**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 January 3, 2026**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

**Commission File Number: 001-39667**

# LESLIE'S, INC.

**(Exact Name of Registrant as Specified in its Charter)**

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **20-8397425**<br>(I.R.S. Employer Identification No.) |
| **2005 East Indian School Road**<br>**Phoenix, AZ**<br>(Address of principal executive offices) | **85016**<br>(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 February 12, 2026 the Registrant had 9,316,575 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, strategic transformation plan, value proposition, dispositions, 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,” “deliver,” “well-positioned,” “should” “target,” “will,” or “would,” or the negative of these words or other similar terms or expressions. Our actual results or outcomes, or the timing of our 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 and cost optimization strategies, including our strategic pricing transformation;
- 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;
- our ability to maintain the integrity of our supply chain without disruption;
- our ability to successfully streamline our operations and improve long-term profitability, including through the closure of underperforming U.S. stores;
- competition from mass merchants, online platforms 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), consumer purchasing patterns and cost consciousness, geopolitical events or conflicts, and the housing market;
- disruptions in the operations of our manufacturing facilities and 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, and sustainability matters;
- our ability to timely service, pay off or refinance existing debt and incur additional debt on terms and at rates acceptable to us;
- 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 or comply with Nasdaq listing standards;
- 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 October 4, 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, or the timing of results and 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.

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## PART I - FINANCIAL INFORMATION

**Item 1. Financial Statements.**

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

| | January 3, 2026 (Unaudited) | October 4, 2025 (Audited) | December 28, 2024 (Unaudited) |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | $ 3,622 | $ 64,340 | $ 11,615 |
| Accounts and other receivables, net | 15,855 | 23,217 | 29,803 |
| Inventories, net | 210,006 | 207,983 | 271,087 |
| Prepaid expenses and other current assets | 37,548 | 33,249 | 29,117 |
| Total current assets | 267,031 | 328,789 | 341,622 |
| Property and equipment, net | 82,394 | 92,544 | 96,045 |
| Operating lease right-of-use assets | 233,979 | 252,988 | 260,835 |
| Goodwill and other intangibles, net | 29,871 | 30,732 | 214,219 |
| Deferred tax assets | — | — | 16,121 |
| Other assets | 36,164 | 36,422 | 38,151 |
| Total assets | $ 649,439 | $ 741,475 | $ 966,993 |
| **Liabilities and stockholders' deficit** | | | |
| Current liabilities | | | |
| Accounts payable | $ 45,227 | $ 51,894 | $ 56,208 |
| Accrued expenses and other current liabilities | 68,952 | 82,447 | 71,528 |
| Operating lease liabilities | 73,860 | 74,720 | 65,063 |
| Income taxes payable | — | — | 1,180 |
| Total current liabilities | 188,039 | 209,061 | 193,979 |
| Deferred tax liabilities | 296 | 287 | — |
| Operating lease liabilities, noncurrent | 170,617 | 185,076 | 197,853 |
| Revolving Credit Facility | 25,000 | — | 40,000 |
| Long-term debt, net | 752,389 | 752,055 | 750,610 |
| Other long-term liabilities | 2,948 | 2,988 | 4,589 |
| Total liabilities | 1,139,289 | 1,149,467 | 1,187,031 |
| Commitments and contingencies | | | |
| Stockholders' deficit | | | |
| Common stock, $0.001 par value, 50,000,000 shares authorized and 9,315,970, 9,290,311, and 9,260,400 issued and outstanding as of January 3, 2026, October 4, 2025, and December 28, 2024. | 9 | 9 | 9 |
| Additional paid-in capital | 114,287 | 113,174 | 108,722 |
| Retained deficit | (604,146) | (521,175) | (328,769) |
| Total stockholders' deficit | (489,850) | (407,992) | (220,038) |
| Total liabilities and stockholders' deficit | $ 649,439 | $ 741,475 | $ 966,993 |

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

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

| | Three Months Ended | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| Sales | $ 147,128 | $ 175,228 |
| Cost of merchandise and services sold | 120,059 | 127,511 |
| Gross profit | 27,069 | 47,717 |
| Selling, general and administrative expenses | 85,669 | 87,417 |
| Impairment | 10,148 | — |
| Operating loss | (68,748 ) | (39,700 ) |
| Interest expense | 13,536 | 15,763 |
| Net loss before taxes | (82,284 ) | (55,463 ) |
| Income tax expense (benefit) | 687 | (10,899 ) |
| Net loss | $ (82,971 ) | $ (44,564 ) |
| Loss per share: | | |
| Basic | $ (8.92 ) | $ (4.82 ) |
| Diluted | $ (8.92 ) | $ (4.82 ) |
| Weighted average shares outstanding: | | |
| Basic | 9,297 | 9,251 |
| Diluted | 9,297 | 9,251 |

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

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

| | Common Stock | | Additional | | Total |
|---|---|---|---|---|---|
| | Shares | Amount | Paid in Capital | Retained Deficit | Stockholders' Deficit |
| Balance, September 28, 2024 | 9,248 | $ 9 | $ 107,047 | $ (284,205) | $ (177,149) |
| Issuance of common stock under the Incentive Plan | 13 | — | — | — | — |
| Equity-based compensation | — | — | 1,709 | — | 1,709 |
| Restricted stock units surrendered in lieu of withholding taxes | (1) | — | (34) | — | (34) |
| Net loss | — | — | — | (44,564) | (44,564) |
| Balance, December 28, 2024 | 9,260 | $ 9 | $ 108,722 | $ (328,769) | $ (220,038) |
| | | | | | |
| Balance, October 4, 2025 | 9,290 | $ 9 | $ 113,174 | $ (521,175) | $ (407,992) |
| Issuance of common stock under the Incentive Plan | 26 | — | — | — | — |
| Equity-based compensation | — | — | 1,115 | — | 1,115 |
| Restricted stock units surrendered in lieu of withholding taxes | — | — | (2) | — | (2) |
| Net loss | — | — | — | (82,971) | (82,971) |
| Balance, January 3, 2026 | 9,316 | $ 9 | $ 114,287 | $ (604,146) | $ (489,850) |

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

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

| | Three Months Ended | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| **Operating Activities** | | |
| Net loss | $ (82,971) | $ (44,564) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 7,840 | 8,237 |
| Equity-based compensation | 1,115 | 1,709 |
| Amortization of deferred financing costs and debt discounts | 551 | 541 |
| Impairment | 10,148 | — |
| Inventory impairment | 6,371 | — |
| Provision for credit losses | 25 | 284 |
| Deferred income taxes | 9 | (11,953) |
| Loss on asset dispositions | (10) | (45) |
| Changes in operating assets and liabilities: | | |
| Accounts and other receivables | 7,337 | 15,380 |
| Inventories, net | (8,394) | (36,804) |
| Prepaid expenses and other current assets | (4,289) | 5,062 |
| Other assets | 186 | 1,439 |
| Accounts payable | (6,667) | (11,414) |
| Accrued expenses and other current liabilities | (11,280) | (33,148) |
| Income taxes payable | — | 53 |
| Operating lease assets and liabilities, net | (1,105) | 145 |
| Net cash used in operating activities | (81,134) | (105,078) |
| **Investing Activities** | | |
| Purchases of property and equipment | (4,327) | (4,678) |
| Proceeds from asset dispositions | — | 30 |
| Net cash used in investing activities | (4,327) | (4,648) |
| **Financing Activities** | | |
| Borrowings on revolving credit facility | 25,000 | 40,000 |
| Repayment of long-term debt | — | (27,025) |
| Payments on finance leases | (110) | (105) |
| Payment of deferred financing costs | (145) | — |
| Payments of employee tax withholdings related to restricted stock vesting | (2) | (34) |
| Net cash provided by financing activities | 24,743 | 12,836 |
| Net decrease in cash and cash equivalents | (60,718) | (96,890) |
| Cash and cash equivalents, beginning of period | 64,340 | 108,505 |
| Cash and cash equivalents, end of period | $ 3,622 | $ 11,615 |
| **Supplemental Information:** | | |
| Cash paid for interest | $ 13,553 | $ 15,694 |
| Cash paid for income taxes, net of refunds received | 3 | — |

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

**LESLIE'S, INC.**
**NOTES TO THE UNAUDITED 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 approximately 950 company-operated locations in 38 states and e-commerce websites.

***Reverse Stock Split***

On September 10, 2025, our shareholders approved a series of amendments to our Seventh Amended and Restated Certificate of Incorporation (the "Certificate of Amendment"). On September 26, 2025, we filed a Certificate of Amendment with the Secretary of State of the State of Delaware to effect a reverse stock split of our comment stock at a ratio of 1-for-20 (the "Reverse Stock Split") and proportionately decrease the number of authorized shares of the Company's common stock, which became effective upon filing (the "Effective Time"). The Company's common stock began trading on a Reverse Stock Split-adjusted basis on the Nasdaq Global Select Market ("Nasdaq") as of the open of trading on September 29, 2025 under the existing ticker symbol "LESL". The Company's common stock is now represented by a new CUSIP number, 527064 208.

As a result of the Reverse Stock Split, every 20 shares of our common stock issued and outstanding as of the Effective Time of the Reverse Stock Split was automatically converted into one share of common stock. No fractional shares were issued as a result of the Reverse Stock Split. The Company's transfer agent aggregated all fractional shares of common stock that would otherwise have been issuable as a result of the Reverse Stock Split and sold them at the then prevailing prices on the open market on behalf of those shareholders who would otherwise be entitled to receive such fractional shares. Shareholders who otherwise would be entitled to receive fractional shares received their respective pro rata share of the total proceeds of such sale.

In addition, as of the Effective Time and as a result of the Reverse Stock Split, proportionate adjustments were made in accordance with the terms of the Company's 2020 Omnibus Incentive Plan (the "Incentive Plan"), with respect to the number of shares of common stock issuable under outstanding stock options, restricted stock units and performance units, and any other equity-based awards, the per-share exercise price with respect to such awards, and the number of shares of common stock reserved for future issuance under the Incentive Plan.

All share and per share amounts in the accompanying consolidated financial statements and notes to the financial statements have been retroactively adjusted to reflect the Reverse Stock Split for all periods.

**Note 2—Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

We prepared the accompanying interim 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 consolidated financial statements include the accounts of Leslie's, Inc. and our subsidiaries. All significant intercompany accounts and transactions have been eliminated. These interim 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 October 4, 2025.

***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 30$^{th}$. 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 January 3, 2026 and December 28, 2024 refer to the 13 weeks ended January 3, 2026 and December 28, 2024.

***Use of Estimates***

Management is required to make certain estimates and assumptions during the preparation of the 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 consolidated financial statements. They also impact the reported amount of net loss during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements include inventory reserves, lease assumptions, vendor rebate programs, sales returns reserve, self-insurance liabilities, and the recoverability of intangible assets and long-lived assets.

***Seasonality***

Our business is highly seasonal. Sales and earnings are highest during our third and fourth fiscal quarters, which include April through September, which 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.

***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 October 4, 2025. 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 October 4, 2025.

***Recent Accounting Pronouncements***

In December 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-12, Codification Improvements. The guidance addresses suggestions received from stakeholders regarding the Accounting Standards Codification and makes other incremental improvements to U.S. GAAP. The update represents changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. The amendments make the Codification easier to understand and apply. ASU 2025-12 is effective for fiscal years beginning after December 15, 2026 and interim periods within those fiscal years. 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 2025, the FASB issued ASU 2025-11 to amend the guidance in Interim Reporting (Topic 270). The update provides clarifications intended to improve the consistency and usability of interim disclosure requirements, including a comprehensive listing of required interim disclosures and a new disclosure principle for reporting material events occurring after the most recent annual period. The amendments do not change the underlying objectives of interim reporting but are designed to enhance clarity in application. The guidance is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. 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 September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 335-40): Targeted Improvements to the Accounting for Internal-Use Software. The guidance modernizes and clarifies the threshold for when an entity is required to start capitalizing software costs and is based on when (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The amendments in ASU 2025-06 are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. We are currently evaluating the ASU to determine its impact on our consolidated financial statements and disclosures; however, we do not expect there to be a material impact.

In January 2025, the FASB issued ASU 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 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 2020-40): 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 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.

There are other new accounting pronouncements issued by the FASB that we have adopted or will adopt, as applicable. We do not believe any of these new accounting pronouncements have had, or will have, a material impact on our consolidated financial statements or disclosures.

**Note 3 —Goodwill and Other Intangibles, Net**

***Goodwill***

The following table details the changes in goodwill (in thousands):

| | January 3, 2026 | October 4, 2025 | December 28, 2024 |
|---|---|---|---|
| Balance at beginning of the period | $ — | $ 180,698 | $ 180,698 |
| Acquisitions, net of measurement period adjustments | — | — | — |
| Impairment | — | (180,698) | — |
| Balance at the end of the period | $ — | $ — | $ 180,698 |

***Other Intangibles***

Other intangible assets consisted of the following as of January 3, 2026 (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) | 7.7 | $ 22,100 | $ (7,859) | $ 14,241 |
| Trade name and trademarks (indefinite life) | Indefinite | 9,350 | — | 9,350 |
| Non-compete agreements | 3.2 | 2,260 | (1,629) | 631 |
| Consumer relationships | 5.7 | 15,400 | (9,788) | 5,612 |
| Other intangibles | 2.8 | 4,000 | (3,963) | 37 |
| Total | | $ 53,110 | $ (23,239) | $ 29,871 |

Other intangible assets consisted of the following as of October 4, 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) | 8.0 | $ 22,100 | $ (7,366) | $ 14,734 |
| Trade name and trademarks (indefinite life) | Indefinite | 9,350 | — | 9,350 |
| Non-compete agreements | 3.4 | 2,260 | (1,578) | 682 |
| Consumer relationships | 5.9 | 15,400 | (9,477) | 5,923 |
| Other intangibles | 3.1 | 4,000 | (3,957) | 43 |
| Total | | $ 53,110 | $ (22,378) | $ 30,732 |

Other intangible assets consisted of the following as of December 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) | 7.9 | $ 22,100 | $ (5,848) | $ 16,252 |
| Trade name and trademarks (indefinite life) | Indefinite | 9,350 | — | 9,350 |
| Non-compete agreements | 3.4 | 2,260 | (1,420) | 840 |
| Consumer relationships | 5.7 | 15,400 | (8,391) | 7,009 |
| Other intangibles | 3.1 | 4,000 | (3,930) | 70 |
| Total | | $ 53,110 | $ (19,589) | $ 33,521 |

Amortization expense was $0.9 million for the three months ended January 3, 2026 and December 28, 2024, respectively. No impairment of intangible assets was recorded during the three months ended January 3, 2026 and December 28, 2024.

The following table summarizes the estimated future amortization expense related to finite-lived intangible assets on our consolidated balance sheet as of January 3, 2026 (in thousands):

| | | Amount |
|---|---|---|
| Remainder of fiscal 2026 | $ | 2,518 |
| 2027 | | 3,262 |
| 2028 | | 3,157 |
| 2029 | | 2,899 |
| 2030 | | 2,689 |
| Thereafter | | 5,996 |
| Total | $ | 20,521 |

**Note 4—Impairments, Store Closing, and Other Costs**

On November 25, 2025, management committed to a strategic plan to improve operational efficiency by closing 80 underperforming stores and one distribution center (the “Plan”). The process of closing these locations began in early December 2025 and was substantially completed as of the end of the first fiscal quarter of 2026.

As a result of this Plan, the Company recognized $18.5 million in charges during the three months ended January 3, 2026. These charges are included in our consolidated statements of operations and are comprised of the following components (in thousands):

| Financial Statement Line Item | Charge | | Amount |
|---|---|---|---|
| Cost of merchandise and services sold | Non-cash inventory impairment | $ | 6,371 |
| Selling, general and administrative expense | Wind down and other costs [1] | | 1,975 |
| Impairment | Non-cash property and equipment impairments | | 5,353 |
| Impairment | Non-cash right-of-use asset impairment | | 4,795 |
| Total | | $ | 18,494 |

(1)Includes $1.3 million of construction and other costs related to store closures, $0.5 million in severance costs, and $0.2 million in ongoing occupancy costs.

No costs related to store closures were recognized during the three months ended December 28, 2024. Management will continue to monitor the progress of the store closures and evaluate the impact on the Company’s financial results. Any future expenses associated with these ongoing exit activities will be disclosed upon recognition.

**Note 5—Accounts and Other Receivables, Net**

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

| | | January 3, 2026 | | October 4, 2025 | | December 28, 2024 |
|---|---|---|---|---|---|---|
| Vendor and other rebates receivable | $ | 3,613 | $ | 4,463 | $ | 8,840 |
| Customer receivables | | 12,313 | | 16,273 | | 15,545 |
| Other receivables | | 2,019 | | 4,707 | | 7,860 |
| Allowance for credit losses | | (2,090) | | (2,226) | | (2,442) |
| Total | $ | 15,855 | $ | 23,217 | $ | 29,803 |

**Note 6—Inventories, Net**

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

| | | January 3, 2026 | | October 4, 2025 | | December 28, 2024 |
|---|---|---|---|---|---|---|
| Raw materials | $ | 2,384 | $ | 2,022 | $ | 4,143 |
| Finished goods | | 207,622 | | 205,961 | | 266,944 |
| Total | $ | 210,006 | $ | 207,983 | $ | 271,087 |

**Note 7—Prepaid Expenses and Other Current Assets**

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

| | January 3, 2026 | October 4, 2025 | December 28, 2024 |
|---|---|---|---|
| Prepaid insurance | $ 7,119 | $ 962 | $ 6,139 |
| Prepaid occupancy costs | 2,124 | 2,222 | 2,123 |
| Prepaid sales tax | 1,955 | 3,450 | 1,789 |
| Prepaid maintenance | 4,472 | 4,644 | 5,016 |
| Prepaid other | 9,069 | 7,736 | 4,415 |
| Income tax receivable | 2,626 | 3,302 | — |
| Other current assets | 10,183 | 10,933 | 9,635 |
| Total | $ 37,548 | $ 33,249 | $ 29,117 |

**Note 8—Accrued Expenses and Other Current Liabilities**

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

| | January 3, 2026 | October 4, 2025 | December 28, 2024 |
|---|---|---|---|
| Accrued payroll and employee benefits | $ 16,913 | $ 20,025 | $ 16,628 |
| Customer deposits | 6,027 | 6,406 | 3,942 |
| Interest | 759 | 998 | 5,073 |
| Inventory related accruals | 5,913 | 8,318 | 6,779 |
| Loyalty and deferred revenue | 8,512 | 7,204 | 7,308 |
| Sales tax | 3,650 | 9,097 | 3,840 |
| Self-insurance reserves | 12,385 | 10,096 | 10,580 |
| Other accrued liabilities | 14,793 | 20,303 | 17,378 |
| Total | $ 68,952 | $ 82,447 | $ 71,528 |

As of January 3, 2026, October 4, 2025, and December 28, 2024, capital expenditures included in other accrued liabilities were $0.3 million, $1.4 million, and $0.3 million.

**Note 9—Long-Term Debt, Net**

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

| | Effective Interest Rate (1) | January 3, 2026 | October 4, 2025 | December 28, 2024 |
|---|---|---|---|---|
| Term Loan | 6.58 % (2) | $ 756,650 | $ 756,650 | $ 756,650 |
| Revolving Credit Facility | 5.34 % (3) | 25,000 | — | 40,000 |
| Total long-term debt | | 781,650 | 756,650 | 796,650 |
| Less: noncurrent Revolving Credit Facility | | (25,000) | — | (40,000) |
| Less: unamortized discount | | (1,165) | (1,297) | (1,690) |
| Less: deferred financing charges | | (3,096) | (3,298) | (4,350) |
| Total long-term debt, net | | $ 752,389 | $ 752,055 | $ 750,610 |

(1)Effective interest rates as of January 3, 2026.
(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 three months ended January 3, 2026, no principal payments were made. During the three months 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 January 3, 2026, we had $25.0 million outstanding on our Revolving Credit Facility. The amount available under our Revolving Credit Facility was reduced by $11.1 million, $11.7 million, and $11.9 million of existing standby letters of credit as of January 3, 2026, October 4, 2025, and December 28, 2024.

***Fair Value***

The fair value of our Term Loan due in 2028 was determined to be $350.8 million as of January 3, 2026, $208.6 million as of October 4, 2025, and $722.6 million as of December 28, 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 events of default occurred as of January 3, 2026, October 4, 2025, and December 28, 2024.

***Future Debt Maturities***

The following table summarizes the debt maturities and scheduled principal repayments of our indebtedness as of January 3, 2026 (in thousands):

| | | Amount |
|---|---|---|
| Remainder of fiscal 2026 | $ | 25,000 |
| 2027 | | — |
| 2028 | | 756,650 |
| 2029 | | — |
| 2030 | | — |
| Thereafter | | — |
| Total | $ | 781,650 |

**Note 10—Income Taxes**

Our effective income tax rate was (0.8)% for the three months ended January 3, 2026, compared to 19.7% for the three months ended December 28, 2024. For the three months ended January 3, 2026, the Company's provision for income taxes is based upon an estimated annual effective tax rate for the year applied to ordinary income. The differences between the statutory rate and our effective rate for the three months ended January 3, 2026 were primarily attributable to state taxes and change in valuation allowance. The difference between the statutory rate and our effective rate for the three months ended December 28, 2024 was primarily attributable to state taxes and change in valuation allowance related to our interest expense limitation. 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 three months ended December 28, 2024, we utilized the discrete effective tax rate method, as allowed by Accounting Standards Codification 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 believed that the use of this discrete method was 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.

**Note 11—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. The complaint alleges that the defendants 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, the defendants filed a motion to dismiss the complaint. That court granted that motion and dismissed the claims on July 14, 2025. The court allowed the plaintiff to file a second amended complaint. On August 13, 2025, the plaintiff filed the second amended complaint. On September 12, 2025, the defendants filed a motion to dismiss the second amended complaint. That motion is fully briefed and pending before the court. 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, 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, respectively, on behalf of the Company, and against its current and former officers and directors. Each of the three complaints include allegations similar to 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, attorneys’ 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. 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 subject to other 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 January 3, 2026, we had established reserves for claims that are 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.

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 $11.1 million, $11.7 million and $11.9 million as of January 3, 2026, October 4, 2025 and December 28, 2024, respectively, for the purpose of securing such obligations under our workers’ compensation self-insurance programs.

**Note 12—Equity-Based Compensation**

***Equity-Based Compensation***

*2020 Omnibus Incentive Plan*

In October 2020, we adopted the Incentive Plan, which was amended and restated by our shareholders at our 2024 Annual Meeting of Shareholders. The Incentive 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 January 3, 2026, we had 0.4 million shares of common stock available for future grants under the Incentive Plan.

As of January 3, 2026, the aggregate unamortized value of all outstanding equity-based compensation awards was $6.4 million, which is expected to be recognized over a weighted average period of 1.9 years.

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***Stock Options***

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

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, Beginning | 40 | $ 394.35 |
| Granted | 118 | 1.65 |
| Exercised | — | — |
| Forfeited/Expired | (17) | 464.95 |
| Balance, Ending | 141 | $ 58.26 |
| | | |
| Vested and exercisable as of January 3, 2026 | 23 | $ 343.41 |

| | | As of January 3, 2026 |
|---|---|---|
| Aggregate intrinsic value of stock options outstanding | $ | 9 |
| Unamortized value of unvested stock options | $ | 56 |
| Weighted average years that expense is expected to be recognized | | 2.0 |
| Weighted average remaining contractual years outstanding | | 9.1 |

***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 Incentive Plan during the three months ended January 3, 2026 (in thousands, except per share amounts):

| | Number of RSUs/PSUs | Weighted Average Grant Date Fair Value |
|---|---|---|
| Outstanding, Beginning | 254 | $ 50.21 |
| Granted | 139 | 2.16 |
| Vested | (26) | 80.10 |
| Forfeited | (13) | 47.40 |
| Balance, Ending | 354 | $ 29.15 |

In December 2024, 45,000 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 $48.80. 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, 20,000 PSUs were granted 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 $108.60. The Company assesses the attainment of target payout rates each reporting period. Equity-based compensation expense is recognized for awards deemed probable of vesting.

| | | As of January 3, 2026 |
|---|---|---|
| Unamortized value of unvested RSUs/PSUs (in thousands) | $ | 6,343 |
| Weighted average period (years) expense is expected to be recognized | | 1.9 |

During the three months ended January 3, 2026 and December 28, 2024, equity-based compensation expense was $1.1 million and $1.7 million. Equity-based compensation expense is reported in selling, general, & administrative expenses ("SG&A") in our consolidated statements of operations.

**Note 13—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 | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| **Numerator:** | | |
| Net loss | $ (82,971) | $ (44,564) |
| **Denominator:** | | |
| Weighted average shares outstanding - basic | 9,297 | 9,251 |
| Effect of dilutive securities: | | |
| Stock Options | — | — |
| RSUs | — | — |
| Weighted average shares outstanding - diluted | 9,297 | 9,251 |
| Basic loss per share | $ (8.92) | $ (4.82) |
| Diluted loss per share | $ (8.92) | $ (4.82) |

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

| | Three Months Ended | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| Stock Options | 31 | 75 |
| RSUs | 233 | 121 |
| Total | 264 | 196 |

**Note 14—Segment Reporting**

We manage our business activities on a consolidated basis and operate as a single operating segment. We derive our revenue in the United States by providing pool related goods and services to our customers through a variety of channels. The accounting policies of our operating segment are the same as those that are described in Note 2—Summary of Significant Accounting Policies.

Our chief operating decision maker ("CODM") is our chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated net income to assess financial performance and allocate resources. The CODM does not review assets in evaluating the results of our operating segment, and therefore such information is not presented.

The following table presents the significant segment expenses and other segment items regularly reviewed by our CODM (in thousands):

| | Three Month Ended | |
|---|---|---|
| | **January 3, 2026** | **December 28, 2024** |
| Sales | $ 147,128 | $ 175,228 |
| Less: | | |
| Cost of merchandise and services sold (1) | 120,059 | 127,511 |
| Store labor and fringe | 25,916 | 27,018 |
| Merchant fees | 5,243 | 6,603 |
| Direct store expense | 7,931 | 8,484 |
| Marketing | 4,112 | 3,257 |
| Information technology | 7,878 | 7,123 |
| Other segment expense (2) | 34,589 | 34,932 |
| Impairment | 10,148 | — |
| Interest expense | 13,536 | 15,763 |
| Income tax expense (benefit) | 687 | (10,899 ) |
| Segment net loss | $ (82,971 ) | $ (44,564 ) |

(1)Included within cost of merchandise and services sold and other segment expenses is depreciation and amortization expense of $4.7 million and $4.9 million for the three months ended January 3, 2026 and December 28, 2024, as described in Note 2—Summary of Significant Accounting Policies. Additionally, included in cost of merchandise and services sold is $6.4 million of inventory impairment for the three months ended January 3, 2026. There was no impairment as of December 28, 2024.

(2)Included within other segment expense are items related to corporate payroll and bonus expense and general and regional administrative expenses.

**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 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 October 4, 2025, 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 January 3, 2026 and December 28, 2024 refer to the 13 weeks ended January 3, 2026 and December 28, 2024.*

**Our Company**

Founded in 1963 by Phil Leslie Jr. in Southern California, the Company today known simply as "Leslie's" has over six decades of disruptive retail innovation in the $15 billion U.S. pool and spa care industry. Today, we are the largest and most trusted direct-to-consumer brand in our segment, serving residential consumers and pool professionals, and many of the largest commercial property operators in the country. With approximately 950 retail locations, an integrated, digitally forward omnichannel strategy, and a horizontally integrated, nationwide ecosystem under the Leslie's and In the Swim® brands, among others, we have built a market-leading share of residential aftermarket product spend, based on 2024 industry analyst reports, and a physical network larger than the sum of our 20 largest competitors. We offer an extensive assortment of professional-grade products, the majority of which are exclusive to Leslie's, manufacturer certified installation and repair services, and in some markets, weekly pool maintenance services. Our dedicated, knowledgeable team of associates, pool and spa care experts, and experienced service technicians, are passionate about empowering every single Leslie's customer with the knowledge, products, and solutions necessary to confidently maintain and thoroughly 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 nearly every pool and spa in the continental United States.

We operate primarily in the pool and spa aftermarket industry, a fundamentally attractive category in retail, given its scale, historical predictability, and growth outlook. More than 85% of our product assortment is comprised of non-discretionary products essential to the care of residential and commercial pools and spas. This includes chemicals, new and replacement parts, cleaning and maintenance equipment, safety, recreational, and fitness-related products. We also offer important essential services, such as equipment installation and repair for residential and commercial customers. We have relationships with professional pool operators from major hotel and apartment owners to municipal, county and state governments, all the way to sole proprietors. In addition to a strong consumer and commercial retail and service presence, we operate a wholesale specialty pool and spa parts distribution business, giving us unique access to hard-to-find specialty parts; an integrated manufacturing plant, giving us vertical scale and competitive cost on parts of our chemical assortment; and a regionally located, hub-and-spoke distribution system throughout the continental United States.

We offer complimentary, commercial-grade in-store water testing and analysis via our proprietary AccuBlue® system, leading to increased 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 recreational pool and spa industry. We then brought AccuBlue® direct to pool owners' backyards with AccuBlue Home®, a pioneering app-enabled water testing device. 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 loss. The key non-GAAP measures and other operating measures we use are comparable sales, comparable sales growth, Adjusted EBITDA, Adjusted net loss, and Adjusted diluted 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, and 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 January 3, 2026, we operated approximately 950 locations in 38 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.

***Impairment***

Impairment is non-cash charges resulting from a decline in our operating results and store performance. These charges were due to the carrying value of our store assets being greater than the fair value in the case of asset impairment.

***Operating Loss***

Operating loss is gross profit less SG&A. Operating loss excludes interest expense and income tax expense (benefit). We use operating 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 Loss and Adjusted Diluted Loss per Share***

Adjusted net loss and Adjusted diluted loss per share are additional key measures used by management and our board of directors to assess our financial performance. Adjusted net loss and Adjusted diluted 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 loss is defined as net 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 loss per share is defined as Adjusted net 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 public health crises, escalating global conflicts, tariffs, supply chain disruptions, labor market constraints, high rates of inflation, high interest rates, general economic slowdown, and potential failures among financial institutions. 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, tariffs, 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.

Additional uncertainties that can impact our results of operations are consumer purchasing patterns and consumer cost-consciousness.  In the past, 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.

***Reverse Stock Split***

On September 10, 2025, our shareholders approved a series of amendments to our Seventh Amended and Restated Certificate of Incorporation (the “Certificate of Amendment”). On September 26, 2025, we filed a Certificate of Amendment with the Secretary of State of the State of Delaware to effect a reverse stock split of our comment stock at a ratio of 1-for-20 (the “Reverse Stock Split”) and proportionately decrease the number of authorized shares of the Company’s common stock, which became effective upon filing (the “Effective Time”). The Company’s common stock began trading on a Reverse Stock Split-adjusted basis on Nasdaq as of the open of trading on September 29, 2025 under the existing ticker symbol “LESL”. The Company’s common stock is now represented by a new CUSIP number, 527064 208.

As a result of the Reverse Stock Split, every 20 shares of our common stock issued and outstanding as of the Effective Time of the Reverse Stock Split was automatically converted into one share of common stock. No fractional shares were issued as a result of the Reverse Stock Split. The Company’s transfer agent aggregated all fractional shares of common stock that would otherwise have been issuable as a result of the Reverse Stock Split and sold them at the then prevailing prices on the open market on behalf of those shareholders who would otherwise be entitled to receive such fractional shares. Shareholders who otherwise would be entitled to receive fractional shares received their respective pro rata share of the total proceeds of such sale.

In addition, as of the Effective Time and as a result of the Reverse Stock Split, proportionate adjustments were made in accordance with the terms of the Company’s 2020 Omnibus Incentive Plan (the “Incentive Plan”), with respect to the number of shares of common stock issuable under outstanding stock options, restricted stock units and performance units, and any other equity-based awards, the per-share exercise price with respect to such awards, and the number of shares of common stock reserved for future issuance under the Incentive Plan.

All share and per share amounts presented herein have been retroactively adjusted to reflect the Reverse Stock Split for all periods.

**Results of Operations**

We derived our consolidated statements of operations for the three months ended January 3, 2026 and December 28, 2024 from our 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 | |
|---|---|---|
| **Statements of Operations Data:** | **January 3, 2026** | **December 28, 2024** |
| Sales | $ 147,128 | $ 175,228 |
| Cost of merchandise and services sold | 120,059 | 127,511 |
| Gross profit | 27,069 | 47,717 |
| Selling, general and administrative expenses | 85,669 | 87,417 |
| Impairment | 10,148 | — |
| Operating loss | (68,748) | (39,700) |
| Interest expense | 13,536 | 15,763 |
| Loss before taxes | (82,284) | (55,463) |
| Income tax expense (benefit) | 687 | (10,899) |
| Net loss | $ (82,971) | $ (44,564) |
| Loss per share | | |
| Basic | $ (8.92) | $ (4.82) |
| Diluted | $ (8.92) | $ (4.82) |
| Weighted average shares outstanding | | |
| Basic | 9,297 | 9,251 |
| Diluted | 9,297 | 9,251 |
| | | |
| Percentage of Sales (1) | (%) | (%) |
| Sales | 100.0 | 100.0 |
| Cost of merchandise and services sold | 81.6 | 72.8 |
| Gross margin | 18.4 | 27.2 |
| Selling, general and administrative expenses | 58.2 | 49.9 |
| Impairment | 6.9 | — |
| Operating loss | (46.7) | (22.7) |
| Interest expense | 9.2 | 9.0 |
| Loss before taxes | (55.9) | (31.7) |
| Income tax expense (benefit) | 0.5 | (6.2) |
| Net loss | (56.4) | (25.4) |
| **Other Financial and Operations Data:** | | |
| Number of new and acquired locations, net | (74) | — |
| Number of locations open at end of period | 948 | 1,021 |
| Comparable sales growth (2) | (15.5)% | 0.2% |
| Adjusted EBITDA (3) | $ (40,286) | $ (29,319) |
| Adjusted EBITDA as a percentage of sales (3) | (27.4)% | (16.7)% |
| Adjusted net loss (3) | $ (48,699) | $ (40,737) |
| Adjusted diluted loss earnings per share | $ 5.24 | $ 4.40 |

(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 loss to Adjusted EBITDA and net loss to Adjusted net loss for the three months ended January 3, 2026 and December 28, 2024 (in thousands). Adjusted net loss reported for the three months ended December 28, 2024 reflects a correction of an immaterial error in the "tax effects of these adjustments" amount reported in the first quarter of 2025.

| | Three Months Ended | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| Net loss | $ (82,971) | $ (44,564) |
| Interest expense | 13,536 | 15,763 |
| Income tax expense (benefit) | 687 | (10,899) |
| Impairment (1) | 16,519 | — |
| Depreciation and amortization expense (2) | 7,840 | 8,237 |
| Equity-based compensation expense (3) | 1,119 | 1,741 |
| Strategic project costs (4) | 2,775 | 172 |
| Executive transition costs and other (5) | 209 | 231 |
| Adjusted EBITDA | $ (40,286) | $ (29,319) |

| | Three Months Ended | |
|---|---|---|
| | January 3, 2026 | December 28, 2024 |
| Net loss | $ (82,971) | $ (44,564) |
| Impairment (1) | 16,519 | — |
| Equity-based compensation expense (3) | 1,119 | 1,741 |
| Strategic project costs (4) | 2,775 | 172 |
| Executive transition costs and other (5) | 209 | 231 |
| Change in valuation allowance (6) | 18,806 | 2,219 |
| Tax effects of these adjustments (7) | (5,156) | (536) |
| Adjusted net loss (8) | $ (48,699) | $ (40,737) |

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(1)Represents non-cash charges related asset write offs for certain underperforming stores and certain inventory related to the store and distribution center closings.

(2)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 consolidated statements of operations.

(3)Represents charges related to equity-based compensation and our related payroll tax expense, which are reported in SG&A in our consolidated statements of operations.

(4)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. Also included are costs related to the closure of the 80 stores and one distribution center announced, and substantially completed, in the first quarter of 2026. These items are reported in SG&A in our consolidated statements of operations.

(5)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 consolidated statements of operations.

(6)Represents a non-cash change in valuation allowance for deferred taxes. This item is reported in income tax expense (benefit) in our consolidated statements of operations.

(7)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 expense in our consolidated statements of operations. The prior period amount has been corrected for an immaterial error reported for the period ended December 28, 2024.

(8)Amount reported for the three months ended December 28, 2024 reflects a correction of an immaterial error in the “tax effects of these adjustments” amount reported in the first quarter of 2025.

***Selected Financial Information***

***Sales***

Sales were $147.1 million for the three months ended January 3, 2026 compared to $175.2 million in the prior year period, a decrease of $28.1 million, or 16.0%. The change was driven by a combination of factors, including estimated one time impacts of: $10.0 million associated with a 1-week shift in the fiscal calendar during a seasonally slower week; $4.0 million from hurricane related sales in the prior year period; and $1.0 million due to fewer sales from the closure of underperforming stores. The remainder of the impact was largely due to lower demand. Comparable sales on a fiscal basis decreased $26.9 million or 15.5% compared to the prior year period.

***Gross Profit and Gross Margin***

Gross profit for the three months ended January 3, 2026 was $27.1 million compared to $47.7 million in the prior year period, representing a decrease of $20.6 million, or 43.3%. Gross margin decreased to 18.4% compared to 27.2% in the prior year period, a decrease of 880 basis points. A negative impact of approximately 430 basis points was due to an inventory impairment charge of $6.4 million relating to store and DC closures during the period. The remaining approximately 450 basis points decline was due to a decline in overall margins on our core chemicals, which had an outsized negative impact on our gross profit margin during the first quarter due to the low sales volume. These declines were partially offset by our cost reduction strategies implemented during the quarter.

***Selling, General and Administrative Expenses***

SG&A for the three months ended January 3, 2026 was $85.7 million compared to $87.4 million in the prior year period, a decrease of $1.7 million, or 2.0%. The decrease in SG&A was primarily related to decreases of merchant fees in $1.4 million, $1.1 million of labor and fringe costs, $0.6 million in direct store expenses, and $0.3 million in other operating expenses. Partially offsetting the decrease is $0.9 million of marketing fees and $0.8 million in technology costs.

***Impairment***

Non-cash impairment for the three months ended January 3, 2026 was $10.1 million, comprised of $5.4 million of property and equipment impairment and $4.8 million right-of-use asset impairment relating to the store and distribution center closures. There was no impairment in the prior year period.

***Interest Expense***

Interest expense for the three months ended January 3, 2026 was $13.5 million compared to $15.8 million in the prior year period, a decrease of $2.3 million. The decrease was driven by lower interest rates on our Term Loan.

***Income Tax***

Income tax expense increased to $0.7 million for the three months ended January 3, 2026 compared to a benefit of $10.9 million in the prior year period, an increase of $11.6 million. The increases were primarily attributable to the change in valuation allowance and use of the discrete effective tax rate method in the prior year period.

The effective income tax rate was (0.8)% for the three months ended January 3, 2026, and included net income tax expenses attributable to state taxes and the change in valuation allowance. The effective income tax rate was 19.7% for the three months ended December 28, 2024, and included net income tax expenses attributable to equity-based compensation awards and the change in valuation allowance related to our interest expense limitation.

***Net Loss and Diluted Loss per Share***

Net loss for the three months ended January 3, 2026 was $83.0 million compared to $44.6 million in the prior year period, a decrease of $38.4 million. The changes in net loss during the three months ended January 3, 2026, were primarily due to decreases in gross profit due to lower sales, impairment charges in the current year, and a tax benefit in the prior year that was not repeated in the current year due to the valuation allowance.

Diluted loss per share was $8.92 for the three months ended January 3, 2026 compared to $4.82 in the prior year period.

Adjusted net loss for the three months ended January 3, 2026 was $48.7 million compared to $40.7 million in the prior year period, a decrease of $8.0 million. Adjusted diluted loss per share was $5.24 for the three months ended January 3, 2026 compared to $4.40 in the prior year period.

***Adjusted EBITDA***

Adjusted EBITDA for the three months ended January 3, 2026 was $(40.3) million compared to $(29.3) million in the prior year period, a decrease of $11.0 million. The changes in Adjusted EBITDA during the three months ended January 3, 2026, were primarily due to decreases in gross profit driven by unfavorable sales mix compared to the prior year and lower product margins on our core chemical products.

**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 flows. 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.  Further, we generally close locations after our peak selling season ends.

## 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 $3.6 million as of January 3, 2026 and $11.6 million as of December 28, 2024. Outstanding borrowings on our Revolving Credit Facility were $25.0 million as of January 3, 2026 and $40.0 million as of December 28, 2024. We had no amounts outstanding on our Revolving Credit Facility as of October 4, 2025.

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 and strategic initiatives, 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 initiatives and 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 January 3, 2026, outstanding standby letters of credit totaled $11.1 million, and after considering borrowing base restrictions, we had $128.3 million of available borrowing capacity under the terms of the Revolving Credit Facility. As of January 3, 2026, we were in compliance with the covenants under the Revolving Credit Facility and our Term Loan.

During the quarter ended January 3, 2026 the Company received downgraded credit rating from Standard and Poor's ("S&P") Global Ratings (CCC from CCC+).

***Summary of Cash Flows***

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

| | Three Months Ended | |
|---|---|---|
| | **January 3, 2026** | **December 28, 2024** |
| Net cash used in operating activities | $ (81,134) | $ (105,078) |
| Net cash used in investing activities | (4,327) | (4,648) |
| Net cash provided by financing activities | 24,743 | 12,836 |
| Net decrease in cash and cash equivalents | $ (60,718) | $ (96,890) |

***Cash Used in Operating Activities***

Net cash used in operating activities was $81.1 million for the three months ended January 3, 2026 compared to $105.1 million in the prior year period, a decrease of $24.0 million. The decrease was primarily driven by a strategic decrease in inventory of $28.4 million.

***Cash Used in Investing Activities***

Net cash used in investing activities was $4.3 million for the three months ended January 3, 2026 compared to $4.6 million in the prior year period, a decrease of $0.3 million. This decrease was driven by lower investments in purchases of property and equipment.

***Cash Provided by Financing Activities***

Net cash provided by financing activities for the three months ended January 3, 2026 was $24.7 million compared to $12.8 million in the prior year period, an increase of $11.9 million. This increase was due to a $27.0 million principal payment made during the three months ended December 28, 2024, partially offset by $15.0 million of decreased borrowings on the revolving credit facility in the current period.

## Contractual Obligations and Other Commitments

There have been no material changes to our contractual obligations and other commitments during the three months ended January 3, 2026 from those disclosed in our Annual Report on Form 10-K for the fiscal year ended October 4, 2025.

## Critical Accounting Estimates

The preparation of our 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 October 4, 2025. 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.

There have been no material changes to our critical accounting estimates during the three months ended January 3, 2026 from those disclosed in our Annual Report on Form 10-K for the fiscal year ended October 4, 2025.

## Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2—Summary of Significant Accounting Policies to our 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 October 4, 2025.

***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 October 4, 2025.

## 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 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 Chief Financial Officer and Treasurer, have evaluated the effectiveness of our disclosure controls and procedures as of January 3, 2026. Based on that evaluation, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer and Treasurer and (Principal Financial Officer) have concluded that our disclosure controls and procedures were not effective as the material weaknesses in our internal control over financial reporting disclosed in our Annual Report on Form 10-K for the fiscal year ended October 4, 2025 were not yet remediated as of January 3, 2026.

***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting during the quarter ended January 3, 2026 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 years ended October 4, 2025, 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. We have devoted and intend to continue to devote significant time and resources to enhance the design and implementation of our existing controls and procedures and to create new complementary and compensating controls as needed.

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

•assessing the specific training needs for newly hired and existing personnel and developing and delivering training programs designed to uphold our internal control standards.

With respect to asset impairments, no goodwill remained on the Company's books as of October 4, 2025, and as a result, the extent to which the goodwill portion of the deficiency currently could lead to a material misstatement in our financial statements is not present.

We are further enhancing the design and execution of existing controls and creating new controls as needed regarding asset impairments as follows:

•enhancing management review controls to adequately document management's review of the completeness and accuracy of the key financial and non-financial data utilized in the assessment and recognition of asset impairments;

•implementing and enhancing controls, policies and procedures related to the key financial data used in the management reviews when evaluating assets for impairment under the applicable accounting literature; 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 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 2026. 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 October 4, 2025.

## 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 January 3, 2026, 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 11—Commitments & Contingencies to our 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 October 4, 2025.

### Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended October 4, 2025.

### 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***

The following disclosure is responsive to Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard of Form 8-K. On February 11, 2026, the Company received a notification (the “Notice”) from the Listing Qualifications Department of The Nasdaq Stock Market LLC (“Nasdaq”) indicating that the Company was not in compliance with Nasdaq Listing Rule 5450(b)(3)(C) because, for a period of 30 consecutive business days, the Company failed to maintain a minimum market value of publicly held shares of its common stock (“MVPHS”) of $15,000,000 (as calculated pursuant to Nasdaq Listing Rules).

The Notice has no immediate impact on the Company’s listing on The Nasdaq Global Select Market. In accordance with Nasdaq Listing Rule 5810(c)(3)(D), the Company has a period of 180 calendar days from the date of the Notice, or until August 10, 2026 (the “Compliance Date”), to regain compliance with the MVPHS requirement.

The Notice also states that if, at any time before the Compliance Date, the Company’s MVPHS closes at $15,000,000 or more for a minimum of 10 consecutive business days, Nasdaq will provide written notification to the Company that it has regained compliance, and the matter will be closed.

In the event the Company does not regain compliance by the Compliance Date, the Company will receive written notification from Nasdaq that the Company’s common stock is subject to delisting. At that time, the Company may appeal the delisting determination to a Nasdaq hearings panel.

The Company intends to actively monitor its MVPHS and may, if appropriate, consider available options to regain compliance. However, there can be no assurance that the Company will be able to regain compliance with the MVPHS requirement, that the Company will be able to maintain the listing of its common stock on the Nasdaq Global Select Market or that the Company will be able to transfer the listing of its common stock to, or, if transferred, maintain the listing of its common stock on, the Nasdaq Capital Market. The delisting of the Company’s common stock from a national exchange could impair the liquidity and market price of the Company’s common stock, which could adversely affect the Company’s ability to raise capital on terms acceptable to the Company, or at all. See Item 1A, Risk Factors in the Company’s Annual Report on Form 10-K for the year ended October 4, 2025.

***(b) Changes to Procedures for Recommending Director Nominees***

Not applicable.

***(c) Trading Plans***

During the quarter ended January 3, 2026, 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.

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## 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: February 18, 2026 | By: | /s/ Jeff White<br>**Jeff White**<br>**Chief Financial Officer and Treasurer**<br>**(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: February 18, 2026 | By: | /s/ Jason McDonell<br>**Jason McDonell**<br>**Chief Executive Officer**<br>**(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, Jeff White, 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: February 18, 2026

By: /s/ Jeff White
**Jeff White**
**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 January 3, 2026 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: February 18, 2026 | 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 January 3, 2026 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: February 18, 2026 | By: | /s/ Jeff White |
| | | **Jeff White** |
| | | **Chief Financial Officer and Treasurer** |
| | | **(Principal Financial Officer and** |
| | | **Principal Accounting Officer)** |