



Use of Non-GAAP Financial Measures

We report our financial results in accordance with GAAP. However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures including non-GAAP net income and diluted net income per share, non-GAAP operating income, non-GAAP gross profit and gross margin, non-GAAP selling, general and administrative expense and adjusted EBITDA.

Management uses these non-GAAP financial measures that exclude the impact of specific items (described below) in making financial, operating and planning decisions and in evaluating our performance. Management believes that these non-GAAP financial measures may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current results and results in prior operating periods. While management believes that non-GAAP measures are useful supplemental information, such adjusted results are not intended to replace our GAAP financial results and should be read in conjunction with those GAAP results.

Adjusted EBITDA is defined by us as income before income tax, net other expense, net interest expense, depreciation and amortization and stock-based compensation expense (or operating income plus depreciation and amortization expense and stock-based compensation expense). Adjusted EBITDA further excludes one-time charges related to facility closures, exits of businesses, intangible and investment impairments and gains from litigation. We present adjusted EBITDA because we believe that adjusted EBITDA is a useful supplemental measure in evaluating the cash flows and performance of our business and provides greater transparency into our results of operations. Adjusted EBITDA is used by our management to perform such evaluations. Adjusted EBITDA should not be considered in isolation or as a substitute for cash flow from operations, income from operations or other income statement measures prepared in accordance with GAAP. We believe that adjusted EBITDA is frequently used by investors, securities analysts and other interested parties in their evaluation of companies, many of which present adjusted EBITDA when reporting their results. Other companies may calculate adjusted EBITDA differently and it may not be comparable.

The reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below.

Non-GAAP financial measures reflect adjustments based on the following items:

- Facility closures and business exit: we have excluded charges related to the closure of distribution and manufacturing facilities and our decision to exit the pottery business as they represent infrequent transactions that impact the comparability between operating periods. We believe these exclusions supplement the GAAP information with a measure that may be useful to investors in assessing the sustainability of our operating performance.
- Asset impairment charges: we exclude the impact of asset impairments on intangible assets and investments as such non-cash amounts are inconsistent in amount and frequency. We believe that the adjustment of these charges supplements the GAAP information with a measure that can be used to assess the performance of our ongoing operations.
- Gain from litigation settlement: we exclude the gain from a litigation settlement as it is a one-time occurrence. We believe that the exclusion of this gain supplements the GAAP information with a measure that can be used to assess the performance of our ongoing operations.
- Tax impact: adjustment represents the impact of the tax effect of the pre-tax non-GAAP adjustments excluded from non-GAAP net income. The tax impact of the non-GAAP adjustments is calculated based on the consolidated effective tax rate on a GAAP basis, applied to the non-GAAP adjustments.

From time to time in the future, there may be other items that we may exclude if we believe that doing so is consistent with the goal of providing useful information to investors and management.

We have not provided a reconciliation of non-GAAP measures to the corresponding GAAP measures on a forward-looking basis as we cannot do so without unreasonable efforts due to the potential variability and limited visibility of excluded items; these excluded items may include facility closures and exit costs, impairment charges and restructuring costs, among others.

The non-GAAP adjustments made reflect the following:

Facility closures and business exits

- (1) During fiscal 2025, we recognized incremental expense of \$5.0 million in our Garden segment in the consolidated statement of operations related to closing a distribution facility in Ontario, California and executing the consolidation of our Western distribution network. Additionally, the charge includes costs related to the closure of a live goods facility.
- (2) During fiscal 2025, we recognized incremental expense of \$10.0 million in our Pet segment in the consolidated statement of operations related to our decision to wind-down our operations in the U.K. and the related facility as we move to a direct-export model.
- (3) During fiscal 2024, we recognized incremental expense of \$20.3 million in our Garden segment in the consolidated statement of operations, from the closure of a manufacturing facility in California, the consolidation of our Southeast distribution network, the decision to exit the pottery business, the closure of a live goods distribution facility in Delaware, the relocation of our grass seed research facility related, and facility closures announced in fiscal 2023
- (4) During fiscal 2024, we recognized incremental expense of \$7.5 million in our Pet segment in the consolidated statement of operations, from the closure of manufacturing facilities in California and Arizona.

Intangible Impairments

- (5) During fiscal 2024, we recognized a non-cash impairment charge in our Pet segment of \$12.8 million related to the impairment of intangible assets due primarily to changing market conditions resulting from the decline in demand for durable products and increased international competition.

Gain from litigation and investment impairment

- (6) In fiscal 2024, within corporate, we received \$3.2 million in settlement of litigation, the gain of which is included in selling, general and administrative expense. Additionally, we recognized a \$7.5 million non-cash impairment charge for two related private company investments that is included within Other income (expense) in the consolidated statement of operations.

Net Income and Diluted Net Income Per Share

GAAP to Non-GAAP Reconciliation

	Three Months Ended		Fiscal Year Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
	(in thousands, except per share amount)			
GAAP net (loss) income attributable to Central Garden & Pet Company	\$ (9,806)	\$ (34,158)	\$ 162,843	\$ 107,983
Facility closures & business exits (1)(2)(3)(4)	5,751	11,457	15,005	27,842
Intangible impairments (5)	—	12,790	—	12,790
Litigation settlement (6)	—	(3,200)	—	(3,200)
Investment impairment (6)	—	7,461	—	7,461
Tax effect of adjustments	(1,396)	(6,725)	(3,654)	(10,437)
Non-GAAP net (loss) income attributable to Central Garden & Pet Company	\$ (5,451)	\$ (12,375)	\$ 174,194	\$ 142,439
GAAP diluted net income per share	\$ (0.16)	\$ (0.51)	\$ 2.55	\$ 1.62
Non-GAAP diluted net income per share	\$ (0.09)	\$ (0.18)	\$ 2.73	\$ 2.13
Shares used in GAAP and non-GAAP diluted net income per share calculation	62,445	66,917	63,815	66,860

Operating Income

GAAP to Non-GAAP Reconciliation

	Three Months Ended September 27, 2025			Fiscal Year Ended September 27, 2025		
	GAAP	Adjustments ⁽¹⁾⁽²⁾	Non-GAAP	GAAP	Adjustments ⁽¹⁾⁽²⁾	Non-GAAP
	(in thousands)					
Net sales	\$ 678,178	\$ —	\$ 678,178	\$ 3,129,064	\$ —	\$ 3,129,064
Cost of goods sold and occupancy	481,634	921	480,713	2,131,728	5,582	2,126,146
Gross profit	196,544	(921)	197,465	997,336	(5,582)	1,002,918
Selling, general and administrative expenses	202,944	4,830	198,114	747,294	9,423	737,871
Income (loss) from operations	\$ (6,400)	\$ (5,751)	\$ (649)	\$ 250,042	\$ (15,005)	\$ 265,047
Gross margin	29.0%		29.1%	31.9%		32.1%
Operating margin	(0.9)%		(0.1)%	8.0%		8.5%

Operating Income

GAAP to Non-GAAP Reconciliation

	Three Months Ended September 28, 2024			Fiscal Year Ended September 28, 2024		
	GAAP	Adjustments ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Non-GAAP	GAAP	Adjustments ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Non-GAAP
	(in thousands)					
Net sales	\$ 669,489	\$ —	\$ 669,489	\$ 3,200,460	\$ —	\$ 3,200,460
Cost of goods sold and occupancy	500,537	5,209	495,328	2,256,725	16,349	2,240,376
Gross profit	168,952	(5,209)	174,161	943,735	(16,349)	960,084
Selling, general and administrative expenses	201,360	15,838	185,522	758,348	21,083	737,265
Income (loss) from operations	\$ (32,408)	\$ (21,047)	\$ (11,361)	\$ 185,387	\$ (37,432)	\$ 222,819
Gross margin	25.2%		26.0%	29.5%		30.0%
Operating margin	(4.8)%		(1.7)%	5.8%		7.0%

Pet Segment Operating Income**GAAP to Non-GAAP Reconciliation**

	Three Months Ended		Fiscal Year Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
(in thousands)				
GAAP operating income	\$ 27,618	\$ 14,310	\$ 215,688	\$ 203,425
Facility closures (2)(4)	3,008	7,549	10,018	7,549
Intangible impairments (5)	—	12,790	—	12,790
Non-GAAP operating income	<u>\$ 30,626</u>	<u>\$ 34,649</u>	<u>\$ 225,706</u>	<u>\$ 223,764</u>
GAAP operating margin	6.4%	3.3%	12.0%	11.1%
Non-GAAP operating margin	<u>7.2%</u>	<u>8.0%</u>	<u>12.5%</u>	<u>12.2%</u>

Garden Segment Operating Income**GAAP to Non-GAAP Reconciliation**

	Three Months Ended		Fiscal Year Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
(in thousands)				
GAAP operating income	\$ (1,741)	\$ (28,806)	\$ 142,402	\$ 81,893
Facility closures (1)(3)	2,743	3,908	4,987	20,293
Non-GAAP operating (loss) income	<u>\$ 1,002</u>	<u>\$ (24,898)</u>	<u>\$ 147,389</u>	<u>\$ 102,186</u>
GAAP operating margin	(0.7)%	(12.3)%	10.7%	6.0%
Non-GAAP operating margin	<u>0.4%</u>	<u>(10.6)%</u>	<u>11.1%</u>	<u>7.5%</u>

Adjusted EBITDA**GAAP to Non-GAAP Reconciliation**

	Fiscal Year Ended September 27, 2025			
	Pet	Garden	Corp	Total
(in thousands)				
Net income attributable to Central Garden & Pet	\$ —	\$ —	\$ —	\$ 162,843
Interest expense, net	—	—	—	32,812
Other expense	—	—	—	480
Income tax expense	—	—	—	52,787
Net income attributable to noncontrolling interest	—	—	—	1,120
Income (loss) from operations	215,688	142,402	(108,048)	250,042
Depreciation & amortization	39,916	42,301	2,677	84,894
Noncash stock-based compensation	—	—	21,060	21,060
Non-GAAP adjustments (1)(2)	10,018	4,987	—	15,005
Adjusted EBITDA	<u>\$ 265,622</u>	<u>\$ 189,690</u>	<u>\$ (84,311)</u>	<u>\$ 371,001</u>

Adjusted EBITDA**GAAP to Non-GAAP Reconciliation**

	Fiscal Year Ended September 28, 2024			
	Pet	Garden	Corp	Total
	(in thousands)			
Net income attributable to Central Garden & Pet	\$ —	\$ —	\$ —	\$ 107,983
Interest expense, net	—	—	—	37,872
Other expense	—	—	—	5,090
Income tax expense	—	—	—	33,112
Net income attributable to noncontrolling interest	—	—	—	1,330
Income (loss) from operations	203,425	81,893	(99,931)	185,387
Depreciation & amortization	43,642	44,403	2,762	90,807
Noncash stock-based compensation	—	—	20,583	20,583
Non-GAAP adjustments (3)(4)(5)(6)	20,339	20,293	(3,200)	37,432
Adjusted EBITDA	\$ 267,406	\$ 146,589	\$ (79,786)	\$ 334,209

Adjusted EBITDA**GAAP to Non-GAAP Reconciliation**

	Three Months Ended September 27, 2025			
	Pet	Garden	Corp	Total
	(in thousands)			
Net income attributable to Central Garden & Pet	\$ —	\$ —	\$ —	\$ (9,806)
Interest expense, net	—	—	—	6,881
Other expense	—	—	—	576
Income tax benefit	—	—	—	(3,421)
Net loss attributable to noncontrolling interest	—	—	—	(630)
Income (loss) from operations	27,618	(1,741)	(32,277)	(6,400)
Depreciation & amortization	9,947	10,344	540	20,831
Noncash stock-based compensation	—	—	5,488	5,488
Non-GAAP adjustments (1)(2)	3,008	2,743	—	5,751
Adjusted EBITDA	\$ 40,573	\$ 11,346	\$ (26,249)	\$ 25,670

Adjusted EBITDA**GAAP to Non-GAAP Reconciliation**

	Three Months Ended September 28, 2024			
	Pet	Garden	Corp	Total
	(in thousands)			
Net income attributable to Central Garden & Pet	\$ —	\$ —	\$ —	\$ (34,158)
Interest expense, net	—	—	—	6,476
Other expense	—	—	—	6,137
Income tax benefit	—	—	—	(10,621)
Net loss attributable to noncontrolling interest	—	—	—	(242)
Income (loss) from operations	14,310	(28,806)	(17,912)	(32,408)
Depreciation & amortization	10,741	11,375	622	22,738
Noncash stock-based compensation	—	—	5,445	5,445
Non-GAAP adjustments (3)(4)(5)(6)	20,339	3,908	(3,200)	21,047
Adjusted EBITDA	\$ 45,390	\$ (13,523)	\$ (15,045)	\$ 16,822