



May 1, 2025

Hayward Holdings Reports First Quarter Fiscal Year 2025 Financial Results and Confirms 2025 Guidance

FIRST QUARTER FISCAL 2025 SUMMARY

- Net Sales increased 8% year-over-year to \$228.8 million
- Net Income increased 46% year-over-year to \$14.3 million
- Adjusted EBITDA* increased 9% year-over-year to \$49.1 million
- Diluted EPS increased 50% year-over-year to \$0.06
- Adjusted diluted EPS* increased 25% year-over-year to \$0.10

CHARLOTTE, N.C. -- (BUSINESS WIRE) -- Hayward Holdings, Inc. (NYSE: HAYW) ("Hayward" or the "Company"), a global designer, manufacturer and marketer of a broad portfolio of pool and outdoor living technology, today announced financial results for the first quarter ended March 29, 2025 of its fiscal year 2025. Comparisons are to financial results for the prior-year first fiscal quarter.

CEO COMMENTS

"I am pleased to report solid first quarter results ahead of expectations," said Kevin Holleran, Hayward's President and Chief Executive Officer. "Net sales increased 8% year-over-year with growth across both the North America and Europe and Rest of World segments. Positive volume growth and price realization, coupled with robust profitability and working capital management, enabled us to maintain net leverage within our targeted range at 2.8x at the end of the first quarter while funding our growth strategies and launching innovative new products. During this period of increased tariffs and heightened global economic uncertainty, we are aggressively executing our plans to support profitability and position the Company for continued growth. With a resilient aftermarket model and strong balance sheet, we are confident in our ability to navigate this evolving environment."

FIRST QUARTER FISCAL 2025 CONSOLIDATED RESULTS

Net sales increased by 8% to \$228.8 million for the first quarter of fiscal 2025. The increase in net sales during the quarter was the result of volume growth, the favorable impact from acquisitions and positive net price, partially offset by the unfavorable impact of foreign currency translation. The growth in volume was driven by the U.S. and Europe and the favorable timing of orders.

Gross profit increased by 8% to \$113.4 million for the first quarter of fiscal 2025. Gross profit margin increased 30 basis points to 49.5%. The increase in gross profit margin was due to positive net price.

Selling, general, and administrative expense ("SG&A") increased by 9% to \$65.1 million for the first quarter of fiscal 2025. The increase in SG&A was primarily due to normalized incentive compensation expense and investments in our customer-care and selling teams. As a percentage of net sales, SG&A increased 30 basis points to 28.5%, compared to the prior-year period of 28.2%, driven by the factors discussed above. Research, development, and engineering expenses were \$6.0 million for the first quarter of fiscal 2025, or 3% of net sales, as compared to \$6.3 million for the prior-year period, or 3% of net sales.

Operating income increased by 9% to \$33.5 million for the first quarter of fiscal 2025, due to the aggregated effects of the items described above. Operating income as a percentage of net sales ("operating margin") was 14.6% for the first quarter of fiscal 2025, a 10 basis point increase from the 14.5% operating margin in the prior-year period.

Interest expense, net, decreased by 27% to \$13.7 million for the first quarter of fiscal 2025 driven by reduced debt as a result of the repayment of the Incremental Term Loan B principal balance in April 2024 and lower interest rates.

Income tax expense for the first quarter of fiscal 2025 was \$4.3 million, for an effective tax rate of 23.3%, compared to income tax expense of \$3.1 million, for an effective tax rate of 23.8%, for the prior-year period. The change in the effective tax rate was primarily due to a reduction in the foreign rate differential.

Net income increased by 46% to \$14.3 million for the first quarter of fiscal 2025. Net income margin expanded 170 basis points to 6.3%.

Adjusted EBITDA* increased by 9% to \$49.1 million for the first quarter of fiscal 2025 from \$45.0 million in the prior-year period. Adjusted EBITDA margin* expanded 30 basis points to 21.5%.

Diluted EPS increased by 50% to \$0.06 for the first quarter of fiscal 2025. Adjusted diluted EPS* increased by 25% to \$0.10 for the first quarter of fiscal 2025.

FIRST QUARTER FISCAL 2025 SEGMENT RESULTS

North America

Net sales increased by 8% to \$187.1 million for the first quarter of fiscal 2025. The increase was driven by the acquisition and successful integration of the ChlorKing business acquired in June 2024, positive net price and volume growth due to the timing of orders in the 2025 season.

Segment income increased by 9% to \$43.5 million for the first quarter of fiscal 2025. Adjusted segment income* increased by 12% to \$50.7 million.

Europe & Rest of World

Net sales increased by 7% to \$41.8 million for the first quarter of fiscal 2025. The increase was primarily due to volume growth and positive net price, partially offset by the unfavorable impact of foreign currency translation. The increase in volume is due to improved operational performance compared to the prior-year period.

Segment income increased by 8% to \$6.5 million for the first quarter of fiscal 2025. Adjusted segment income* increased by 10% to \$7.0 million.

BALANCE SHEET AND CASH FLOW

As of March 29, 2025, Hayward had cash and cash equivalents of \$181.3 million and approximately \$216.7 million available for future borrowings under its revolving credit facilities. Cash flow used in operations for the three months ended March 29, 2025 of \$5.9 million was a decrease of \$71.4 million from the prior-year period cash used of \$77.2 million. The decrease in cash used was primarily driven by the sale of \$100.0 million of accounts receivable under the Receivables Purchase Agreement, partially offset by higher accounts receivable related to the Early Buy program.

OUTLOOK

Hayward is confirming its full year 2025 guidance, reflecting the implications of the current tariff environment and aggressive execution of mitigation action plans. For fiscal year 2025, Hayward continues to expect net sales of approximately \$1.060 billion to \$1.100 billion and Adjusted EBITDA* of \$280 million to \$290 million.

Hayward is excited about the long-term dynamics of the pool industry. The installed base of pools increases every year, providing continued growth opportunities, and the Company benefits from favorable secular demand trends in outdoor living, sunbelt migration, and technology adoption. Hayward continues to leverage its competitive advantages and drive increasing adoption of its leading SmartPad™ pool equipment products both in new construction and the aftermarket, which has historically represented approximately 80% of net sales. Hayward is confident in its long-term outlook for profitable growth and robust cash flow generation, driven by its technology leadership, operational excellence, strong brand and installed base, and multi-channel capabilities.

Please see the Forward-Looking Statements section of this release for a discussion of certain risks relevant to Hayward's outlook.

CONFERENCE CALL INFORMATION

Hayward will hold a conference call to discuss the results today, May 1, 2025 at 9:00 a.m. (ET).

Interested investors and other parties can listen to a webcast of the live conference call by logging onto the Investor Relations section of the Company's website at <https://investor.hayward.com/events-and-presentations/default.aspx>. An earnings presentation will be posted to the Investor Relations section of the Company's website prior to the conference call.

The conference call can also be accessed by dialing (877) 423-9813 or (201) 689-8573.

For those unable to listen to the live conference call, a replay will be available approximately three hours after the call through the archived webcast on the Hayward website or by dialing (844) 512-2921 or (412) 317-6671. The access code for the replay is 13752897. The replay will be available until 11:59 p.m. Eastern Time on May 15, 2025.

ABOUT HAYWARD HOLDINGS, INC.

Hayward Holdings, Inc. (NYSE: HAYW) is a leading global designer and manufacturer of pool and outdoor living technology. With a mission to deliver exceptional products, outstanding service and innovative solutions to transform the experience of water, Hayward offers a full line of energy-efficient and sustainable residential and commercial pool equipment including pumps, heaters, sanitizers, filters, LED lighting, water features, and cleaners all digitally connected through Hayward's intuitive IoT-enabled SmartPad™.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 (the “Act”) and releases issued by the Securities and Exchange Commission (the “SEC”). Such forward-looking statements relating to Hayward are based on the beliefs of Hayward's management as well as assumptions made by, and information currently available to it. These forward-looking statements include, but are not limited to, statements about Hayward's strategies, plans, objectives, expectations, intentions, expenditures and assumptions and other statements contained in or incorporated by reference in this earnings release that are not historical facts. When used in this document, words such as “guidance,” “outlook,” “may,” “will,” “should,” “could,” “intend,” “potential,” “continue,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “target,” “predict,” “project,” “seek” and similar expressions as they relate to Hayward are intended to identify forward-looking statements. Hayward believes that it is important to communicate its future expectations to its stockholders, and it therefore makes forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that Hayward is not able to accurately predict or control, and actual results may differ materially from the expectations it describes in its forward-looking statements.

Examples of forward-looking statements include, among others, statements Hayward makes regarding: Hayward's 2025 guidance and outlook; business plans and objectives; general economic and industry trends; business prospects; future product development and acquisition strategies; future channel stocking levels; growth and expansion opportunities; operating results; and working capital and liquidity. The forward-looking statements in this earnings release are only predictions. 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. Hayward has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. Moreover, neither Hayward nor any other person assumes responsibility for the accuracy and completeness of forward-looking statements taken from third-party industry and market reports.

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 conditions; competition from national and global companies, as well as lower-cost manufacturers; the imposition, or threat of imposition, of tariffs and other trade restrictions could adversely affect Hayward's business, including as a result of an adverse impact on general economic conditions; 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; misuse of its technology-enabled products could lead to reduced sales, liability claims or harm to its reputation; the impact of product manufacturing disruptions, including as a result of catastrophic and other events beyond Hayward's control; 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, including as a result of new or increased tariffs; 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, or address the impacts of climate change; the outcome of litigation and governmental proceedings; uncertainties related to distribution channel inventory practices and its impact on Hayward's net sales volumes; Hayward's ability to realize cost savings from restructuring activities and other factors set forth in “Risk Factors” in Hayward's most recent Annual Report on Form 10-K.

Many of these factors are macroeconomic in nature and are, therefore, beyond Hayward's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, Hayward's actual results, performance or achievements may vary materially from those described in this earnings release as anticipated, believed, estimated, expected,

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

***NON-GAAP FINANCIAL MEASURES**

This earnings release includes certain financial measures not presented in accordance with the generally accepted accounting principles in the United States ("GAAP") including adjusted net income, adjusted basic EPS, adjusted diluted EPS, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted segment income and adjusted segment income margin. These financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Hayward believes these non-GAAP measures provide analysts, investors and other interested parties with additional insight into the underlying trends of its business and assist these parties in analyzing the Company's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance, which allows for a better comparison against historical results and expectations for future performance. Management uses these non-GAAP measures to understand and compare operating results across reporting periods for various purposes including internal budgeting and forecasting, short and long-term operating planning, employee incentive compensation, and debt compliance. These measures should not be considered in isolation or as an alternative to net income, segment income or other measures of profitability, performance or financial condition under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies, which may be defined and calculated differently. See the appendix for a reconciliation of historical non-GAAP measures to the most directly comparable GAAP measures.

Reconciliation of full fiscal year 2025 adjusted EBITDA outlook to the comparable GAAP measure is not being provided, as Hayward does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliation. Adjusted EBITDA outlook for full year 2025 is calculated in a manner consistent with the historical presentation of this measure, as shown in the appendix.

Hayward Holdings, Inc.
Unaudited Condensed Consolidated Balance Sheets
(In thousands)

	March 29, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 181,333	\$ 196,589
Accounts receivable, net of allowances of \$2,761 and \$2,701, respectively	293,809	278,582
Inventories, net	233,165	216,472
Prepaid expenses	14,140	20,203
Income tax receivable	1,279	6,426
Other current assets	49,773	48,697
Total current assets	773,499	766,969
Property, plant, and equipment, net of accumulated depreciation of \$118,434 and \$112,099, respectively	158,806	160,377
Goodwill	945,655	943,645
Trademark	736,000	736,000
Customer relationships, net	193,260	198,333
Other intangibles, net	93,597	96,095
Other non-current assets	83,780	89,205
Total assets	\$ 2,984,597	\$ 2,990,624
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 13,637	\$ 13,991
Accounts payable	95,381	81,476
Accrued expenses and other liabilities	185,355	217,242
Income taxes payable	—	273
Total current liabilities	294,373	312,982
Long-term debt, net	950,376	950,562
Deferred tax liabilities, net	236,945	239,111
Other non-current liabilities	63,524	64,322
Total liabilities	1,545,218	1,566,977
Stockholders' equity		
Preferred stock, \$0.001 par value, 100,000,000 authorized, no shares issued or outstanding as of March 29, 2025 and December 31, 2024	—	—
Common stock \$0.001 par value, 750,000,000 authorized; 244,870,506 issued and 216,204,137 outstanding at March 29, 2025; 244,444,889 issued and 215,778,520 outstanding at December 31, 2024	245	245
Additional paid-in capital	1,096,819	1,093,468
Common stock in treasury; 28,666,369 and 28,666,369 at March 29, 2025 and December 31, 2024, respectively	(359,126)	(358,133)
Retained earnings	713,897	699,564
Accumulated other comprehensive income	(12,456)	(11,497)
Total stockholders' equity	1,439,379	1,423,647
Total liabilities, redeemable stock, and stockholders' equity	\$ 2,984,597	\$ 2,990,624

Hayward Holdings, Inc.**Unaudited Condensed Consolidated Statements of Operations**

(Dollars in thousands, except per share data)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net sales	\$ 228,841	\$ 212,569
Cost of sales	115,466	107,990
Gross profit	113,375	104,579
Selling, general and administrative expense	65,117	60,014
Research, development and engineering expense	5,986	6,302
Acquisition and restructuring related expense	1,926	504
Amortization of intangible assets	6,835	6,900
Operating income	33,511	30,859
Interest expense, net	13,651	18,592
Other expense (income), net	1,179	(638)
Total other expense	14,830	17,954
Income from operations before income taxes	18,681	12,905
Provision for income taxes	4,348	3,065
Net income	\$ 14,333	\$ 9,840
<i>Earnings per share</i>		
Basic	\$ 0.07	\$ 0.05
Diluted	\$ 0.06	\$ 0.04
<i>Weighted average common shares outstanding</i>		
Basic	215,962,018	214,357,439
Diluted	221,851,399	221,076,443

Hayward Holdings, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

Three Months Ended

	Three Months Ended	
	March 29, 2025	March 30, 2024
Cash flows from operating activities		
Net income	\$ 14,333	\$ 9,840
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation	6,263	4,310
Amortization of intangible assets	8,535	8,543
Amortization of deferred debt issuance fees	837	1,180
Stock-based compensation	2,935	1,983
Deferred income taxes	(709)	(1,083)
Allowance for bad debts	(5)	150
(Gain) loss on sale of property, plant and equipment	11	(40)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(13,931)	(81,753)
Inventories	(14,977)	(7,087)
Other current and non-current assets	7,918	9,743
Accounts payable	13,519	7,364
Accrued expenses and other liabilities	(30,579)	(30,354)
Net cash used in operating activities	(5,850)	(77,204)
Cash flows from investing activities		
Purchases of property, plant, and equipment	(5,517)	(5,422)
Software development costs	(595)	(510)
Proceeds from sale of property, plant, and equipment	1	47
Proceeds from short-term investments	—	25,000
Net cash (used in) provided by investing activities	(6,111)	19,115
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	2,194
Payments of long-term debt	(590)	(3,230)
Payments of short-term notes payable	(1,788)	(1,719)
Purchase of common stock	(993)	(355)
Other, net	(364)	28
Net cash used in financing activities	(3,735)	(3,082)
Effect of exchange rate changes on cash and cash equivalents	440	(1,053)
Change in cash and cash equivalents	(15,256)	(62,224)
Cash and cash equivalents, beginning of period	196,589	178,097
Cash and cash equivalents, end of period	\$ 181,333	\$ 115,873
<i>Supplemental disclosures of cash flow information:</i>		
Cash paid-interest	\$ 9,826	\$ 19,002
Cash paid-income taxes	151	109
<i>Non-cash investing and financing activities:</i>		
Accrued and unpaid purchases of property, plant, and equipment	\$ 2,232	\$ 1,102
Equipment financed under finance leases	103	132

Reconciliations

Consolidated Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliations (Non-GAAP)

Following is a reconciliation from net income to adjusted EBITDA:

(Dollars in thousands)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net income	\$ 14,333	\$ 9,840
Depreciation	6,263	4,310
Amortization	8,535	8,543
Interest expense, net	13,651	18,592
Income taxes	4,348	3,065
EBITDA	47,130	44,350
Stock-based compensation ^(a)	46	190
Currency exchange items ^(b)	(6)	54
Acquisition and restructuring related expense, net ^(c)	1,926	504
Other ^(d)	6	(57)
Total Adjustments	1,972	691
Adjusted EBITDA	\$ 49,102	\$ 45,041
Net income margin	6.3 %	4.6 %
Adjusted EBITDA margin	21.5 %	21.2 %

(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 March 29, 2025 are primarily driven by \$1.7 million of transaction and integration costs associated with the acquisition of the ChlorKing business and \$0.2 million of separation costs for the consolidation of operations in North America.

Adjustments in the three months ended March 30, 2024 are primarily driven by \$0.4 million of separation and other costs associated with the centralization of operations in Europe.

(d) Adjustments in the three months ended March 29, 2025 are primarily driven by losses on the sale of assets.

Adjustments in the three months ended March 30, 2024 are primarily driven by gains on the sale of assets, partially offset by costs incurred related to litigation.

Following is a reconciliation from net income to adjusted EBITDA for the last twelve months:

(Dollars in thousands)	Last Twelve Months ^(e)	Fiscal Year
	March 29, 2025	December 31, 2024
Net income	\$ 123,148	\$ 118,655
Depreciation	22,031	20,078
Amortization	35,775	35,783
Interest expense, net	57,222	62,163
Income taxes	26,810	25,527
Loss on debt extinguishment	4,926	4,926
EBITDA	269,912	267,132
Stock-based compensation ^(a)	464	608
Currency exchange items ^(b)	(896)	(836)
Acquisition and restructuring related expense, net ^(c)	7,886	6,464
Other ^(d)	4,142	4,079
Total Adjustments	11,596	10,315
Adjusted EBITDA	\$ 281,508	\$ 277,447
Net income margin	11.5 %	11.3 %
Adjusted EBITDA margin	26.4 %	26.4 %

(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 March 29, 2025 primarily include \$4.7 million of compensation expenses for the retention of key employees acquired in the ChlorKing acquisition. Pursuant to the ChlorKing acquisition agreement, this \$4.7 million was part of a total \$6.3 million employee retention payment that was deposited into an escrow account on the date of acquisition. The full amount held in escrow will be released to the specified key employees if such employees are employed by Hayward on the one-year anniversary of the acquisition. These payments are contingent on continued employment and are not dependent on the achievement of any metric or performance measure. The retention costs will be recognized over the twelve-month period from the date of acquisition. Further, other adjustments include \$1.3 million of transaction and integration costs associated with the acquisition of the ChlorKing business, \$0.9 million of termination benefits related to a reduction-in-force within E&RW, \$0.4 million of costs to finalize restructuring actions initiated in prior years, \$0.3 million of separation and other costs associated with the centralization and consolidation of operations in Europe and \$0.2 million of separation costs associated with the consolidation of operations in North America.

Adjustments in the year ended December 31, 2024 are primarily driven by \$3.2 million of compensation expenses for the retention of key employees acquired in the ChlorKing acquisition. Pursuant to the ChlorKing acquisition agreement, this \$3.2 million was part of a total \$6.3 million employee retention payment that was deposited into an escrow account on the date of acquisition. The full amount held in escrow will be released to the specified key employees if such employees are employed by Hayward on the one-year anniversary of the acquisition. These payments are contingent on continued employment and are not dependent on the achievement of any metric or performance measure. The retention costs will be recognized over the twelve-month period from the date of acquisition. Further, other adjustments for the year ended December 31, 2024 include \$1.1 million of transaction and integration costs associated with the acquisition of the ChlorKing business, \$0.9 million of termination benefits related to a reduction-in-force within E&RW, \$0.8 million of separation and other costs associated with the centralization and consolidation of operations in Europe and \$0.4 million of costs to finalize restructuring actions initiated in prior years.

(d) Adjustments in the last twelve months ended March 29, 2025 are primarily driven by a \$3.3 million increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the acquisition of the ChlorKing business, \$0.7 million of costs sustained from flood damage associated with a hurricane at a contract manufacturing facility and \$0.5 million of costs incurred related to litigation, partially offset by \$0.4 million of gains on the sale of assets.

Adjustments in the year ended December 31, 2024 are primarily driven by a \$3.3 million increase in cost of goods sold resulting from the fair value inventory step-up adjustment recognized as part of the purchase accounting for the acquisition of the ChlorKing business, \$0.7 million of costs sustained from flood damage associated with a hurricane at a contract manufacturing facility and \$0.5 million of costs incurred related to litigation, partially offset by \$0.5 million of gains on the sale of assets.

(e) Items for the last twelve months ended March 29, 2025 are calculated by adding the items for the three months ended March 29, 2025 plus fiscal year ended December 31, 2024 and subtracting the items for the three months ended March 30, 2024.

Adjusted Net Income and Adjusted EPS Reconciliation (Non-GAAP)

Following is a reconciliation of net income to adjusted net income and earnings per share to adjusted earnings per share:

(Dollars in thousands, except per share data)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Net income	\$ 14,333	\$ 9,840
Tax adjustments ^(a)	(182)	(147)
Other adjustments and amortization:		
Stock-based compensation ^(b)	46	190
Currency exchange items ^(c)	(6)	54
Acquisition and restructuring related expense, net ^(d)	1,926	504
Other ^(e)	6	(57)
Total other adjustments	1,972	691
Amortization	8,535	8,543
Tax effect ^(f)	(2,548)	(2,298)
Adjusted net income	\$ 22,110	\$ 16,629
Weighted average number of common shares outstanding, basic	215,962,018	214,357,439
Weighted average number of common shares outstanding, diluted	221,851,399	221,076,443
Basic EPS	\$ 0.07	\$ 0.05
Diluted EPS	\$ 0.06	\$ 0.04
Adjusted basic EPS	\$ 0.10	\$ 0.08
Adjusted diluted EPS	\$ 0.10	\$ 0.08

(a) Tax adjustments for the three months ended March 29, 2025 reflect a normalized tax rate of 24.3% compared to the Company's effective tax rate of 23.3%. The Company's effective tax rate for the three months ended March 29, 2025 primarily includes the tax benefits resulting from stock compensation. Tax adjustments for the three months ended March 30, 2024 reflect a normalized tax rate of 24.9% compared to the Company's effective tax rate of 23.8%. The Company's effective tax rate for the three months ended March 30, 2024 includes the tax benefits resulting from stock compensation.

(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 March 29, 2025 are primarily driven by \$1.7 million of transaction and integration costs associated with the acquisition of the ChlorKing business and \$0.2 million of separation costs for the consolidation of operations in North America.

Adjustments in the three months ended March 30, 2024 are primarily driven by \$0.4 million of separation and other costs associated with the centralization of operations in Europe.

(e) Adjustments in the three months ended March 29, 2025 are primarily driven by losses on the sale of assets.

Adjustments in the three months ended March 30, 2024 are primarily driven by gains on the sale of assets, partially offset by costs incurred related to litigation.

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

Segment Reconciliations

Following is a reconciliation from segment income to adjusted segment income for the North America (“NAM”) and Europe & Rest of World (“E&RW”) segments:

(Dollars in thousands)

	Three Months Ended		Three Months Ended	
	March 29, 2025		March 30, 2024	
	NAM	E&RW	NAM	E&RW
Segment income	\$ 43,454	\$ 6,538	\$ 39,742	\$ 6,036
Depreciation	5,500	414	\$ 3,887	\$ 257
Amortization	1,700	—	1,643	—
Stock-based compensation	—	—	12	10
Other ^(a)	3	—	19	—
Total adjustments	7,203	414	5,561	267
Adjusted segment income	\$ 50,657	\$ 6,952	\$ 45,303	\$ 6,303
Segment income margin %	23.2 %	15.7 %	22.9 %	15.4 %
Adjusted segment income margin %	27.1 %	16.6 %	26.1 %	16.1 %

(a) The three months ended March 29, 2025 and March 30, 2024 represents losses on the sale of assets, which the Company believes are not representative of its ongoing business operations.

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Source: Hayward Holdings, Inc.