

Business Description

- Headquartered in Phoenix, Leslie's, Inc. ("Leslie's") and its nine subsidiaries (together, the "Debtors" or the "Company")⁽¹⁾ sell pool and spa chemicals, equipment and parts, and provide pool and spa services.
 - The Debtors serve residential pool and spa owners and professional pool operators, ranging from hotel and apartment owners to municipal, county and state governments
- The Company operates through a multi-channel network:
 - More than 900 retail locations across 38 states⁽²⁾
 - E-commerce channels, including LesliesPool.com, a mobile app and marketplaces such as Amazon
 - An in-field network of more than 200 service technicians
 - Two manufacturing facilities that make proprietary chemicals, and five distribution centers
- Leslie's is a holding company with no employees or independent operations.
 - Its wholly owned subsidiary Leslie's Poolmart, Inc. ("Leslie's Poolmart") is the main operating company and owns substantially all of the Debtors' operating assets
- For the twelve months ended July 4, 2026, the Company generated \$1.180 billion in sales and approximately \$33.8 million in adjusted EBITDA.

⁽¹⁾ Leslie's, Inc. and certain affiliates filed for Chapter 11 protection on September 30, 2026 (the "Petition Date") in the U.S. Bankruptcy Court for the Southern District of Texas, reporting \$722.2 million in assets and \$1.2 billion in liabilities. For a complete list of Debtor entities, see organizational structure chart below.

⁽²⁾ 76 store closures were announced immediately before the Petition Date.

Founding and Early Ownership

- Phil Leslie, Jr. founded Leslie's Poolmart in North Hollywood, California in 1963.
 - With his partner Raymond Cesmat, he built it into a chain of pool supply stores across the Greater Los Angeles area, growing through new openings and acquisitions of local and regional retailers
- The business then passed through a series of financial sponsors:
 - 1988: A Hancock Park Associates-led group bought it in a leveraged buyout, and took it public in 1991
 - 1997: Hancock Park and Leonard Green took it private again
 - 2005: Leonard Green affiliates recapitalized it
 - 2007: Reorganized under a new holding company, Leslie's Holdings, Inc. (now Leslie's, Inc.)
 - 2010: Funds advised by CVC Capital Partners invested
- By 2015, the Company operated about 910 stores nationwide; the following year, it moved into online sales by acquiring Cortz, Inc., operator of the In The Swim e-commerce brand, from Audax Private Equity.

L Catterton Ownership

- In January 2017, a group led by L Catterton agreed to acquire Leslie's Holdings, with an affiliate of GIC, Singapore's sovereign wealth fund.
 - L Catterton became the majority shareholder and oversaw two leadership changes
 - October 2017: Steven Ortega, the Company's longtime CFO and President, succeeded Larry Hayward as CEO
 - February 2020: Former Eddie Bauer CEO Michael Egeck took over, and Ortega became Executive Chairman
- The new owners also expanded Leslie's into hot tubs:
 - Acquired Pittsburgh-area Valley Pool & Spa in 2018 and Seattle-area Aqua Quip in January 2019
 - In fiscal 2020, added a six-store hot tub retailer in Portland, Oregon, and kept running these chains under their local banners
 - By late 2020, Leslie's also owned Horizon Spa & Pool Parts, a Tucson-based parts distributor that is now one of the Debtors

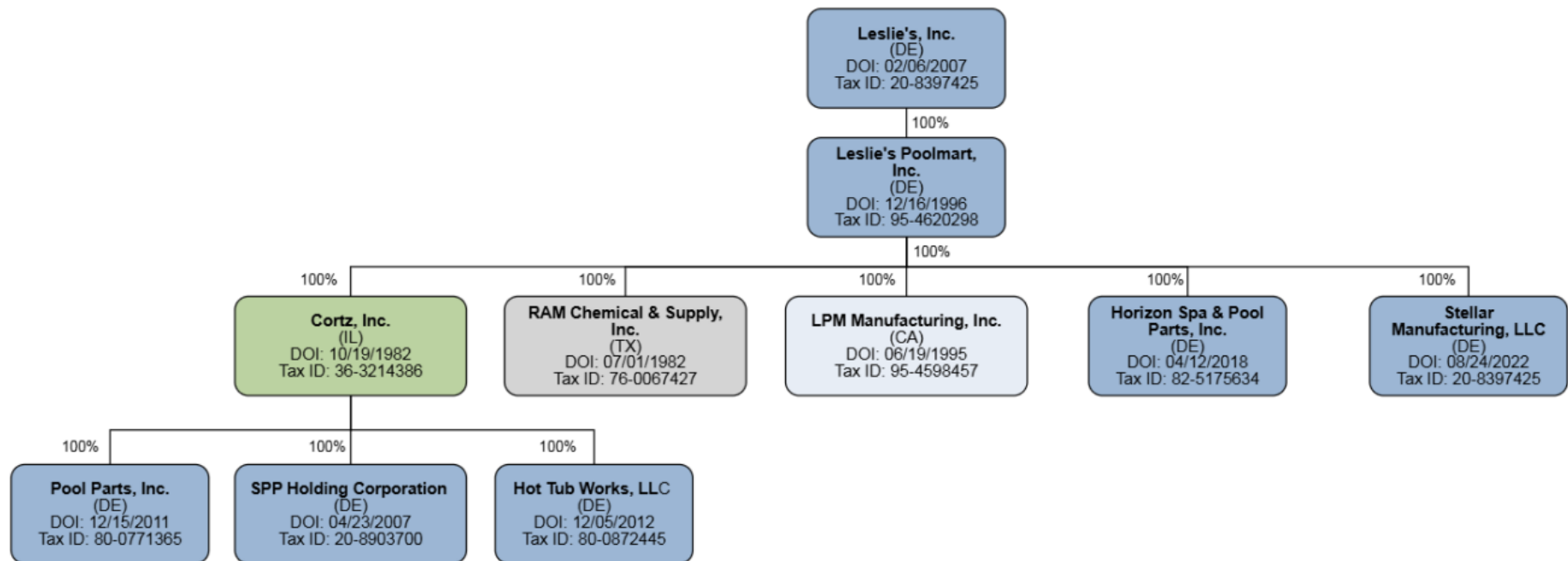
Return to the Public Markets and Sponsor Exit

- In October 2020, Leslie's, Inc. completed its initial public offering on the Nasdaq Global Select Market under the ticker symbol "LESL"; a parent entity controlled by L Catterton and GIC also sold shares in the offering.
- As a public company, Leslie's continued to expand through acquisitions:
 - Fiscal 2021: Spent \$8.9 million on three hot tub retailers in Denver, southern Oregon and the Washington, D.C. area
 - Fiscal 2022: Spent \$107.7 million on six businesses, adding 27 locations and reaching 990 by fiscal year-end
 - Included regional chains such as Philadelphia-area Spring Dance Hot Tubs and the Texsun Pools and One Stop Pools chains, as well as Stellar Manufacturing, a chemical processor outside St. Louis bought in September 2022
- The sponsors sold down over the same period:
 - In a December 2021 secondary offering, Leslie's also bought 7.5 million shares directly from L Catterton and GIC
 - L Catterton's stake fell to 4.8% by December 2022
 - Marc Magliacano, the last L Catterton representative on the board, resigned at the March 16, 2023 annual meeting

Corporate Organizational Structure

- Leslie's owns 100% of Leslie's Poolmart, which runs the stores and distribution centers, Leslie'sPool.com, the mobile app and the In The Swim website.
 - Its operating assets include leases, inventory and trademarks; it holds all employment agreements and is the borrower under both prepetition credit facilities
- The remaining Debtors sit below Leslie's Poolmart:
 - **Cortz entities:** Cortz, Inc. formerly operated In The Swim, the Debtors' e-commerce brand for pool chemicals, equipment and accessories; it still holds the In The Swim trademarks, website domain and Amazon and Walmart agreements, along with select specialty chemical and pool supply trademarks
 - Also owns Hot Tub Works, LLC, Pool Parts, Inc. and SPP Holding Corporation, three defunct entities with no material assets or intellectual property
 - RAM Chemical & Supply, Inc.: A Texas corporation that is the tenant on certain of the Debtors' leases
 - **LPM Manufacturing, Inc.:** Manages the proprietary branded chemicals produced by Stellar and at Leslie's Poolmart's other manufacturing facility
 - **Horizon Spa & Pool Parts, Inc.:** The Debtors' wholesale specialty pool and spa parts distributor, which also offers a technical support team
 - **Stellar Manufacturing, LLC:** Acquired in September 2022, runs the Debtors' chemical tolling and contract manufacturing business, specializing in chlorine tablet production and compact granulation; its products have also been sold for janitorial sanitization, industrial chemical and municipal water treatment uses

Corporate Organizational Structure (cont'd)



Business Lines

- The Company reports a single segment; Chief Financial Officer Jeff White's first-day declaration (the "First Day Declaration") describes four business lines: chemicals; equipment, parts and accessories; the Hot Tubs division; and services.
- The Company offers more than 25,000 products, down from more than 30,000 at the 2020 IPO.
 - Exclusive and proprietary brands make up more than 55% of sales and 82% of chemical sales
- **Chemicals** (approximately 50% of sales):
 - Includes chlorine sanitizers and shocks, pH adjusters, specialty chemicals and filter cleaners, made and packaged at both company-operated facilities and third-party contract packagers
 - The distribution centers support the process from manufacturing through to sale
- **Equipment, Parts and Accessories** (approximately 40% of sales):
 - Sold mostly through the retail stores, supplemented by the Company's website and third-party marketplaces
 - Assortment covers pumps, filters, heaters and heat pumps, salt chlorination systems, LED lighting, automation and control systems, and suction, pressure and robotic pool cleaners
 - Through Debtor Horizon, Leslie's also sells filter elements, pump components, heater parts and hard-to-find replacement items wholesale to pool service companies and retailers nationwide
- **Hot Tubs Division:**
 - Operates about 50 stores across 10 states through eight portfolio companies: Aqua Quip, Oregon Hot Tub, International Hot Tubs, Spring Dance Hot Tubs, Capital Hot Tubs, Valley Pool & Spa, Pool City, and Splash Pools and Spas
 - Revenue comes mainly from hot tubs, swim spas, saunas, modular pools and cold plunges, supplemented by delivery, installation, repair, maintenance and water treatment services, along with chemicals, filters, parts, covers and accessories

Operating Segments (cont'd)

Customers

- **Services:**
 - In-field technicians install, maintain and repair equipment for homeowners and professional pool operators
 - The PRO Partner program is building an affiliated network of pool professionals under the Leslie's brand
- Leslie's serves three customer segments: residential pool owners, residential spa owners and pool professionals.
 - **Residential pool customers:** Do-it-yourself (DIY) owners, who maintain their pools themselves, and do-it-for-me (DIFM) owners, who rely on professionals for that work
 - Many visit stores regularly for complimentary in-store water testing through the proprietary AccuBlue system, which screens for 10 water quality criteria and generates a customized treatment plan, as well as for expert advice and product purchases; they also shop through the Company's websites and mobile app
 - **Residential spa customers:** Owners of spas and hot tubs, to whom the Company sells aftermarket chemicals and equipment
 - **Pool professionals:** Pool service professionals specialize in maintenance and equipment repair for DIFM homeowners, businesses and government entities, while professional pool operators manage pools at hotels, motels, apartment complexes and water parks
 - Relationships range from major hotel and apartment owners and municipal, county and state governments to sole proprietors

Workforce

- Leslie's Poolmart employs the Debtors' workforce of about 3,500 people.
 - About 2,400 are full-time and 1,100 part-time or seasonal; about 2,500 are paid hourly and 1,000 salaried
 - Most work in the store network (about 3,000), with roughly 300 in the corporate office, 200 in the distribution centers and 200 as in-field service technicians
- The Debtors also use about 18 temporary workers sourced through staffing agencies and two independent contractors.
- None of the employees were covered by collective bargaining agreements as of October 4, 2025, according to the Company's 2026 proxy.

Manufacturing Facilities and Real Estate

- The Debtors operate two manufacturing facilities that produce their proprietary chemical products, one run by Stellar Manufacturing, LLC ("Stellar") and the other by Leslie's Poolmart.
 - LPM Manufacturing, Inc. manages the proprietary branded chemicals produced at both
- As of July 4, 2026, the Company owned 27 of its 943 locations and leased the rest.
 - Leases typically have initial five-year terms with options to renew for successive five-year periods; the Company is generally responsible for taxes, insurance and maintenance on leased property
 - The Phoenix headquarters lease runs through February 28, 2027, with two five-year renewal options

Prepetition Obligations

Debtors' Prepetition Obligations

USD in Millions

As of September 30, 2026

Debt Instrument	Agent / Lender	Rate	Maturity	Borrowers	Guarantors / Obligors	Security	Amount Outstanding
<i>Secured Debt:</i>							
ABL Facility ⁽¹⁾⁽²⁾ (<i>\$250 million</i>)	Bank of America, N.A. (Agent), U.S. Bank National Association (Co-Collateral Agent)	SOFR + 1.5% - 2.0% or Base Rate + 0.5% - 1.0% ⁽³⁾	04/03/2029 ⁽⁴⁾	Leslie's Poolmart (Parent Borrower), Cortz, LPM (Subsidiary Borrowers)	Horizon, Hot Tub Works, Pool Parts, RAM Chemical, SPP, Stellar ⁽⁵⁾	First lien on ABL Priority Collateral; second lien on Term Loan Priority Collateral ⁽⁶⁾	\$ 30.0 ⁽⁷⁾
Term Loan Facility ⁽⁸⁾ (<i>\$810 million</i>)	Alter Domus (US) LLC (Agent)	SOFR + 2.75% or ABR + 1.75% ⁽⁹⁾	03/09/2028	Leslie's Poolmart	Horizon, RAM Chemical, Stellar, Pool Parts, Hot Tub Works, SPP, LPM, Cortz ⁽⁵⁾	First lien on Term Loan Priority Collateral; second lien on ABL Priority Collateral ⁽⁶⁾	757.0
Total Secured Debt							\$ 787.0
Total Debt							\$ 787.0

1) Per Amendment No. 7 dated April 3, 2024, commitments are split among Bank of America (\$120 million), U.S. Bank, N.A. (\$80 million), and JPMorgan Chase (\$50 million).

2) The facility also has approximately \$11.1 million of issued and undrawn letters of credit outstanding as of the Petition Date.

3) Per Amendment No. 7 (see footnote 1); the fiscal 2025 10-K's debt table still shows the superseded pre-amendment grid.

4) Subject to a December 9, 2027 springing maturity if the Term Loan is not extended or repaid in full by that date.

5) Three guarantors - Pool Parts, SPP, and Hot Tub Works are defunct entities with no material assets or intellectual property.

6) The ABL has first priority on inventory, accounts receivable, deposit accounts, cash, credit card receivables, and related proceeds (ABL Priority Collateral), and the Term Loan has first priority on all remaining assets (Term Loan Priority Collateral). Each facility is secured by substantially all of the Debtors' assets, excluding certain subsidiary equity interests and vehicles; ABL collateral also excludes intellectual property, and Term Loan collateral also excludes certain real estate.

7) The First Day Declaration reports approximately \$30 million of ABL loans outstanding as of the Petition Date, while the Debtors' initial 13-week budget opens the revolver balance at \$50.0 million.

8) The Term Loan Facility does not require compliance with any financial covenants, according to the 10-K for fiscal year ended October 4, 2025.

9) 0.50% SOFR floor; SOFR/ABR margins step down to 2.50%/1.50% at first lien leverage ≤ 2.75x. Effective rate of 7.03% as of October 4, 2025.

Top Unsecured Claims

30 Largest Unsecured Creditors

USD in Thousands

30 Largest Unsecured Creditors

USD in Thousands

30 Largest Unsecured Creditors

USD in Thousands

Creditor		Nature of Claims	Amount of Claim		Creditor		Nature of Claims	Amount of Claim
1	Innovative Water Care Global Corp	Trade	\$ 9,315.8	16	Hayward Pool Products, Inc.	Trade		431.5
2	Hasa-Pittsburg	Trade	7,739.4	17	Champion Packaging, Inc.	Trade		389.7
3	Bio Lab, Inc.	Trade	5,799.7	18	Westlake Chemicals & Vinyls LLC	Trade		386.8
4	Maytronics US Inc	Trade	2,706.3	19	Lanxess Corporation	Trade		363.0
5	Occidental Chemical Corp.	Trade	1,789.9	20	Nu Technology Inc.	Expense		334.6
6	Allchem Performance Products	Trade	1,621.7	21	Westbay LLC	Trade		302.8
7	Lamotte Company	Trade	1,142.7	22	On Time Distribution LLC	Trade		241.9
8	Brenntag Mid-South, Inc.	Trade	972.1	23	Comfort Research LLC	Trade		240.3
9	Midwest Canvas Corp	Trade	952.6	24	Bettabot Inc.	Trade		226.1
10	Google LLC	Expense	730.9	25	J.B. Hunt Transport, Inc.	Freight		222.8
11	Heritage Pool Supply Group Inc	Trade	707.5	26	New Uniti Holdco LP	Expense		220.4
12	Echo Global Logistics	Freight	706.4	27	Watkins Manufacturing Corporation	Trade		209.3
13	Raypak	Trade	596.8	28	Diamond Chemical Company	Trade		204.6
14	Water Tech Corp	Trade	479.2	29	GLI Pool Products	Trade		189.5
15	Sundance Spas, Inc.	Trade	445.1	30	M&M Industries Inc	Trade		184.6
30 Largest Unsecured Claims \$ 39,854.0								

Events Leading to Bankruptcy

Industry Contraction

- The First Day Declaration attributes the Debtors' distress to a "pronounced contraction" of the U.S. pool and spa care industry from 2023, citing normalizing pandemic demand, cost inflation, higher interest rates, unfavorable weather and big-box and online retailers "particularly aggressive on pricing."

Post-COVID Demand Correction

- Pandemic-era demand was temporarily elevated, as consumers invested in home improvement, outdoor living and new pools.
 - An August 2020 fire at a chlorine production facility prompted customers to buy chemicals ahead of need
- Demand corrected sharply beginning in 2023.
 - Leslie's FY2025 Form 10-K notes that stockpiling lifts revenue above normal and is followed by below-normal sales, and that this may have hurt fiscal 2023 results
 - Sales and profitability declined from fiscal 2023 through fiscal 2025

Macroeconomic Headwinds

- The Federal Reserve's rate increases beginning in 2022 slowed housing activity and limited consumers' access to favorable credit, reducing new pool installations and demand for start-up chemicals and equipment.
 - Economic conditions also reduced the number of households eligible for new residential pools
 - Weaker purchasing power and consumer confidence further limited demand, and many existing customers chose repairs over replacements
- Inflation raised Leslie's own costs for chemicals, energy and transportation, while escalating tariff exchanges with China disrupted supply chains and added further cost.

Events Leading to Bankruptcy (cont'd)

Unfavorable Weather Conditions

- Leslie's generates most of its sales and earnings from April through September and has historically relied on cash generated in those months to fund operations and service its debt, leaving it more exposed to adverse events during the season.
- Weather is the principal external factor affecting the business.
 - Cool weather or heavy rain in peak season reduces chemical consumption and purchases, and early or late warm weather can change the season's length
 - In fiscal 2024 and 2025, cooler-than-normal temperatures and above-average rainfall in key markets shortened pool seasons and suppressed chemical usage

Heightened Competition

- The aftermarket pool and spa care industry is fragmented, with competition from regional and local independents, home improvement retailers, mass-market, club and marketplace retailers, and wholesale distributors.
- Big box and online marketplace retailers have priced aggressively despite softer demand, pressuring Leslie's pricing and market share.
 - Mass merchants and online competitors have greater scale and bargaining power, and some independents may sell maintenance products at a loss
 - Some of Leslie's suppliers also sell through competitors, and customers' low switching costs further add to the pricing pressure

Events Leading to Bankruptcy (cont'd)

Operational Initiatives

- Beginning in October 2024, Leslie's undertook a series of cost-reduction and efficiency measures:
 - Closing underperforming stores, cutting corporate headcount and restructuring the organization
 - Renegotiating vendor contracts and tightening inventory management to reduce working capital needs
 - Deferring and reducing capital spending, and introducing pricing and promotional strategies aimed at stabilizing comparable-store sales
- Between 2024 and 2025, the board replaced nearly the entire C-suite, including the appointment of Jeff White as CFO effective October 5, 2025.
- In the largest of these measures, on November 25, 2025, management committed to closing about 80 underperforming stores and one distribution center.
 - The closures were substantially completed by January 2026 and cut the distribution network from six facilities to five

Deteriorating Financials and Unsustainable Debt

- Leslie's sales have declined every year since fiscal 2022:
 - Sales fell from \$1.562 billion in fiscal 2022 to \$1.451 billion in fiscal 2023, \$1.330 billion in fiscal 2024 and \$1.242 billion in fiscal 2025 (a 53-week year)
 - Adjusted EBITDA fell faster over the same period, from \$292.3 million to \$168.1 million, \$108.7 million and then \$61.4 million in fiscal 2025
 - The First Day Declaration separately states, without defining the measure, that the Debtors' EBITDA declined from a peak of approximately \$270 million in the third quarter of 2021 to \$40 million in the first quarter of 2026
 - The bottom line swung from \$159 million of net income in fiscal 2022 to a \$237 million net loss in fiscal 2025, which included a \$180.7 million goodwill write-off

Deteriorating Financials and Unsustainable Debt (cont'd)

- The decline continued into fiscal 2026:
 - Sales for the nine months ended July 4, 2026 were \$790.4 million, down from \$852.7 million a year earlier
 - Leslie's reported an \$87.7 million net loss and negative \$11.4 million of adjusted EBITDA, compared with \$16.2 million in the prior-year period
 - Cleansing materials show fiscal 2026 adjusted EBITDA of about \$14 million, a 1.3% margin
- Cash generation weakened alongside earnings:
 - Operating cash flow was \$6.5 million in fiscal 2023, \$107.5 million in fiscal 2024 and \$8.8 million in fiscal 2025, against capex of \$38.6 million, \$47.2 million and \$25.5 million
 - Operating cash flow was negative \$37.6 million for the first nine months of fiscal 2026
 - Cash fell from \$108.5 million at the end of fiscal 2024 to \$64.3 million a year later and \$45.9 million as of July 4, 2026, when \$30 million was drawn on the ABL
- The debt load stayed largely unchanged and unsustainable against declining financials:
 - The \$757 million term loan matures on March 9, 2028; Leslie's made no principal payments on it during the first nine months of fiscal 2026
 - Interest expense was \$62.9 million in fiscal 2025 and \$42 million for the nine months ended July 4, 2026
 - The ABL matures in April 2029 but springs to December 2027 if the term loan is not extended or repaid
 - The term loan's reported fair value fell from \$534.4 million as of June 28, 2025 to \$208.6 million as of October 4, 2025, before recovering to \$292.8 million as of July 4, 2026
- Leslie's disclosed substantial doubt about its ability to continue as a going concern, stating that it expected to need to refinance, restructure or extend the term loan, or seek relief under applicable reorganization laws, before maturity.

Events Leading to Bankruptcy (cont'd)

Ratings Downgrade

- In May 2025, S&P cut Leslie's Poolmart from B to B-, citing weak consumer spending on pool-related merchandise and projecting adjusted leverage in the mid-5x area.
- By August 21, 2026, the rating had fallen to CCC- with a negative outlook.
 - S&P cited heightened risk of a distressed debt restructuring before the term loan becomes current in March 2027; the term loan was then trading at about 20 cents on the dollar
 - S&P said it expected to lower the issuer rating to SD (selective default) and the term loan rating to D if Leslie's completed a distressed transaction

Restructuring Negotiations

- The Debtors hired Centerview Partners LLC ("Centerview") as investment banker in July 2025 and Berkeley Research Group, LLC ("BRG") as financial advisor.
- Around August 2025, the Debtors began talks with an ad hoc group of term lenders about an out-of-court maturity extension and new capital.
 - In parallel, Centerview contacted 29 prospective third-party lenders and investors, 20 of which signed nondisclosure agreements
 - Several submitted indications of interest, but none provided a viable path to refinancing the term loan by its maturity
- After weak results in the early months of the 2026 pool season, the term lenders were no longer willing to pursue an out-of-court solution, and in July 2026 Leslie's began negotiating a comprehensive restructuring with the ad hoc group.
 - The same month, the ABL lenders imposed a \$25 million restructuring reserve that reduced borrowing availability under the facility
 - Centerview also went back to participants from its earlier process to seek DIP financing, but none were interested
- With no outside capital available, Leslie's filed for Chapter 11 on the Petition Date.

RSA and Transaction Overview

- The Debtors filed with a restructuring support agreement (the "RSA") signed by holders of approximately 81% of the claims under the \$757 million Prepetition Term Loan Facility (together with any later joining Prepetition Term Loan Lenders, the "Consenting Term Loan Lenders").
 - The RSA supports a plan of reorganization (the "Plan") that the Debtors state would reduce funded debt by more than \$685 million
 - The RSA requires the Plan to go effective within 110 days of the Petition Date (the "Effective Date")
- The cases will be financed with:
 - A \$90 million new-money DIP term loan facility (the "DIP Term Loan Facility"), offered pro rata to the Consenting Term Loan Lenders
 - A \$225 million DIP ABL facility from the Prepetition ABL Lenders that rolls up the Prepetition ABL Facility
- Upon emergence, a \$60 million equity infusion (the "Equity Financing") will be funded by the Consenting Term Loan Lenders that elect to participate in the DIP Term Loan Facility (the "Restructuring Financing Parties").
 - Participation is paired: each Restructuring Financing Party must fund its pro rata share of both the DIP Term Loan Facility and the Equity Financing
 - A Consenting Term Loan Lender that declines to participate receives only its share of the equity allocated to Prepetition Term Loan claims

RSA and Transaction Overview (cont'd)

- Separate groups of Consenting Term Loan Lenders, listed on RSA schedules that are not publicly filed, backstop the new-money DIP Term Loan Facility and the Equity Financing:
 - **DIP Backstop Parties:** Commit to the full \$90 million DIP Term Loan Facility, with commitments reduced as Restructuring Financing Parties take up their allocations
 - Earn a 7% backstop premium, and all DIP lenders earn a 9.5% upfront premium, both paid in additional DIP term loans (the "DIP Premium Loans")
 - **Equity Backstop Parties:** Subscribe for their own shares of the \$60 million equity infusion in full and purchase any equity left unsubscribed
 - Receive a premium equal to 7.5% of the Equity Financing (\$4.5 million), paid in new equity at the Equity Financing price, which equals 4.20% of the reorganized equity

Post-Emergence Capital Structure

- On the Effective Date, the reorganized Debtors' funded debt will consist of:
 - **New Term Loan:** \$75 million of DIP term loan claims roll dollar for dollar into a new five-year first-lien term loan bearing interest at Term SOFR + 6.5% paid in kind, or + 4% if paid in cash
 - **Exit Revolver:** The DIP ABL Facility, together with any Prepetition ABL claims not rolled up during the case, converts into a \$225 million exit revolver or is repaid in full in cash through a refinancing
- The remaining DIP term loan claims, including the DIP Premium Loans and accrued interest, convert into equity; subject to dilution from a management incentive plan ("MIP") of up to 10%, the reorganized equity is allocated:
 - **55.8%** to the Restructuring Financing Parties for the \$60 million Equity Financing
 - **30%** to DIP term loan claims above the \$75 million rollover
 - **10%** to all holders of Prepetition Term Loan claims, pro rata, whether or not they participate in the DIP Term Loan Facility and the Equity Financing
 - 4.2% to the Equity Backstop Parties for their premium
- Participants in the DIP Term Loan Facility and the Equity Financing would receive the New Term Loan and 90% of the reorganized equity, with all Prepetition Term Loan holders (including participants) sharing the remaining 10%.
 - Because only Consenting Term Loan Lenders may participate, term lenders would hold all of the reorganized equity before MIP dilution

Treatment of Other Claims

- General unsecured claims share a \$500,000 cash pool.
- Existing equity and Section 510(b) claims are cancelled with no recovery.
- Other secured and other priority claims are unimpaired, and intercompany claims and interests are reinstated or cancelled.

\$90 Million DIP Term Loan Facility

- Leslie's Poolmart, Inc. is the borrower, the remaining Debtors are guarantors, and Alter Domus (US) LLC serves as administrative and collateral agent.
 - The facility funds in two \$45 million draws, the first on entry of the interim order (the "Interim DIP Order") and the second on entry of the final order (the "Final DIP Order")
- **Funding:** Jefferies Capital Services, LLC funds each draw as fronting lender.
 - The Restructuring Financing Parties then buy their allocated loans from Jefferies at par within 15 business days, and the DIP Backstop Parties buy any unpurchased allocation by the next business day
- **Interest and Fees:** Adjusted Term SOFR + 6.50% (ABR + 5.50%), paid in kind, with a 2% default rate increase; the agent receives a \$40,000 annual fee.
- **Premiums:** The 7% backstop premium is calculated on DIP commitments, earned on entry of the Interim DIP Order and paid at closing; all DIP lenders also receive a 9.50% upfront premium paid on each funding date.
- **Maturity:** The earliest of six months after closing, the effective date of a confirmed plan, acceleration, and dismissal or conversion of the cases.
 - Holders of more than 60.01% of DIP term loans and unused commitments (the "Required DIP Lenders") may extend maturity by up to two months
- **Liens and Priority:** Superpriority claims and first-priority priming liens on term priority collateral, junior to the Carve-Out, and liens junior to the DIP ABL Facility on ABL priority collateral.
 - Subject to the Final DIP Order, the facility also holds liens on avoidance-action proceeds, shared pro rata with the DIP ABL Facility

\$90 Million DIP Term Loan Facility (cont'd)

- **Budget and Liquidity:** Updated 13-week budgets are delivered every four weeks, each taking effect only if the Required DIP Lenders find it satisfactory "in their sole discretion."
 - Liquidity, measured as unrestricted cash plus DIP ABL excess availability, must be at least \$25 million at the end of each week
- **Variance:** Tested over rolling four-week periods; cumulative receipts may not fall more than 20% below budget, and cumulative disbursements, excluding professional fees, may not exceed budget by more than 15%.
- **Challenge Period:** The Debtors' stipulations to the prepetition debt and liens bind other parties unless a party with court-granted standing files a challenge by the earlier of 75 days after entry of the Interim DIP Order and the plan-objection deadline.
- **Investigation Budget:** A committee may spend up to \$75,000 investigating, but not prosecuting, a challenge to the prepetition secured parties.

\$225 Million DIP ABL Facility and Roll-Up

- Leslie's Poolmart, Inc., Cortz, Inc. and LPM Manufacturing, Inc. are the borrowers, and the remaining Debtors are guarantors.
 - Bank of America, N.A. serves as administrative agent and co-collateral agent, and U.S. Bank National Association as co-collateral agent
- **Roll-Up:** On entry of the Interim DIP Order, prepetition letters of credit and bank product obligations are deemed issued under the DIP ABL Facility.
 - Collections from ABL priority collateral then repay prepetition revolver loans dollar for dollar and are deemed reborrowed as DIP ABL loans
 - On entry of the Final DIP Order, the remaining Prepetition ABL obligations convert into DIP ABL obligations
 - The roll-up remains subject to the challenge rights reserved in the Interim DIP Order

\$225 Million DIP ABL Facility and Roll-Up (cont'd)

- **Restructuring Reserve:** On the closing date, the credit agreement removes the \$25 million restructuring reserve imposed in July 2026 and bars reinstating it.
- **Interest and Fees:** Term SOFR + 3.25% (base rate + 2.25%), with a 2% default rate increase.
 - Bank of America receives a 0.50% upfront fee on aggregate commitments, a \$250,000 arrangement fee and a \$100,000 annual administration fee
- **Maturity:** The earliest of six months after closing (extendable by one month up to three times with the consent of the lenders' Required Lenders), the DIP term loans' maturity, a plan effective date, a sale of substantially all assets, and acceleration.
- **Liens and Priority:** Superpriority claims and first-priority liens on ABL priority collateral, junior to the Carve-Out, and liens junior to the DIP Term Loan Facility on term priority collateral.
- **Availability and Liquidity:** Excess availability must remain at least \$10 million at all times, and weekly liquidity must be at least \$25 million.
 - Each borrowing is conditioned on unrestricted cash not exceeding \$32.5 million
 - Cash dominion springs upon any continuing Event of Default or if excess availability falls below the greater of 12.5% of the line cap and \$15.625 million
- **Variance:** Similar to the DIP Term Loan Facility's.
- **Events of Default:** Include a cross-default to the DIP Term Loan Facility, termination of the RSA other than through a DIP term lender's breach, and the filing or confirmation of a plan other than an acceptable plan.
- **Adequate Protection:** Until the Prepetition ABL obligations are rolled up, the Prepetition ABL Lenders receive current cash interest at the non-default rate, along with replacement liens, § 507(b) claims and payment of their advisors' fees.

Financial Projections

- Cleansing materials dated September 30, 2026, which Leslie's furnished to the SEC, set out the Debtors' long-range plan through fiscal 2031.
- The Debtors project revenue falling to \$1.032 billion in fiscal 2027 as they close up to 200 stores, then recovering to \$1.109 billion by fiscal 2031, near the fiscal 2026 level of \$1.119 billion.
- Adjusted EBITDA margin is projected to rise from 1.3% to 7.1% over the period, lifting adjusted EBITDA from \$14 million to \$78 million.
 - The increase is driven mainly by about \$53 million of cost initiatives (the midpoint of a \$40 million to \$66 million range), fully realized by fiscal 2029:
 - Store footprint and marketing optimization: \$17 million to \$27 million
 - Other SG&A savings: \$23 million to \$39 million
- The plan also assumes a return to comparable-sales growth after fiscal 2027 and about \$46 million of capital spending on store refreshes and the Stellar manufacturing business.
- Unlevered free cash flow turns positive in fiscal 2028 and reaches \$50 million by fiscal 2031.

Other First-Day Relief

- **Cash Management (Doc. 11):** Authority to keep operating the existing system of 45 bank accounts at 11 banks.
 - Also seeks to pay prepetition obligations, including about \$97,400 in payment processing fees and about \$33,700 in corporate card balances, as well as bank fees that average about \$36,500 per month
- **Critical Vendors (Doc. 12):** Authority to pay up to \$36.1 million in prepetition trade claims on an interim basis and \$48.7 million on a final basis.
- **Customer Programs (Doc. 13):** Authority to continue customer programs, including loyalty points, gift cards, customer deposits, rebates and returns, and to honor about \$19.6 million in prepetition obligations.

Other First-Day Relief (cont'd)

- **Insurance (Doc. 14):** Authority to maintain the insurance program, pay up to \$8.6 million in premiums, and continue the surety and customs bond programs.
- **Wages (Doc. 15):** Authority to pay approximately \$16.1 million in prepetition wages and benefits for about 3,500 employees and to continue benefit programs.
 - The largest items are \$8.1 million in time-off obligations and \$3.3 million in workers' compensation
 - Before filing, the Debtors paid out a \$4.2 million KERP pool in full and paid \$235,000 from a \$325,000 discretionary pool; the motion seeks authority to pay the remaining \$90,000 to non-insiders, subject to notice requirements
- **Utilities (Doc. 16):** A proposed \$802,500 adequate assurance deposit, about half of the Debtors' average monthly utility cost.
- **NOL/Equity Trading (Doc. 17):** The Debtors have \$0.3 million in federal NOLs, \$2.6 million in state NOLs and \$96 million in disallowed interest carryforwards as of October 4, 2025.
 - Seeks notice and hearing procedures for transfers of Leslie's equity by holders of 4.5% or more and for worthless-stock deductions by 50-percent holders
- **Taxes (Doc. 18):** Authority to pay up to \$6 million in prepetition taxes and fees, inclusive of fees owed to tax service providers.
- **Lease Rejections (Doc. 25):** Seeks to reject 87 nonresidential real property leases, covering 11 previously closed locations and 76 stores slated for closure, effective as of the later of the Petition Date and the date each premises is surrendered.
 - Also seeks to abandon any personal property remaining at those locations

Initial Budget

Actual / Forecast Week # Week Ending	Petition	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fest Total 13 Wk
	1	2	3	4	5	6	7	8	9	10	11	12	13		
	10/2	10/9	10/16	10/23	10/30	11/6	11/13	11/20	11/27	12/4	12/11	12/18	12/25		
I. Pre Financing Cash Activity															
1.) Total Receipts	19.3	16.9	14.7	13.3	14.0	11.9	10.9	10.4	9.9	9.6	9.2	9.1	7.8	156.9	
2.) Operating Disbursements	(17.2)	(4.6)	(11.4)	(17.3)	(11.4)	(9.2)	(17.0)	(17.6)	(13.8)	(8.4)	(11.5)	(6.9)	(20.2)	(166.6)	
3.) Non-Operating Disbursements	(23.5)	(17.2)	(15.5)	(14.5)	(2.2)	(2.2)	(3.0)	(1.7)	(1.7)	(1.8)	(2.0)	(1.5)	(1.5)	(88.1)	
4.) Total Disbursements	(40.7)	(21.8)	(26.9)	(31.8)	(13.6)	(11.4)	(20.0)	(19.3)	(15.5)	(10.2)	(13.5)	(8.4)	(21.7)	(254.7)	
5.) Net Cash Flow Pre Financing	(21.4)	(4.9)	(12.2)	(18.5)	0.4	0.4	(9.1)	(8.9)	(5.6)	(0.5)	(4.3)	0.7	(14.0)	(97.8)	
II. Liquidity															
6.) Beginning Cash	30.4	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	30.4	
7.) Net Cash Flow Pre Financing	(21.4)	(4.9)	(12.2)	(18.5)	0.4	0.4	(9.1)	(8.9)	(5.6)	(0.5)	(4.3)	0.7	(14.0)	(97.8)	
8.) Revolving Credit Facility Draw / (Paydown)	(23.6)	6.2	11.6	(32.0)	4.6	(1.0)	5.6	4.3	9.9	0.5	4.1	(0.6)	9.2	(1.3)	
9.) DIP Term Loan Borrowings	45.0	-	-	45.0	-	-	-	-	-	-	-	-	-	90.0	
10.) Change in Check Float / Other Adj.	2.0	(1.3)	0.6	5.5	(5.0)	0.5	3.5	4.6	(4.3)	0.1	0.2	(0.1)	4.8	11.2	
11.) Ending Cash Balance	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5	
12.) Revolving Credit Facility Beginning Balance	50.0	26.4	32.6	44.2	12.1	16.7	15.7	21.4	25.6	35.5	36.0	40.1	39.5	50.0	
13.) Draw / (Paydown)	(23.6)	6.2	11.6	(32.0)	4.6	(1.0)	5.6	4.3	9.9	0.5	4.1	(0.6)	9.2	(1.3)	
14.) Revolving Credit Facility Ending Balance	26.4	32.6	44.2	12.1	16.7	15.7	21.4	25.6	35.5	36.0	40.1	39.5	48.7	48.7	
15.) Borrowing Base (after Reserves)	84.4	82.4	82.7	81.9	80.4	70.4	68.9	67.7	66.1	91.5	92.2	92.8	93.6	93.6	
16.) Less: Outstanding LCs	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	(11.1)	
17.) Less: Minimum Excess Availability	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	
18.) Less: Revolving Credit Facility Balance	(26.4)	(32.6)	(44.2)	(12.1)	(16.7)	(15.7)	(21.4)	(25.6)	(35.5)	(36.0)	(40.1)	(39.5)	(48.7)	(48.7)	
19.) Availability (Net of MEA)	36.8	28.7	17.4	48.6	42.5	33.5	26.4	20.9	9.5	34.4	30.9	32.2	23.8	23.8	
20.) Total Liquidity (Cash + Availability)	69.3	61.2	49.9	81.1	75.0	66.0	58.9	53.4	42.0	66.9	63.4	64.7	56.3	56.3	

Summary Financial Projections

(\$ in Millions)

