SECOND QUARTER 2024 EARNINGS

July 30, 2024



HAYWARD®

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SECOND QUARTER 2024 EARNINGS CALL

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Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation includes certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 that are based on the beliefs of Hayward’s management as well as assumptions made by, and information currently available to it. Examples of forward-looking statements include, among others, statements Hayward makes regarding: Hayward’s 2024 financial guidance and business outlook for future periods; business plans and objectives; anticipated SG&A cost savings and capital expenditures; future channel inventory stocking levels; general economic and industry trends; business prospects; future product development and acquisition strategies; and growth and expansion opportunities. Hayward may not achieve the plans, intentions or expectations disclosed in Hayward’s forward-looking statements, and you should not place significant reliance on its forward-looking statements. Important factors that could affect Hayward’s future results and could cause those results or other outcomes to differ materially from those indicated in its forward-looking statements include the following: its relationships with and the performance of distributors, builders, buying groups, retailers and servicers who sell Hayward’s products to pool owners; impacts on Hayward’s business from the sensitivity of its business to seasonality and unfavorable economic, business and weather conditions; competition from national and global companies, as well as lower-cost manufacturers; Hayward’s ability to develop, manufacture and effectively and profitably market and sell its new planned and future products; its ability to execute on its growth strategies and expansion opportunities; Hayward’s exposure to credit risk on its accounts receivable; impacts on Hayward’s business from political, regulatory, economic, trade, and other risks associated with operating foreign businesses, including risks associated with geopolitical conflict; its ability to maintain favorable relationships with suppliers and manage disruptions to its global supply chain and the availability of raw materials; Hayward’s ability to identify emerging technological and other trends in its target end markets; failure of markets to accept new product introductions and enhancements; the ability to successfully identify, finance, complete and integrate acquisitions; its reliance on information technology systems and susceptibility to threats to those systems, including cybersecurity threats, and risks arising from its collection and use of personal information data; regulatory changes and developments affecting Hayward’s current and future products; volatility in currency exchange rates and interest rates; Hayward’s ability to service its existing indebtedness and obtain additional capital to finance operations and its growth opportunities; Hayward’s ability to establish, maintain and effectively enforce intellectual property protection for its products, as well as its ability to operate its business without infringing, misappropriating or otherwise violating the intellectual property rights of others; the impact of material cost and other inflation; Hayward’s ability to attract and retain senior management and other qualified personnel; the impact of changes in laws, regulations and administrative policy, including those that limit U.S. tax benefits, impact trade agreements and tariffs, or address the impacts of climate change; the outcome of litigation and governmental proceedings; impacts on Hayward's product manufacturing disruptions, including as a result of catastrophic and other events beyond its control; uncertainties related to distribution channel inventory practices and the impact on net sales volumes; Hayward's ability to realize cost savings from restructuring activities; Hayward’s and its customers’ ability to manage product inventory in an effective and efficient manner; and other factors set forth in Hayward’s most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

The forward-looking statements included in this presentation are made only as of the date of this presentation. Unless required by United States federal securities laws, Hayward neither intends nor assumes any obligation to update these forward-looking statements for any reason to conform these statements to actual results or to changes in Hayward’s expectations.

Non-GAAP Financial Measures

This presentation includes certain financial measures not presented in accordance with the generally accepted accounting principles in the United States (“GAAP”) These measures should not be considered in isolation or as an alternative to their comparable measures under GAAP. See the appendix for a reconciliation of historical non-GAAP measures to the most directly comparable GAAP measures.

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Key Messages

1. Reported Q2 2024 results in line with expectations
2. Delivered record gross profit margin[1]
3. Generated strong cash flow; reduced net leverage[2] from 4.0x to 2.8x[3] sequentially
4. Completed the strategic acquisition of ChlorKing®, a leader in commercial pool water treatment
5. Narrowed full year 2024 guidance

1. Record gross profit margin since Hayward's IPO.
2. Net leverage is a non-GAAP measure and calculated as (A) total debt less cash & cash equivalents and short-term investments divided by (B) the sum of last twelve months adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. See the appendix for a reconciliation to the most directly comparable GAAP measure.
3. Net leverage excludes the cost and contribution of the ChlorKing acquisition; given the cash outlay and acquired adjusted EBITDA, net leverage was 3.1x as of June 29, 2024.

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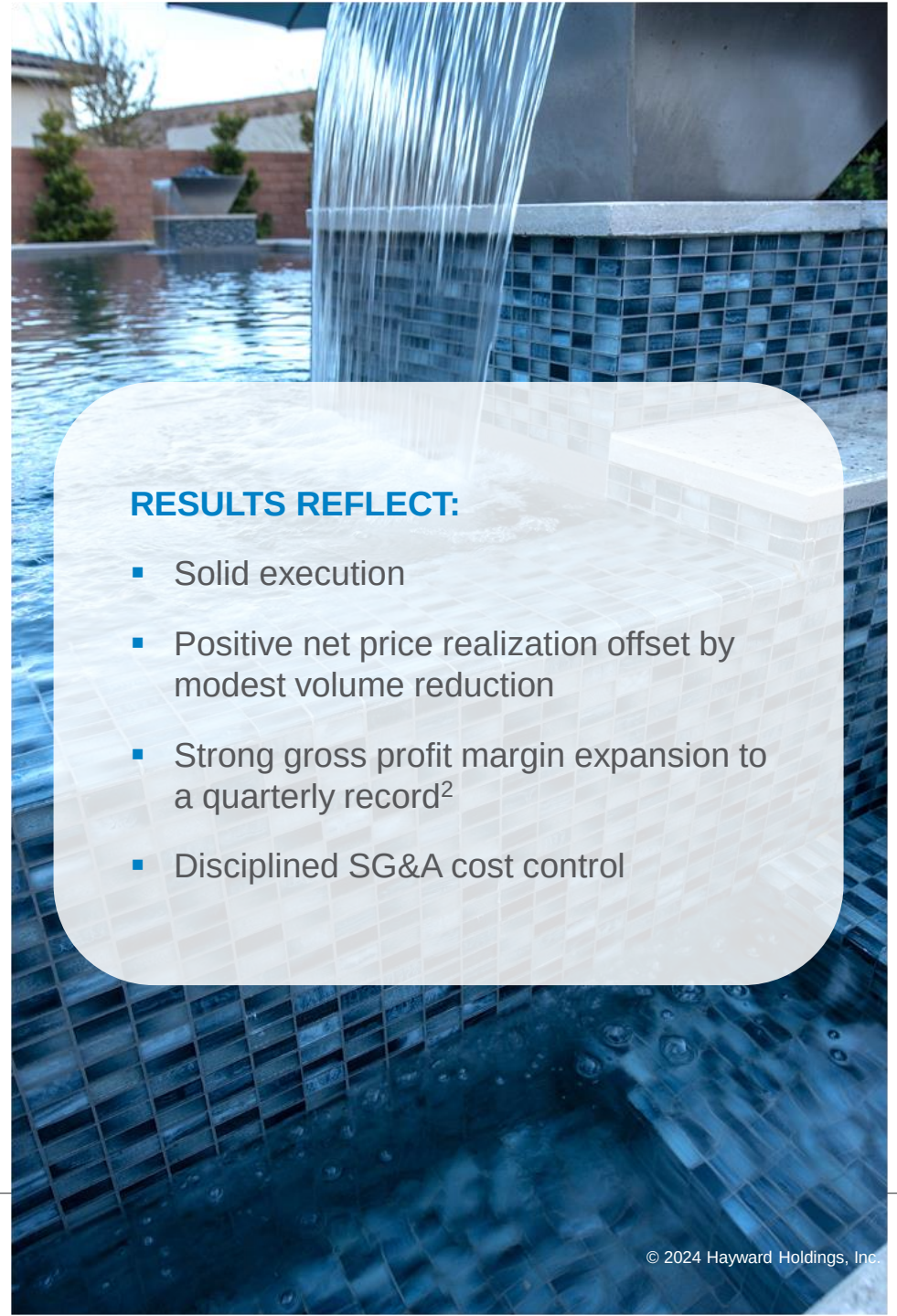
Financial Overview

Q2 2024

- Net sales of $284.4M
- Gross profit margin of 51.0%
- Adj. EBITDA[1] of $82.6M
- Adj. EBITDA margin[1] of 29.0%
- Adj. diluted EPS[1] of $0.21



RESULTS REFLECT:

- Solid execution
- Positive net price realization offset by modest volume reduction
- Strong gross profit margin expansion to a quarterly record[2]
- Disciplined SG&A cost control

1. Non-GAAP financial measure. See the appendix for a reconciliation to the most directly comparable GAAP measure.
2. Record gross profit margin since Hayward's IPO.

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Business Update

END DEMAND

- ✓ In-season demand generally consistent with expectations
- ✓ NAM and Europe outperforming Rest of World
- ✓ Resilient aftermarket maintenance; new construction and remodel impacted by economic and interest rate environment

CHANNEL INVENTORY

- ✓ Channel partners pursuing leaner inventory positions and increased efficiencies
- ✓ Continue working with channel partners to optimize inventory SKU mix

PRICE OPTIMIZATION

- ✓ Expecting ~2% net price realization in 2024
- ✓ Implementing value-based pricing initiatives, SKU rationalization

GROWTH INVESTMENTS

- ✓ Launched “Hayward Hub”, a first of its kind for Hayward, to support the important Dallas-Ft. Worth market
- ✓ Facility serves as a training and support center for Hayward dealers and trade professionals

SENIOR LEADERSHIP

- ✓ Further strengthened the senior leadership team
- ✓ Appointed Ray Lewis as Chief Human Resources Officer, Kevin Gallagher as Chief Engineering Officer, and Darío Vicario as General Manager, Europe & Rest of World

SUSTAINABILITY

- ✓ TriStar XL variable-speed pump recognized by Green Builder Magazine as a sustainable product of the year
- ✓ Underscores our commitment to sustainability and environmental responsibility

2024 SUSTAINABLE PRODUCTS OF THE YEAR

HAYWARD

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Acquisition of ChlorKing®

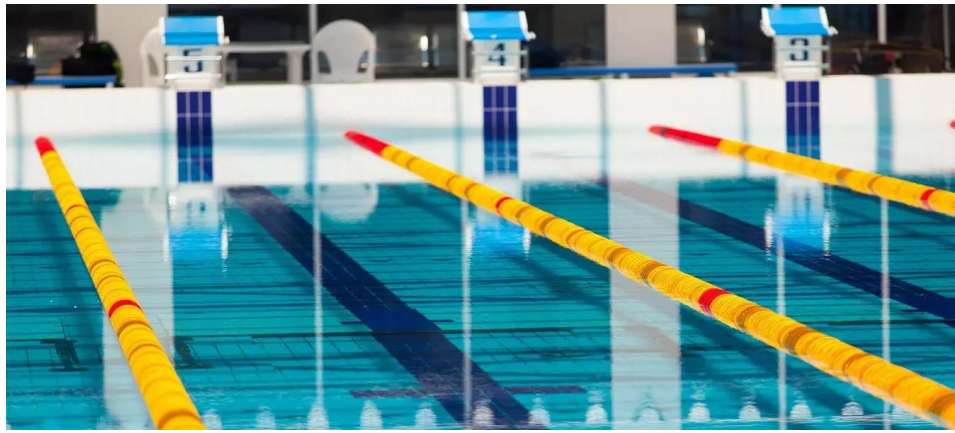
Strategic acquisition advances Hayward's position in Commercial Pool

- Leader in commercial salt chlorination and UV water disinfection systems
- Serves commercial swimming pools and water parks globally
- Purchase price values the business at $62M, representing ~9x AEBITDA multiple
- FY'23 revenue ~$25M[1]
- Strong EBITDA margin consistent with consolidated Hayward profile[2]

Acquisition Highlights

- Broadens Hayward's product offering and TAM
- Underscores commitment to sustainable, natural water treatment
- Strong, respected management team, innovative culture, patented technologies
- Synergy opportunities leveraging relationships and purchasing scale
- Consolidating all Hayward Commercial into ChlorKing's Atlanta operation





1. Unaudited amount based on information provided by ChlorKing management.
2. Based on information provided by ChlorKing management.

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Second Quarter 2024 Financials

NET SALES OF $284.4M

NET SALES +0.3% YoY

- Net price +2.1%
- Volume -1.7%

GROSS PROFIT OF $145.1M

GROSS PROFIT MARGIN OF 51.0%, A QUARTERLY RECORD[2]

- Increased 290 bps YoY and 180 bps sequentially
- Strong execution, increased operational efficiencies
- Positive price realization offsetting inflation

ADJ. EBITDA[1] OF $82.6M

ADJ. EBITDA[1] MARGIN OF 29.0%

- Increased 100 bps YoY and 780 bps sequentially
- Disciplined cost control
- Targeted organizational investments in sales & marketing

ADJ. DILUTED EPS[1] OF $0.21

DILUTED EPS OF $0.17; ADJ. DILUTED EPS[1] OF $0.21

Source: Company financial data.

1. Non-GAAP financial measure. See Appendix for a reconciliation to the most directly comparable GAAP measure.
2. Record gross profit margin since Hayward's IPO.

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Second Quarter 2024 Segment Overview

NORTH AMERICA

NET SALES	GROSS PROFIT	ADJ. SEGMENT INCOME[1]
$241.1M	$127.4M	$81.3M
YoY Change: +1.6%	*Gross Profit Margin: 52.9%*	*Adj. Segment Income Margin[1]: 33.7%*

- Net price +2.2%, volume -0.7%
- US +1%, Canada +5%
- Volume reduction due to end demand and leaner channel inventory levels
- Record gross margin, increased 300 bps YoY driven by operational efficiencies
- 6th consecutive quarter of YoY gross margin expansion

EUROPE & REST OF WORLD

NET SALES	GROSS PROFIT	ADJ. SEGMENT INCOME[1]
$43.3M	$17.7M	$8.6M
YoY Change: (6.3%)	*Gross Profit Margin: 40.8%*	*Adj. Segment Income Margin[1]: 19.8%*

- Net price +1.6%, volume -7.2%, F/X -0.8%
- Europe +7%, Rest of World -21%
- Volume reduction due to lower end demand in certain international markets and leaner channel inventory levels
- Gross margin increased 170 bps YoY driven by operational efficiencies and favorable mix

1. Non-GAAP financial measure. See Appendix for a reconciliation to the most directly comparable GAAP measure.

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Balance Sheet and Cash Flow Highlights

BALANCE SHEET ($M)

	6/29/2024
Cash and cash equivalents	$215
Total debt principal	$985
Term debt (2028 maturity)[1]	$970
ABL revolver (2026 maturity)	$0
LTM adjusted EBITDA[2]	$251
Net leverage[3]	2.8x[4]

$600M fixed rate, remainder variable

Blended interest rate of 6.5%[6]

CASH FLOW ($M)

	YTD 2024	YTD 2023
Cash flow from operating activities	$210	$167
Less capex	($11)	($16)
Free cash flow[7]	$199	$151

>> Net leverage reduced from 4.0x to 2.8x[4] sequentially excluding the ChlorKing acquisition

>> Voluntary early debt repayment in Q2; repaid the full outstanding balance of ~$123M on the Incremental Term Loan B

>> No near-term debt maturities; $448M total liquidity[5]

>> Expected FY 2024 FCF ~$160M; conversion >100% of net income[8]

>> Solid cash flow generation in seasonally strong Q2

1. $600M of the term debt is swapped with interest rate swap maturities in 2025 ($250M), 2026 ($100M) and 2027 ($250M).
2. Non-GAAP financial measure. See Appendix for a reconciliation to the most directly comparable GAAP measure.
3. Net leverage is a non-GAAP measure and calculated as (A) total debt less cash & cash equivalents and short-term investments divided by (B) the sum of last twelve months adjusted EBITDA.
4. Net leverage excludes the cost and contribution of the ChlorKing acquisition; given the cash outlay and acquired adjusted EBITDA, net leverage was 3.1x as of June 29, 2024.
5. Total liquidity includes cash and equivalents of $215 million plus availability under our credit facilities of $233 million.
6. Excluding financing fees and inclusive of the impact of the interest rate hedge.
7. Free cash flow is calculated as net cash provided by operating activities less capital expenditures.
8. Free cash flow divided by net income.

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Capital Allocation Priorities

1

GROWTH INVESTMENTS

- Innovative new product development, IoT digital leadership
- Commercial programs, dealer conversions
- Operational excellence, productivity, growth capex



2

DE-LEVERING

- Debt repayment



3

STRATEGIC M&A

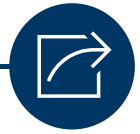
- Pipeline of tuck-in opportunities to complement our product offering, geographic footprint, commercial relationships



4

RETURN TO SHAREHOLDERS

- $400M remaining on existing $450M authorization



Funding strategic growth investments and shareholder returns while maintaining prudent financial leverage

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FY 2024 Financial Outlook

Net sales of $1.010B to $1.040B, up ~2% to 5%

Normalized seasonal trends

Adjusted EBITDA[1] of $255M to $270M

Free cash flow[1] of ~$160M, >100% of net income

Modeling assumptions:

- Net interest expense ~$63M
- Effective tax rate ~25% for the remainder of the year
- Capex ~$30M



OUTLOOK REFLECTS:

- Uncertain macro conditions
  - Resilient aftermarket maintenance
  - New construction, remodel, upgrade impacted by economic and interest rate environment
- Leaner channel inventory levels
- Net price realization of ~2%
- Margin expansion
- Solid cash flow generation

1. Reconciliation for the full-year fiscal 2024 Adjusted EBITDA and free cash flow guidance is not being provided, as Hayward does not currently have sufficient data to accurately estimate variables and individual adjustments for such reconciliation, Adjusted EBITDA and free cash flow estimated for full-year fiscal 2024 are calculated in a manner consistent with historical adjusted EBITDA and free cash flow, respectively, included in this presentation

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Key Messages

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COMPANY OVERVIEW

HAYWARD®

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Hayward at a Glance

~$1B
2023
Net Sales

$247M
2023
Adj. EBITDA[1]
(25% margin)

#1
products brand amongst U.S. pool professionals

~80%
of sales from aftermarket[2] historically

>550
current / pending patents globally

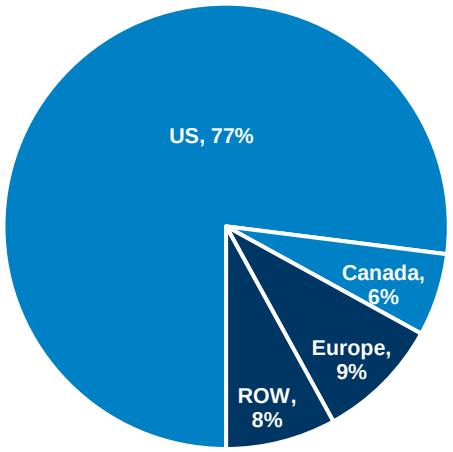
~90%
of products associated with sustainability themes

94%
attach rate for the Omni app[2]

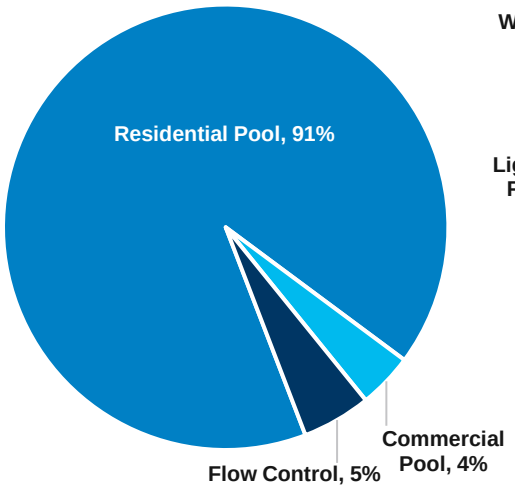
20+
year relationships on average with top 20 customers

- ✓ Global leader in pool and outdoor living technology with the industry's most recognized and trusted brand
- ✓ Strong, recurring aftermarket sales driven by one of the largest installed bases in the world
- ✓ Energy-efficient, environmentally sustainable products catering to increased focus on outdoor living
- ✓ Industry-leading smart home technology (Omni) for increased pool owner connectivity and automation

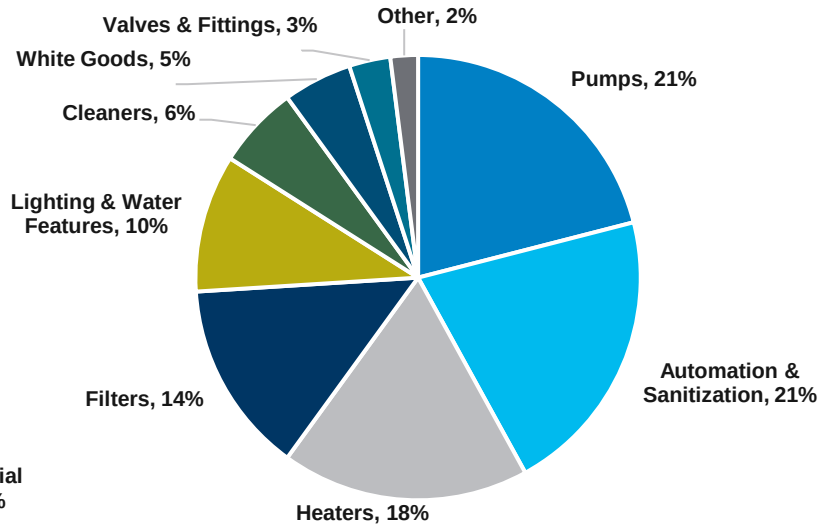
Net Sales by Segment[3]



Net Sales by End Market[3]



Net Sales by Product Category[3]



1. See Appendix for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures. 2. Aftermarket equipment sales are driven primarily by the ongoing repair, replacement, remodeling and upgrading of equipment for existing pools. Aftermarket sales based upon feedback from certain representative customers and management's interpretation of available industry and government data, and not upon our GAAP net sales results. 3. Source: company financial data for year ending December 31, 2023.

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Why Invest in Hayward?

Pure Play Leader In Attractive Industry

Attractive Industry

- Secular tailwinds (sunbelt migration, healthy outdoor living)
- Large installed base that grows every year
- Disciplined industry, demonstrated pricing power

Recurring Aftermarket Model

- Aftermarket[1] sales mix of ~80%
- Majority non-discretionary purchases to maintain existing pools
- Early in the technology adoption cycle of IoT-enabled smart products

Competitive Advantages

- Technology leadership. Innovative, best-in-class products in high-growth categories
- Operational excellence. Agile manufacturing and supply chain management
- Go-to-market. New customer acquisition / loyalty programs with significant traction

Strong Financial Profile

- Long-term organic sales CAGR of mid-to-high single digits
- High 40s gross margins, mid-to-high 20s adjusted EBITDA margins on an annual basis
- Robust FCF generation, capital allocation optionality

Commitment to Sustainability

- Energy-efficient, environmentally sustainable products
- Established strategy and reporting framework – Products, Planet, People, Principles
- Morningstar Sustainalytics 2023 “Regional Top Rated” award, MSCI “A” rating

1. Aftermarket equipment sales are driven primarily by the ongoing repair, replacement, remodeling and upgrading of equipment for existing pools. Aftermarket sales based upon feedback from certain representative customers and management’s interpretation of available industry and government data, and not upon our GAAP net sales results.

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Attractive Long-Term Growth Dynamics

Secular Tailwinds

- ✓ Healthy outdoor living
- ✓ Sunbelt migration
- ✓ “Smart home” IoT adoption
- ✓ Environmentally sustainable products

Industry Drivers

- ✓ Growing, aging installed base
- ✓ Predictable, non-discretionary aftermarket spending
- ✓ Demonstrated pricing power
- ✓ Conversion to connected product technologies

Competitive Advantages

- ✓ Strong brand and installed base
- ✓ Technology leadership
- ✓ Operational excellence
- ✓ Multi-channel strength

HAYWARD IS WELL POSITIONED TO DRIVE COMPELLING LONG-TERM GROWTH

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APPENDIX

Non-GAAP Reconciliations

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Adjusted EBITDA & Adjusted EBITDA Margin Three Months Ended Reconciliation

APPENDIX

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income	$ 37,581	$ 29,453	$ 47,421	$ 37,863
Depreciation	4,757	4,228	9,067	8,590
Amortization	8,503	9,289	17,046	18,543
Interest expense	16,799	19,130	35,391	38,491
Income taxes	9,365	13,767	12,430	14,602
Loss on debt extinguishment	4,926	—	4,926	—
EBITDA	81,931	75,867	126,281	118,089
Stock-based compensation [(a)]	230	375	420	732
Currency exchange items [(b)]	(180)	1,205	(126)	1,131
Acquisition and restructuring related expense, net [(c)]	839	1,309	1,343	2,872
Other [(d)]	(206)	722	(263)	1,583
Total Adjustments	683	3,611	1,374	6,318
Adjusted EBITDA	$ 82,614	$ 79,478	$ 127,655	$ 124,407
Adjusted EBITDA margin	29.0 %	28.0 %	25.7 %	25.2 %

(a) Represents non-cash stock-based compensation expense related to equity awards issued to management, employees, and directors. The adjustment includes only expense related to awards issued under the 2017 Equity Incentive Plan, which were awards granted prior to the effective date of Hayward's initial public offering (the "IPO").

(b) Represents unrealized non-cash (gains) losses on foreign denominated monetary assets and liabilities and foreign currency contracts.

(c) Adjustments in the three months ended June 29, 2024 are primarily driven by $0.6 million of transaction costs associated with the acquisition of ChlorKing HoldCo, LLC and related entities ("ChlorKing") and $0.3 million of separation and other costs associated with the centralization of operations in Europe. Adjustments in the three months ended July 1, 2023 are primarily driven by $0.5 million of separation costs associated with the enterprise cost-reduction program initiated in 2022, $0.5 million of integration costs from prior acquisitions and $0.3 million of costs associated with the relocation of the corporate headquarters.

Adjustments in the six months ended June 29, 2024 are primarily driven by $0.7 million of separation and other costs associated with the centralization of operations in Europe and $0.6 million of transaction costs associated with the acquisition of ChlorKing. Adjustments in the six months ended July 1, 2023 are primarily driven by $1.3 million of separation costs associated with the enterprise cost-reduction program initiated in 2022, $0.8 million of integration costs from prior acquisitions and $0.6 million of costs associated with the relocation of the corporate headquarters.

(d) Adjustments in the three months ended June 29, 2024 are primarily driven by $0.5 million of gains on the sale of assets, partially offset by $0.2 million of costs incurred related to litigation. Adjustments in the three months ended July 1, 2023 primarily include $0.3 million of costs incurred related to the selling stockholder offering of shares in May 2023, which are reported in SG&A in the unaudited condensed consolidated statement of operations, and other miscellaneous items the Company believes are not representative of its ongoing business operations.

Adjustments in the six months ended June 29, 2024 are primarily driven by $0.5 million of gains on the sale of assets, partially offset by $0.3 million of costs incurred related to litigation. Adjustments in the six months ended July 1, 2023 primarily includes $0.6 million of costs associated with follow-on equity offerings, $0.4 million of transitional expenses incurred to enable go-forward public company regulatory compliance and other miscellaneous items the Company believes are not representative of its ongoing business operations.

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Adjusted EBITDA & Adjusted EBITDA Margin Last Twelve Months Reconciliation

APPENDIX

(Dollars in thousands)	Last Twelve Months[e] June 29, 2024	Fiscal Year December 31, 2023
Net income	$ 90,245	$ 80,687
Depreciation	16,460	15,983
Amortization	35,582	37,079
Interest expense	70,484	73,584
Income taxes	18,228	20,400
Loss on debt extinguishment	4,926	—
EBITDA	235,925	227,733
Stock-based compensation [a]	958	1,270
Currency exchange items [b]	(471)	786
Acquisition and restructuring related expense, net [c]	11,684	13,213
Other [d]	2,425	4,271
Total Adjustments	14,596	19,540
Adjusted EBITDA	$ 250,521	$ 247,273
Adjusted EBITDA margin	25.2 %	24.9 %

(a) Represents non-cash stock-based compensation expense related to equity awards issued to management, employees, and directors. The adjustment includes only expense related to awards issued under the 2017 Equity Incentive Plan, which were awards granted prior to the effective date of the IPO.

(b) Represents unrealized non-cash (gains) losses on foreign denominated monetary assets and liabilities and foreign currency contracts.

(c) Adjustments in the last twelve months ended June 29, 2024 include $6.7 million of costs related to the discontinuation of a product line leading to an impairment of the associated fixed assets, inventory and intangible assets, $3.0 million related to programs to centralize and consolidate operations and professional services in Europe, $1.5 million of costs associated with the relocation of the corporate headquarters and $0.6 million of transaction costs associated with the acquisition of ChlorKing.

Adjustments in the year ended December 31, 2023 primarily include $6.7 million of costs related to the discontinuation of a product line leading to an impairment of the associated fixed assets, inventory and intangible assets, $2.4 million related to programs to centralize and consolidate operations and professional services in Europe, $1.9 million of costs associated with the relocation of the corporate headquarters, $1.2 million separation costs associated with the 2022 cost reduction program and $0.8 million of costs associated with integration costs from prior acquisitions.

(d) Adjustments in the last twelve months ended June 29, 2024 primarily include $1.3 million of costs related to inventory and fixed assets as part of the centralization of operations in Europe, $0.8 million of costs associated with follow-on equity offerings and $0.3 million of costs incurred related to litigation.

Adjustments in the year ended December 31, 2023 primarily include $1.8 million related to inventory and fixed asset write-offs in Europe and $1.5 million of costs incurred related to the selling stockholder offerings of shares in March, May and August 2023, which are reported in SG&A in our consolidated statements of operations.

(e) Items for the last twelve months ended June 29, 2024 are calculated by adding the items for the six months ended June 29, 2024 plus fiscal year ended December 31, 2023 and subtracting the items for the six months ended July 1, 2023.

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Adjusted Net Income & Adjusted EPS Reconciliation

APPENDIX

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income	$ 37,581	$ 29,453	$ 47,421	$ 37,863
Tax adjustments [(a)]	(1,624)	3,046	(1,771)	1,498
Other adjustments and amortization:				
Stock-based compensation [(b)]	230	375	420	732
Currency exchange items [(c)]	(180)	1,205	(126)	1,131
Acquisition and restructuring related expense, net [(d)]	839	1,309	1,343	2,872
Other [(e)]	(206)	722	(263)	1,583
Total other adjustments	683	3,611	1,374	6,318
Loss on debt extinguishment	4,926	—	4,926	—
Amortization	8,503	9,289	17,046	18,543
Tax effect [(f)]	(3,304)	(3,200)	(5,539)	(6,284)
Adjusted net income	$ 46,765	$ 42,199	$ 63,457	$ 57,938
Weighted average number of common shares outstanding, basic	214,915,338	212,861,564	214,637,930	212,692,393
Weighted average number of common shares outstanding, diluted	221,259,232	220,503,544	221,159,419	220,506,921
Basic EPS	$ 0.17	$ 0.14	$ 0.22	$ 0.18
Diluted EPS	$ 0.17	$ 0.13	$ 0.21	$ 0.17
Adjusted basic EPS	$ 0.22	$ 0.20	$ 0.30	$ 0.27
Adjusted diluted EPS	$ 0.21	$ 0.19	$ 0.29	$ 0.26

(a) Tax adjustments for the three and six months ended June 29, 2024 reflect a normalized tax rate of 23.4% and 23.7%, respectively, compared to the Company's effective tax rate of 19.9% and 20.8%, respectively. The Company's effective tax rate for the three months ended June 29, 2024 includes the tax benefits resulting from stock compensation and the six months ended June 29, 2024 additionally include a tax benefit resulting from a return-to-provision adjustment. Tax adjustments for the three and six months ended July 1, 2023 reflect a normalized tax rate of 24.8% and 25.0%, respectively, compared to the Company's effective tax rate of 31.9% and 27.8%, respectively. The Company's effective tax rate for the three and six months ended July 1, 2023 includes the impact of a discrete tax expense related to a change in the indefinite reinvestment assertion for one jurisdiction, partially offset by a tax benefit resulting from the exercise of stock options.

(b) Represents non-cash stock-based compensation expense related to equity awards issued to management, employees, and directors. The adjustment includes only expense related to awards issued under the 2017 Equity Incentive Plan, which were awards granted prior to the effective date of the IPO.

(c) Represents unrealized non-cash (gains) losses on foreign denominated monetary assets and liabilities and foreign currency contracts.

(d) Adjustments in the three months ended June 29, 2024 are primarily driven by $0.6 million of transaction costs associated with the acquisition of ChlorKing HoldCo, LLC and related entities ("ChlorKing") and $0.3 million of separation and other costs associated with the centralization of operations in Europe. Adjustments in the three months ended July 1, 2023 are primarily driven by $0.5 million of separation costs associated with the enterprise cost-reduction program initiated in 2022, $0.5 million of integration costs from prior acquisitions and $0.3 million of costs associated with the relocation of the corporate headquarters.

Adjustments in the six months ended June 29, 2024 are primarily driven by $0.7 million of separation and other costs associated with the centralization of operations in Europe and $0.6 million of transaction costs associated with the acquisition of ChlorKing. Adjustments in the six months ended July 1, 2023 are primarily driven by $1.3 million of separation costs associated with the enterprise cost-reduction program initiated in 2022, $0.8 million of integration costs from prior acquisitions and $0.6 million of costs associated with the relocation of the corporate headquarters.

(e) Adjustments in the three months ended June 29, 2024 are primarily driven by $0.5 million of gains on the sale of assets, partially offset by $0.2 million of costs incurred related to litigation. Adjustments in the three months ended July 1, 2023 primarily include $0.3 million of costs incurred related to the selling stockholder offering of shares in May 2023, which are reported in SG&A in the unaudited condensed consolidated statement of operations, and other miscellaneous items the Company believes are not representative of its ongoing business operations.

Adjustments in the six months ended June 29, 2024 are primarily driven by $0.5 million of gains on the sale of assets, partially offset by $0.3 million of costs incurred related to litigation. Adjustments in the six months ended July 1, 2023 primarily includes $0.6 million of costs associated with follow-on equity offerings, $0.4 million of transitional expenses incurred to enable go-forward public company regulatory compliance and other miscellaneous items the Company believes are not representative of its ongoing business operations.

(f) The tax effect represents the immediately preceding adjustments at the normalized tax rates as discussed in footnote (a) above.

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Adjusted Segment Income Reconciliation

APPENDIX

(Dollars in thousands)	Three Months Ended June 29, 2024			Three Months Ended July 1, 2023		
	Total	NAM	E&RW	Total	NAM	E&RW
Net sales	$ 284,393	$ 241,113	$ 43,280	$ 283,543	$ 237,352	$ 46,191
Gross profit	$ 145,087	$ 127,430	$ 17,657	$ 136,510	$ 118,442	$ 18,068
Gross profit margin %	51.0 %	52.9 %	40.8 %	48.1 %	49.9 %	39.1 %
Income from operations before income taxes	$ 46,946			$ 43,220		
Expenses not allocated to segments						
Corporate expense, net	7,811			8,425		
Acquisition and restructuring related expense	839			1,309		
Amortization of intangible assets	6,949			7,637		
Interest expense, net	16,799			19,130		
Loss on debt extinguishment	4,926			—		
Other (income) expense, net	(646)			625		
Segment income	$ 83,624	$ 75,335	$ 8,289	$ 80,346	$ 70,962	$ 9,384
Segment income margin %	29.4 %	31.2 %	19.2 %	28.3 %	29.9 %	20.3 %
Depreciation	$ 4,591	$ 4,328	$ 263	$ 4,068	$ 3,837	$ 231
Amortization	1,554	1,554	—	1,651	1,651	—
Stock-based compensation	57	57	—	192	180	12
Other [(a)]	—	—	—	290	290	—
Total adjustments	6,202	5,939	263	6,201	5,958	243
Adjusted segment income	$ 89,826	$ 81,274	$ 8,552	$ 86,547	$ 76,920	$ 9,627
Adjusted segment income margin %	31.6 %	33.7 %	19.8 %	30.5 %	32.4 %	20.8 %

(a) The three months ended July 1, 2023 includes miscellaneous items the Company believes are not representative of its ongoing business operations.

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