted for the share repurchase and retirement of shares under the cost method by deducting its par value from common stock, reducing additional paid-in-capital by $127.5 million (using the share price when the shares were originally issued), and increasing retained deficit by the remaining excess cost of $24.4 million.

During the three and nine month periods ended June 28, 2025 and June 29, 2024, no shares were repurchased.

Note 12—Equity-Based Compensation

Equity-Based Compensation

2020 Omnibus Incentive Plan

In October 2020, we adopted the Leslie's, Inc. 2020 Omnibus Incentive Plan (the "Plan"), which was amended and restated by our shareholders at our 2024 Annual Meeting of Shareholders. The Plan provides for various types of awards, including non-qualified stock options to purchase Leslie's common stock (each, a "Stock Option"), restricted stock units ("RSUs") and performance stock units ("PSUs") which may settle in Leslie's, Inc. common stock to our directors, executives, and eligible employees of the Company. As of June 28, 2025, we had 12.3 million shares of common stock available for future grants under the Plan.

As of June 28, 2025, the aggregate unamortized value of all outstanding equity-based compensation awards was $10.6 million, which is expected to be recognized over a weighted average period of 2.2 years.

Stock Options

Stock Options granted under the Plan generally expire ten years from the date of grant and consist of Stock Options that vest upon the satisfaction of time-based requirements. The following tables summarize our Stock Option activity under the Plan during the nine months ended June 28, 2025 (in thousands, except per share amounts):

	Number of Options	Weighted Average Exercise Price
Outstanding, Beginning	1,878	$ 18.46
Granted	—	—
Exercised	—	—
Forfeited/Expired	(1,074)	17.51
Balance, Ending	804	$ 19.72
Vested and exercisable as of June 28, 2025	804	$ 19.72

	As of June 28, 2025
Aggregate intrinsic value of options outstanding	$ —
Unamortized value of unvested stock options	—
Weighted average years that expense is expected to be recognized	—
Weighted average remaining contractual years outstanding	5.5

Restricted Stock Units and Performance Units

RSUs represent grants that vest ratably upon the satisfaction of time-based requirements. PSUs represent grants potentially issuable in the future based upon the Company's achievement of certain performance conditions. The fair value of our RSUs and PSUs are calculated based on the Company's stock price on the date of the grant.

The following table summarizes our RSU and PSU activity under the Plan during the nine months ended June 28, 2025 (in thousands, except per share amounts):

	Number of RSUs/PSUs	Weighted Average Grant Date Fair Value
Outstanding, Beginning	3,047	$ 6.79
Granted	4,440	1.78
Vested	(650)	9.13
Forfeited	(1,132)	5.68
Balance, Ending	5,705	$ 2.85

In December 2024, 0.9 million PSUs were granted subject to the Company achieving certain adjusted sales and adjusted EBITDA performance targets on a cumulative basis during fiscal years 2025, 2026, and 2027. The criteria are based on a range of performance targets in which participants may earn between 0% to 200% of the base number of awards granted. The weighted average grant date fair value of the PSUs was $2.44. The Company assesses the attainment of target payout rates each reporting period. Equity-based compensation expense is recognized for awards deemed probable of vesting.

In December 2023, the Company granted 0.4 million PSUs subject to the Company achieving certain adjusted net income and sales performance targets on a cumulative basis during fiscal years 2024 and 2025. The criteria are based on a range of these performance targets in which participants may earn between 0% to 200% of the base number of awards granted. The weighted average grant date fair value of the PSUs was $5.43. As of June 28, 2025, the performance targets had not been met for the PSUs to vest, and no PSUs had vested as of such date.

	As of June 28, 2025
Unamortized value of unvested RSUs/PSUs (in thousands)	$ 10,602
Weighted average period (years) expense is expected to be recognized	2.2

During the three months ended June 28, 2025 and June 29, 2024, equity-based compensation expense was $1.6 million and $2.2 million. During the nine months ended June 28, 2025 and June 29, 2024, equity-based compensation expense was $5.2 million and $7.6 million. Equity-based compensation expense is reported in selling, general, & administrative expenses ("SG&A") in our condensed consolidated statements of operations.

Note 13—Earnings (Loss) Per Share

The following is a reconciliation of basic weighted average common shares outstanding to diluted weighted average common shares outstanding (in thousands, except per share amounts).

	Three Months Ended		Nine Months Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Numerator:				
Net income (loss)	$ 21,730	$ 60,650	$ (74,154)	$ (13,456)
Denominator:				
Weighted average shares outstanding - basic	185,490	184,834	185,256	184,614
Effect of dilutive securities:				
Stock Options	—	—	—	—
RSUs	—	27	—	—
Weighted average shares outstanding - diluted	185,490	184,861	185,256	184,614
Basic earnings (loss) per share	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)
Diluted earnings (loss) per share	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)

The following number of weighted-average potentially dilutive shares were excluded from the calculation of diluted earnings (loss) per share because the effect of including such shares would have been antidilutive (in thousands):

	Three Months Ended		Nine Months Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Stock Options	818	2,253	1,112	2,780
RSUs	4,756	2,351	3,552	1,459
Total	5,574	4,604	4,664	4,239

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 together with our condensed consolidated financial statements and related notes, which are included elsewhere in this Quarterly Report on Form 10-Q. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Actual results or outcomes may differ materially from those anticipated in these forward-looking statements, which are subject to risks, uncertainties, and other factors, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024, in Part II, Item 1A, "Risk Factors" in our Quarterly Report on Form 10-Q from the quarter ended March 29, 2025, and elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the SEC.

We operate on a fiscal calendar that results in a fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to September 30th. In a 52-week fiscal year, each quarter contains 13 weeks of operations; in a 53-week fiscal year, each of the first, second and third quarters includes 13 weeks of operations and the fourth quarter includes 14 weeks of operations. References to the three months ended June 28, 2025 and June 29, 2024 refer to the 13 weeks ended June 28, 2025 and June 29, 2024. References to the nine months ended June 28, 2025 and June 29, 2024 refer to the 39 weeks ended June 28, 2025 and June 29, 2024.

Our Company

We are the largest and most trusted direct-to-consumer brand in the $15 billion United States pool and spa care industry, serving residential customers and pool professionals nationwide. Founded in 1963, we are the only direct-to-consumer pool and spa care brand with national scale, operating an integrated marketing and distribution ecosystem powered by a physical network of over 1,000 branded locations and a robust digital and e-commerce platform. We have a market-leading share of approximately 15% of residential aftermarket product spend as of 2023, our physical network is larger than the sum of our 20 largest competitors, and our digital sales are estimated to be greater than five times as large as that of our largest digital competitor. We offer an extensive assortment of professional-grade products, the majority of which are exclusive to Leslie's, as well as certified installation and repair services, all of which are essential to the ongoing maintenance of pools and spas. Our dedicated team of associates, pool and spa care experts, and experienced service technicians are passionate about empowering our consumers with the knowledge, products, and solutions necessary to confidently maintain and enjoy their pools and spas. The considerable scale of our integrated marketing and distribution ecosystem, which is powered by our direct-to-consumer network, uniquely enables us to efficiently reach and service every pool and spa in the continental United States.

We operate primarily in the pool and spa aftermarket industry, which is one of the most fundamentally attractive consumer categories given its scale, predictability, and growth outlook. More than 80% of our assortment is comprised of non-discretionary products essential to the care of residential and commercial pools and spas. Our assortment includes chemicals, equipment and parts, cleaning and maintenance equipment, and safety, recreational, and fitness-related products. We also offer important essential services, such as equipment installation and repair for residential consumers and professional pool operators. We offer complimentary, commercial-grade in-store water testing and analysis via our proprietary AccuBlue® system, which increases consumer engagement, conversion, basket size, and loyalty, resulting in higher lifetime value. Our water treatment expertise is powered by data and intelligence accumulated from the millions of water tests we have performed over the years, positioning us as the most trusted water treatment service provider in the industry.

We have a legacy of leadership and disruptive innovation. Since our founding in 1963, we have been the leading innovator in our category and have provided our consumers with the most advanced pool and spa care available. As we have scaled, we have leveraged our competitive advantages to strategically reinvest in our business and intellectual property to develop new value-adding capabilities. Over the course of our history, we have pioneered complimentary in-store water testing, offered complimentary in-store equipment repair services, introduced the industry's first loyalty program, and developed an expansive platform of owned and exclusive brands. These differentiated capabilities allow us to meet the needs of any pool and spa owner, whether they care for their pool or spa themselves or rely on a professional, whenever, wherever, and however they choose to engage with us.

Key Factors and Measures We Use to Evaluate Our Business

We consider a variety of financial and operating measures in assessing the performance of our business. The key measures we use under United States generally accepted accounting principles ("GAAP") are sales, gross profit and gross margin, selling, general and administrative expenses ("SG&A"), and operating income (loss). The key non-GAAP measures and other operating measures we use are comparable sales, comparable sales growth, Adjusted EBITDA, Adjusted net income (loss), and Adjusted diluted earnings (loss) per share.

Sales

We offer a broad range of products that consists of regularly purchased, non-discretionary pool and spa maintenance items such as chemicals, equipment, cleaning accessories and parts, as well as installation and repair services for pool and spa equipment. Our offering of proprietary, owned, and third-party brands across diverse product categories drives sales growth by attracting new consumers and encouraging repeat visits from our existing consumers. Revenue from merchandise sales at retail locations is recognized at the point of sale, revenue from services is recognized when the services are rendered, and revenue from e-commerce merchandise sales is generally recognized upon shipment of the merchandise. Revenue is recorded net of related discounts and sales tax. Payment from retail customers is generally at the point of sale and payment terms for professional pool operator customers are based on our credit requirements and generally have terms of less than 60 days. When we receive payment from a consumer before the consumer has taken possession of the merchandise or the service has been performed, the amount received is recorded as deferred revenue or as a customer deposit until the sale or service is complete. Sales are impacted by weather, seasonality, product mix and availability, promotional and competitive activities, the spending habits of our consumers, as well as inflation and interest rates. Growth of our sales is primarily driven by comparable sales growth and expansion of our locations in existing and new markets.

Comparable Sales and Comparable Sales Growth

We measure comparable sales growth as the increase or decrease in sales recorded by the comparable base in any reporting period, compared to sales recorded by the comparable base in the prior reporting period. The comparable base includes sales through our locations and through our e-commerce websites and third-party marketplaces. Comparable sales growth is a key measure used by management and our board of directors to assess our financial performance.

We consider a new or acquired location comparable in the first full month after it has completed one year of sales. Closed locations become non-comparable during their last partial month of operation. Locations that are relocated are considered comparable at the time the relocation is complete. Comparable sales is not calculated in the same manner by all companies, and accordingly, is not necessarily comparable to similarly titled measures of other companies and may not be an appropriate measure for performance relative to other companies.

The number of new locations reflects the number of locations opened during a particular reporting period. New locations require an initial capital investment in location buildouts, fixtures, and equipment, which we amortize over time as well as cash required for inventory.

As of June 28, 2025, we operated over 1,000 locations in 39 states across the United States. We owned 27 locations and leased the remainder of our locations. Our initial lease terms are typically five years with options to renew for multiple successive five-year periods. We evaluate new opportunities in new and existing markets based on the number of pools and spas in the market, competition, our existing locations, availability and cost of real estate, and distribution and operating costs of our locations. We review the performance of our locations on a regular basis and evaluate opportunities to strategically close locations to improve our profitability. Our limited investment costs in individual locations and our ability to transfer sales to our extensive network of remaining locations and e-commerce websites allows us to improve profitability as a result of any strategic closures.

Gross Profit and Gross Margin

Gross profit is equal to our sales less our cost of merchandise and services sold. Cost of merchandise and services sold reflects the direct cost of purchased merchandise, costs to package certain chemical products, including direct materials and labor, costs to provide services, including labor and materials, as well as distribution and occupancy costs. The direct cost of purchased merchandise includes vendor rebates. We recognize vendor rebates based on an estimated recognition pattern using historical data. Distribution costs include warehousing and transportation expenses, including costs associated with third-party fulfillment centers used to ship merchandise to our e-commerce consumers. Occupancy costs include the rent, common area maintenance, real estate taxes, and depreciation and amortization costs of all retail locations. These costs are significant and are expected to continue to increase proportionate to our growth.

Gross margin is gross profit as a percentage of our sales. Gross margin is impacted by merchandise costs, pricing and promotions, product mix and availability, inflation, and service costs, which can vary. Our proprietary brands, custom-formulated products, and vertical integration provide us with cost savings, as well as greater control over product availability and quality as compared to other companies in the industry. 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 sales. The components of our cost of merchandise and services sold 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.

Selling, General, and Administrative Expenses

Our SG&A includes selling and operating expenses across our retail locations and digital platform, and our corporate-level general and administrative expenses. Selling and operating expenses at retail locations include payroll, bonus and benefit costs for personnel, supplies, and credit and debit card processing costs. Corporate expenses include payroll, bonus, and benefit costs for our corporate and field support functions, equity-based compensation, marketing and advertising, insurance, utilities, occupancy costs related to our corporate office facilities, professional services, and depreciation and amortization for all assets, except those related to our retail locations and distribution operations, which are included in cost of merchandise and services sold. Selling and operating expenses generally vary proportionately with sales and the change in the number of locations. In contrast, general and administrative expenses are generally not directly proportional to sales and the change in the number of locations but may increase over time to support our growth and public company obligations. The components of our SG&A may not be comparable to the components of similar measures of other companies.

Operating Income (Loss)

Operating income (loss) is gross profit less SG&A. Operating income (loss) excludes interest expense, loss on debt extinguishment, income tax expense (benefit), and other (income) expenses, net. We use operating income (loss) as an indicator of the productivity of our business and our ability to manage expenses.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest (including amortization of debt issuance costs), taxes, depreciation and amortization, equity-based compensation expense, executive transition costs, severance, strategic project costs, merger and acquisition costs, and other non-recurring, non-cash or discrete items. Adjusted EBITDA is a key measure used by management and our board of directors to assess our financial performance. Adjusted EBITDA is 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 to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other companies using similar measures.

Adjusted EBITDA is not a recognized measure of financial performance under GAAP but is used by some investors to determine a company's ability to service or incur indebtedness. Adjusted EBITDA is not calculated in the same manner by all companies, and accordingly, is not necessarily comparable to similarly titled measures of other companies and may not be an appropriate measure for performance relative to other companies. Adjusted EBITDA should not be construed as an indicator of a company's operating performance in isolation from, or as a substitute for, net income (loss), cash flows from operations or cash flow data, all of which are prepared in accordance with GAAP. We have presented Adjusted EBITDA solely as supplemental disclosure because we believe it allows for a more complete analysis of results of operations. Adjusted EBITDA is not intended to represent, and should not be considered more meaningful than, or as an alternative to, measures of operating performance as determined in accordance with GAAP. In the future, we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these items.

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) per Share

Adjusted net income (loss) and Adjusted diluted earnings (loss) per share are additional key measures used by management and our board of directors to assess our financial performance. Adjusted net income (loss) and Adjusted diluted earnings (loss) per share are also frequently used by analysts, investors, and other interested parties to evaluate companies in our industry, when considered alongside other GAAP measures.

Adjusted net income (loss) is defined as net income (loss) adjusted to exclude equity-based compensation expense, executive transition costs, severance, strategic project costs, merger and acquisition costs, change in valuation allowance for deferred taxes, and other non-recurring, non-cash, or discrete items. Adjusted diluted earnings (loss) per share is defined as Adjusted net income (loss) divided by the diluted weighted average number of common shares outstanding.

Factors Affecting the Comparability of our Results of Operations

Our reported results have been affected by, among other events, the following events, which must be understood in order to assess the comparability of our period-to-period financial performance and condition.

Impact of Macroeconomic Events and Uncertainties

Our financial performance and condition may be impacted to varying extents from period to period by macroeconomic and geopolitical developments, including tariffs, public health crises, escalating global conflicts, supply chain disruptions, labor market constraints, higher rates of inflation, higher interest rates, general economic slowdown, and potential failures among financial institutions. The direct and indirect impact COVID-19 has had on our financial and operating performance since 2020 has made period-to-period analysis and accurate forecasting difficult. Due to the non-discretionary nature of a majority of our products and services, our business delivered strong growth and profitability throughout the pandemic, in spite of restrictions on the operation of our locations and distribution facilities. New or increased tariffs and other barriers to trade, especially in light of comments and executive orders made by the U.S. presidential administration, could further impact or exacerbate these conditions. The United States has announced tariffs on imports from most countries, including significant tariffs on imports from Canada, Mexico and China. In response to tariffs, other countries have implemented retaliatory tariffs on U.S. goods. There is substantial uncertainty about the duration of existing tariffs and whether additional tariffs may be imposed, modified or suspended, and the impacts of such actions on the Company's business. Significant disruption to our supply chain for products we sell, as a result of geopolitical conflict, tariffs or trade policies or otherwise, can also have a material impact on our sales and earnings and cause unpredictable changes in results. In addition, we believe adverse macroeconomic trends and uncertainties including inflation and varying interest rates also increase consumers' sensitivity to price and result in cost-conscious behavior inclusive of high ticket items, which can result in corresponding declines in sales and/or gross profit.

An additional uncertainty that can impact our results of operations is consumer purchasing patterns. Due to the highly unstable supply of granular chlorine compounds over the last three years, we believe some customers stockpiled chemicals, resulting in unexpected changes in demand. As a result of such behavior, our revenue may be higher than normal during the periods of stockpiling and may be lower than normal during the periods after stockpiling has occurred.

Results of Operations

We derived our condensed consolidated statements of operations for the three and nine months ended June 28, 2025 and June 29, 2024 from our condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following table summarizes key components of our results of operations for the periods indicated, both in dollars and as a percentage of our sales (in thousands, except per share amounts and percentages):

	Three Months Ended		Nine Months Ended	
Statements of Operations Data:	**June 28, 2025**	**June 29, 2024**	**June 28, 2025**	**June 29, 2024**
Sales	$ 500,347	$ 569,638	$ 852,709	$ 932,262
Cost of merchandise and services sold	302,457	340,798	563,156	598,686
Gross profit	197,890	228,840	289,553	333,576
Selling, general and administrative expenses	129,572	131,145	309,313	302,879
Operating income (loss)	68,318	97,695	(19,760)	30,697
Interest expense	15,764	18,156	47,425	53,380
Income (loss) before taxes	52,554	79,539	(67,185)	(22,683)
Income tax expense (benefit)	30,824	18,889	6,969	(9,227)
Net income (loss)	$ 21,730	$ 60,650	$ (74,154)	$ (13,456)
Earnings (loss) per share				
Basic	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)
Diluted	$ 0.12	$ 0.33	$ (0.40)	$ (0.07)
Weighted average shares outstanding				
Basic	185,490	184,834	185,256	184,614
Diluted	185,490	184,861	185,256	184,614
Percentage of Sales[1]	(%)	(%)	(%)	(%)
Sales	100.0	100.0	100.0	100.0
Cost of merchandise and services sold	60.4	59.8	66.0	64.2
Gross margin	39.6	40.2	34.0	35.8
Selling, general and administrative expenses	25.9	23.0	36.3	32.5
Operating income (loss)	13.7	17.2	(2.3)	3.3
Interest expense	3.2	3.2	5.6	5.7
Income (loss) before taxes	10.5	14.0	(7.9)	(2.4)
Income tax expense (benefit)	6.2	3.3	0.8	(1.0)
Net income (loss)	4.3	10.6	(8.7)	(1.4)
Other Financial and Operations Data:				
Number of new and acquired locations, net	3	10	3	13
Number of locations open at end of period	1,023	1,020	1,023	1,020
Comparable sales growth[2]	(12.4)%	(4.0)%	(8.8)%	(4.1)%
Adjusted EBITDA[3]	$ 81,570	$ 109,469	$ 16,193	$ 65,771
Adjusted EBITDA as a percentage of sales[3]	16.3%	19.2%	1.9%	7.1%
Adjusted net income (loss)[3]	$ 37,937	$ 63,297	$ (49,877)	$ (5,465)
Adjusted diluted earnings (loss) per share	$ 0.20	$ 0.34	$ (0.27)	$ (0.03)

(1)Components may not add to totals due to rounding.
(2)See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors and Measures We Use to Evaluate Our Business."
(3)The tables below provide a reconciliation from our net income (loss) to Adjusted EBITDA and net income (loss) to Adjusted net income (loss) for the three and nine months ended June 28, 2025 and June 29, 2024 (in thousands).

	Three Months Ended		Nine Months Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net income (loss)	$ 21,730	$ 60,650	$ (74,154)	$ (13,456)
Interest expense	15,764	18,156	47,425	53,380
Income tax expense (benefit)	30,824	18,889	6,969	(9,227)
Depreciation and amortization expense(1)	8,572	8,246	25,080	24,419
Equity-based compensation expense(2)	1,581	2,246	5,242	7,683
Strategic project costs(3)	1,056	395	1,836	1,058
Executive transition costs and other(4)	2,043	887	3,795	1,914
Adjusted EBITDA	$ 81,570	$ 109,469	$ 16,193	$ 65,771

	Three Months Ended		Nine Months Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net income (loss)	$ 21,730	$ 60,650	$ (74,154)	$ (13,456)
Equity-based compensation expense(2)	1,581	2,246	5,242	7,683
Strategic project costs(3)	1,056	395	1,836	1,058
Executive transition costs and other(4)	2,043	887	3,795	1,914
Change in valuation allowance(5)	16,930	—	21,496	—
Tax effects of these adjustments(6)	(5,403)	(881)	(8,092)	(2,664)
Adjusted net income (loss)	$ 37,937	$ 63,297	$ (49,877)	$ (5,465)

(1)Includes depreciation related to our distribution centers and store locations, which is reported in cost of merchandise and services sold and SG&A in our condensed consolidated statements of operations.
(2)Represents charges related to equity-based compensation and our related payroll tax expense, which are reported in SG&A in our condensed consolidated statements of operations.
(3)Represents non-recurring costs, such as third-party consulting costs related to first-generation technology initiatives, replacements of systems that are no longer supported by our vendors, investment in and development of new products outside of the course of continuing operations, or other discrete strategic projects that are infrequent or unusual in nature and potentially distortive to continuing operations. These items are reported in SG&A in our condensed consolidated statements of operations.
(4)Includes certain senior executive transition costs and severance associated with completed corporate restructuring activities across the organization, losses on asset dispositions, merger and acquisition costs, and other non-recurring, non-cash, or discrete items as determined by management. Amounts are reported in SG&A in our condensed consolidated statements of operations.
(5)Represents non-cash change in valuation allowance for deferred taxes. This item is reported in income tax (expense) benefit in our condensed consolidated statements of operations.
(6)Represents the tax effect of the total adjustments based on our combined U.S. federal and state statutory tax rates. Amounts are reported in income tax benefit in our condensed consolidated statements of operations.

Selected Financial Information

Sales

Sales were $500.3 million for the three months ended June 28, 2025 compared to $569.6 million in the prior year period, a decrease of $69.3 million, or 12.2%. The change was primarily driven by lower transaction volume and mix of products sold. Comparable sales were lower by $70.5 million relative to the prior year period. Non-comparable sales, including acquisitions and new stores, contributed $1.2 million in the current year period.

Sales were $852.7 million for the nine months ended June 28, 2025, compared to $932.3 million in the prior year period, a decrease of $79.6 million, or 8.5%. The change was primarily driven by lower transaction volume as well as average order value and mix of products sold. Comparable sales were lower by $82.5 million relative to the prior year period. Non-comparable sales, including acquisitions and new stores, contributed $2.9 million in the current year period.

Gross Profit and Gross Margin

Gross profit for the three months ended June 28, 2025 was $197.9 million compared to $228.8 million in the prior year period, representing a decrease of $31.0 million, or 13.5%. Gross margin decreased to 39.6% compared to 40.2% in the prior year period. The decline in rate was mainly due to occupancy and distribution center costs (30 basis points) and decrease in volume of products sold and mix (30 basis points).

Gross profit for the nine months ended June 28, 2025 was $289.6 million compared to $333.6 million in the prior year period, a decrease of $44.0 million, or 13.2%. Gross margin decreased to 34.0% compared to 35.8% in the prior year period. The decline in rate was mainly due to occupancy costs and distribution center costs (100 basis points) and decrease in volume of products sold and mix (80 basis points).

Selling, General and Administrative Expenses

SG&A for the three months ended June 28, 2025 was $129.6 million compared to $131.1 million in the prior year period, a decrease of $1.6 million, or 1.2%. The decrease in SG&A was primarily related to decreased merchant fees of $2.9 million, $1.5 million for direct store expenses, and $0.6 million for marketing fees, partially offset by $3.0 million of increased other operating expenses.

SG&A for the nine months ended June 28, 2025 was $309.3 million compared to $302.9 million in the prior year period, an increase of $6.4 million, or 2.1%. The increase in SG&A was primarily driven by $6.7 million of increased compensation expenses, $2.9 million of professional fees and consulting expenses, partially off set by $3.2 million in decreased marketing fees.

Interest Expense

Interest expense for the three months ended June 28, 2025 was $15.8 million compared to $18.2 million in the prior year period, a decrease of $2.4 million. Interest expense for the nine months ended June 28, 2025 was $47.4 million compared to $53.4 million in the prior year period, a decrease of $6.0 million.

These decreases for the three and nine months ended June 28, 2025 were due to lower interest rates and lower balances on our term loan.

Income Tax

Income tax expense increased to $30.8 million for the three months ended June 28, 2025 compared to $18.9 million in the prior year period, an increase of $11.9 million. Income tax expense increased to $7.0 million for the nine months ended June 28, 2025 compared to a benefit of $9.2 million in the prior year period, an increase of $16.2 million. The increases were primarily attributable to the change in valuation allowance.

The effective income tax rate was 58.7% and (10.4)% for the three and nine months ended June 28, 2025, respectively, and included net income tax expenses attributable to equity-based compensation awards and the change in valuation allowance. The effective income tax rate was 23.8% and a benefit of 40.7% for the three and nine months ended June 29, 2024, and included net income tax expenses attributable to equity-based compensation awards.

Net Income (Loss) and Diluted Earnings (Loss) per Share

Net income for the three months ended June 28, 2025 was $21.7 million compared to $60.7 million in the prior year period, a decrease of $38.9 million. The changes in net income during the three months ended June 28, 2025, was primarily due to decreases in gross profit due to lower sales. Net loss for the nine months ended June 28, 2025 was $(74.2) million compared to $(13.5) million in the prior year period, an increase of $60.7 million. The changes in net loss during the nine months ended June 28, 2025 was primarily due to decreases in gross profit due to lower sales combined with increases in SG&A.

Diluted earnings per share was $0.12 for the three months ended June 28, 2025 compared to $0.33 in the prior year period. Diluted loss per share was $(0.40) for the nine months ended June 28, 2025 compared to $(0.07) in the prior year period.

Adjusted net income for the three months ended June 28, 2025 was $37.9 million compared to $63.3 million in the prior year period, a decrease of $25.4 million. Adjusted net loss for the nine months ended June 28, 2025 was $(49.9) million compared to $(5.5) million in the prior year period, an increase of $44.4 million. Adjusted diluted earnings per share was $0.20 for the three months ended June 28, 2025 compared to $0.34 in the prior year period. Adjusted diluted loss per share was $(0.27) for the nine months ended June 28, 2025 compared to $(0.03) in the prior year period.

Adjusted EBITDA

Adjusted EBITDA for the three months ended June 28, 2025 was $81.6 million compared to $109.5 million in the prior year period, a decrease of $27.9 million. The changes in Adjusted EBITDA during the three months ended June 28, 2025, were primarily due to decreases in gross profit due to lower sales. Adjusted EBITDA for the nine months ended June 28, 2025 was $16.2 million compared to $65.8 million in the prior year period, a decrease of $49.6 million. The decrease in Adjusted EBITDA during the nine months ended June 28, 2025 was primarily due to decreases in gross profit combined with increases in SG&A.

Seasonality and Quarterly Fluctuations

Our business is highly seasonal. Sales and earnings are highest during the third and fourth fiscal quarters, which include April through September, and represent the peak months of swimming pool use. Sales are substantially lower during our first and second fiscal quarters when we typically generate net losses and we realize negative operating cash flow. We have a long track record of investing in our business throughout the year, including in operating expenses, working capital, and capital expenditures related to new locations and other growth initiatives. While these investments drive performance during the primary selling season in our third and fourth fiscal quarters, they have a negative impact on our earnings and cash flow during our first and second fiscal quarters.

We typically experience a build-up of inventory and accounts payable during the first and second fiscal quarters in anticipation of the peak swimming pool supply selling season. We negotiate extended payment terms with certain of our primary suppliers as we receive merchandise in December through March, and we pay for merchandise in April through July.

The principal external factor affecting our business is weather. Hot weather can increase purchases of chemicals and other non-discretionary products as well as purchases of discretionary products and can drive increased purchases of installation and repair services. Unseasonably cool weather or significant amounts of rainfall during the peak pool sales season can reduce chemical consumption in pools and spas and decrease consumer purchases of our products and services. In addition, unseasonably early or late warming trends can increase or decrease the length of the pool season and impact timing around pool openings and closings, and therefore, our total sales and timing of our sales.

We generally open new locations before our peak selling season begins and we generally close locations after our peak selling season ends. We expect that our quarterly results of operations will fluctuate depending on the timing and amount of sales contributed by new locations.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are net cash provided by operating activities and borrowing availability under our Revolving Credit Facility. Historically, we have funded working capital requirements, capital expenditures, payments related to acquisitions, and debt service requirements with internally generated cash on hand and through our Revolving Credit Facility.

Cash and cash equivalents consist primarily of cash on deposit with banks. Cash and cash equivalents totaled $42.7 million as of June 28, 2025, $74.4 million as of June 29, 2024, and $108.5 million as of September 28, 2024. As of June 28, 2025, we had $20.0 million outstanding on our Revolving Credit Facility. We had no amounts outstanding on our Revolving Credit Facility as of June 29, 2024 and September 28, 2024.

Our primary working capital requirements are for the purchase of inventory, payroll, rent, other facility costs, distribution costs, and general and administrative costs. Our working capital requirements fluctuate during the year, driven primarily by seasonality and the timing of inventory purchases.

Our capital expenditures are primarily related to infrastructure-related investments, including investments related to upgrading and maintaining our information technology systems, ongoing location improvements, expenditures related to our distribution centers, and new location openings. We expect to fund capital expenditures from net cash provided by operating activities.

Based on our growth plans, we believe our cash and cash equivalents position, net cash provided by operating activities and borrowing availability under our Revolving Credit Facility will be adequate to finance our working capital requirements, planned capital expenditures, strategic acquisitions, and debt service over the next 12 months and thereafter. If cash provided by operating activities and borrowings under our Revolving Credit Facility are not sufficient or available to meet our capital requirements, then we may need to obtain additional equity or debt financing. There can be no assurance that equity or debt financing will be available to us if we need it or, if available, whether the terms will be satisfactory to us.

As of June 28, 2025, outstanding standby letters of credit totaled $11.8 million and, after considering borrowing base restrictions, we had $218.2 million of available borrowing capacity under the terms of the Revolving Credit Facility. As of June 28, 2025, we were in compliance with the covenants under the Revolving Credit Facility and our Term Loan.

During the quarter ended March 29, 2025, the Company received downgraded credit ratings from both Standard and Poor's ("S&P") Global Ratings (B from B+) and Moody's (Caa1 from B2).

Summary of Cash Flows

A summary of our cash flows from operating, investing, and financing activities is presented in the following table (in thousands):

	Nine Months Ended	
	June 28, 2025	June 29, 2024
Net cash (used in) provided by operating activities	$ (39,398)	$ 60,410
Net cash used in investing activities	(18,947)	(34,247)
Net cash used in financing activities	(7,476)	(7,145)
Net (decrease) increase in cash and cash equivalents	$ (65,821)	$ 19,018

Cash (Used in) Provided by Operating Activities

Net cash used in operating activities was $(39.4) million for the nine months ended June 28, 2025 compared to net cash provided by operating activities of $60.4 million in the prior year period, a decrease of $99.8 million. The decrease was primarily driven by changes in working capital related to increased product inventories of $48.5 million combined with reduced accrued expenses of $15.5 million, partially offset by increased accounts payable of $24.0 million.

Cash Used in Investing Activities

Net cash used in investing activities was $18.9 million for the nine months ended June 28, 2025 compared to $34.2 million in the prior year period, a decrease of $15.3 million. This decrease was primarily driven by lower investments in purchases of property and equipment of $15.3 million.

Cash Used in Financing Activities

Net cash used in financing activities for the nine months ended June 28, 2025 was $7.5 million compared to $7.1 million in the prior year period, an increase of $0.4 million. This increase was primarily driven by higher repayments of long-term debt, partially offset by higher borrowings on the Revolving Credit Facility, which had not been repaid in full as of June 28, 2025.

Share Repurchase Program

On December 3, 2021, the board of directors authorized a share repurchase program for up to an aggregate of $300 million of the Company's outstanding shares of common stock over a period of three years, which expired on December 31, 2024. (see Note 11—Share Repurchase Program to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

Contractual Obligations and Other Commitments

There have been no material changes to our contractual obligations and other commitments during the nine months ended June 28, 2025 from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the reported periods. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and results of operations, and which require a company to make its most difficult and subjective judgments. Based on this definition, we have identified the critical accounting policies and judgments, which are disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024. We base these estimates on historical results and various other assumptions we believe to be reasonable, all of which form the basis for making estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Except as indicated below, there have been no material changes to our critical accounting estimates during the nine months ended June 28, 2025 from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

Goodwill and Other Intangibles, Net

Goodwill and intangible assets are recorded at their estimated fair values at the date of acquisition. We review goodwill and indefinite-lived intangible assets for impairment annually (in the fourth quarter) or more frequently if impairment indicators arise. Goodwill can be evaluated for impairment, at our option, by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, that the fair value of the reporting unit may be more likely than not less than the carrying amount, a quantitative goodwill impairment test would be required. Additionally, we can elect to forgo a qualitative assessment and perform a quantitative test. The quantitative test is to identify if a potential impairment exists by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of goodwill.

If a quantitative test is performed, we would estimate the value considering the use of various valuation techniques which may use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. We include assumptions about sales growth, operating margins, discount rates and valuations multiples which consider our budgets, business plans, economic projections and marketplace data, and are believed to reflect market participant views which would exist in an exit transaction. Some of the inherent estimates and assumptions used in this analysis are outside the control of management, including cost of capital, tax rates and market EBITDA comparable financial metrics.

For our indefinite life intangible assets, a qualitative assessment can also be performed to determine whether the existence of events and circumstances indicates it is more likely than not the intangible asset is impaired. Similar to goodwill, we can also elect to forgo a qualitative test for indefinite life intangible assets and perform a quantitative test. Upon performing the quantitative test, if the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. We evaluate whether certain trade names continue to have an indefinite life annually.

We performed a quantitative assessment of goodwill and indefinite life intangible assets during the third quarter of 2025 and noted no impairment. See Note 3 - Goodwill and Other Intangibles, Net elsewhere in this Quarterly Report on Form 10-Q for further discussion.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2—Summary of Significant Accounting Policies to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

Impact of Inflation and Deflation

There have been no material changes in our exposure to inflation or deflation from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

Item 4. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed by us in reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the appropriate time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer and Treasurer, as appropriate, to allow timely discussions regarding required disclosure. We, under the supervision of and with the participation of our management, including our Chief Executive Officer and Interim Chief Financial Officer and Treasurer, have evaluated the effectiveness of our disclosure controls and procedures as of June 28, 2025. Based on that evaluation, our Chief Executive Officer (Principal Executive Officer) and Interim Chief Financial Officer and Treasurer (Principal Financial Officer) have concluded that the design and operation of our disclosure controls and procedures were ineffective as the material weaknesses in internal control over financial reporting disclosed in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024 were not yet remediated as of June 28, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 28, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as described below.

Ongoing Remediation Efforts

As previously disclosed in Part II, Item 9A, “Controls and Procedures” of our Annual Report on Form 10-K for the fiscal year ended September 28, 2024, and September 30, 2023, we are in the process of implementing a plan to address these material weaknesses in internal control over financial reporting that were initially disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

We are enhancing the execution of existing inventory controls as follows:

- backfilling open roles with individuals who have the requisite accounting and internal controls knowledge and experience to complement the existing accounting team;
- assessing the specific training needs for newly hired and existing personnel and developing and delivering training programs designed to uphold our internal control standards; and
- examining and enhancing the procedures regarding the completeness and accuracy of data utilized in computing inventory reserves.

We are enhancing the design and execution of existing controls and creating new controls as needed regarding vendor rebates as follows:

- enhancing controls to detect potential material misstatements in the data utilized to calculate vendor rebates earned and the timing of vendor rebate income recognition;
- implementing and enhancing controls related to technical accounting reviews of top vendor rebate agreements prior to contract execution;
- backfilling open roles with individuals who have the requisite accounting and internal controls knowledge and experience to complement the existing accounting team; and
- assessing the specific training needs for newly hired and existing personnel and developing and delivering training programs designed to uphold our internal control standards.

The Company completed hiring for all open accounting roles during the quarter ended June 28, 2025. Positions were filled with experienced personnel, both permanent employees and contractors with the requisite accounting and internal controls knowledge and experience to complement the existing accounting organization and to assist with on-going remediation efforts.

The actions we are taking are subject to continued senior management review as well as audit committee oversight. We intend to remediate these material weaknesses as soon as possible, and we believe the measures described above will help remediate the material weakness and strengthen our internal control over financial reporting. The material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We anticipate that our remediation activities will be completed during fiscal year 2025. We are committed to continuing to improve our internal control processes, and, as we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify certain of our remediation measures as described above or as described in our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to litigation, claims, and other proceedings that arise from time-to-time in the ordinary course of business. We believe these actions are routine and incidental to the business. As of June 28, 2025, we had established reserves for claims that were probable and estimable and such reserves were not significant. While we cannot feasibly predict the outcome of these matters with certainty, we believe, based on examination of these matters, experience to date and discussions with counsel, that the ultimate liability, individually or in the aggregate, will not have a material adverse effect on our business, financial position, results of operations, or cash flows.

Except as set forth in Note 10 - Commitments & Contingencies to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes to the legal proceedings described in Part I, Item 3 “Legal Proceedings” of our Annual Report on Form 10-K for the fiscal year ended September 28, 2024.

Item 1A. Risk Factors.

Except as disclosed in our Quarterly Report on Form 10-Q for the quarter ended March 29, 2025, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended September 28, 2024.

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

Issuer Purchases of Equity Securities

None.

Sales of Unregistered Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) Information Required to be Disclosed on Form 8-K

None.

(b) Changes to Procedures for Recommending Director Nominees

Not applicable.

(c) Trading Plans

During the quarter ended June 28, 2025, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

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Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/ Period End Date
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934			
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934			
32.1+	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350			
32.2+	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350			
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 Schema Document With Embedded Linkbase Documents			
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).			

* Filed herewith.
+ Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

LESLIE'S, INC.

Date: August 7, 2025	By:	/s/ Anthony Iskander **Anthony Iskander** **Interim Chief Financial Officer and Treasurer** **(Principal Financial Officer and Principal Accounting Officer)**

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason McDonell, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Leslie’s, 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 Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(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.

Date: August 7, 2025	By:	/s/ Jason McDonell **Jason McDonell** **Chief Executive Officer** **(Principal Executive Officer)**

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Iskander, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Leslie's, 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 Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(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.

Date: August 7, 2025

By: /s/ Anthony Iskander
Anthony Iskander
Interim Chief Financial Officer and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

**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 on Form 10-Q of Leslie’s, Inc. (the “Company”) for the quarter ended June 28, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2025	By:	/s/ Jason McDonell
		Jason McDonell
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

**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 on Form 10-Q of Leslie’s, Inc. (the “Company”) for the quarter ended June 28, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2025	By:	/s/ Anthony Iskander
		Anthony Iskander
		Interim Chief Financial Officer and Treasurer
		(Principal Financial Officer and
		Principal Accounting Officer)