

## Use of Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles generally accepted in the United States (GAAP). However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures including adjusted EBITDA, organic sales; and non-GAAP net income and diluted net income per share.

Management believes these non-GAAP financial measures that exclude the impact of specific items (described below) 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.

Adjusted EBITDA is defined by us as income before income tax, net other expense, net interest expense and depreciation and amortization (or operating income plus depreciation and amortization expense). 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 evaluation. 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.

We have also provided organic net sales, a non-GAAP measure that excludes the impact of businesses purchased or exited in the prior 12 months, because we believe it permits investors to better understand the performance of our historical business without the impact of recent acquisitions or dispositions.

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. We believe that the non-GAAP financial measures provide useful information to investors and other users of our financial statements, by allowing for greater transparency in the review of our financial and operating performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating our performance, and we believe these measures similarly may be useful to investors in evaluating our financial and operating performance and the trends in our business from management's point of view. While our management believes that non-GAAP measurements 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. Management does not attempt to provide reconciliations of forward-looking non-GAAP EPS guidance to projected GAAP EPS guidance because the combined impact and timing of recognition of these potential charges or gains is inherent uncertain and difficult to predict and is unavailable without unreasonable efforts. In addition, the Company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.

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

- Incremental expenses from note redemption and issuance: we have excluded the impact of the incremental expenses incurred from the note redemption and issuance as they represent an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of these expenses supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.
- Loss on sale of business: we have excluded the impact of the loss on the sale of a business as it represents an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of this loss supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.

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.

The non-GAAP adjustments made reflect the following:

- (1) During the first quarter of fiscal 2021, we issued \$500 aggregate principal amount of 4.125% senior notes due October 2030. We used a portion of the proceeds to redeem all of our outstanding 6.125% senior notes due 2023. As a result of our redemption of the 2023 Notes, we incurred incremental expenses of approximately \$10.0 million, comprised of a call premium payment of \$6.1 million, overlapping interest expense of approximately \$1.4 million and a \$2.5 million non-cash charge for the write-off of unamortized financing costs in interest expense. These amounts are included in interest expense in the condensed consolidated statements of operations.

- (2) During the first quarter of fiscal 2021, we recognized a loss of \$2.6 million, included in selling, general and administrative expense in the consolidated statement of operations, from the sale of our Breeder's Choice business unit after concluding it was not a strategic business for our Pet segment.
- (3) During the third quarter of fiscal 2020, we recorded a non-cash impairment charge for two private company investments. The impairment was recorded as part of other (expense) income.

Net Income and Diluted Net Income Per Share Reconciliation	GAAP to Non-GAAP Reconciliation For the Fiscal Year Ended	
	(in thousands, except per share amounts)	
	September 25, 2021	September 26, 2020
GAAP net income attributable to Central Garden & Pet Company	\$ 151,746	\$ 120,676
Incremental expenses from note redemption and issuance	(1) 9,952	—
Loss on sale of business	(2) 2,611	—
Investment Impairments	(3) —	3,566
Tax effect of incremental expenses, loss on sale and impairment	(2,711)	(747)
Non-GAAP net income attributable to Central Garden & Pet Company	\$ 161,598	\$ 123,495
GAAP diluted net income per share	\$ 2.75	\$ 2.20
Non-GAAP diluted net income per share	\$ 2.92	\$ 2.26
Shares used in GAAP and non-GAAP diluted net earnings per share calculation	55,248	54,738

### Organic Net Sales Reconciliation

We have provided organic net sales, a non-GAAP measure that excludes the impact of recent acquisitions and dispositions, because we believe it permits investors to better understand the performance of our historical business. We define organic net sales as net sales from our historical business derived by excluding the net sales from businesses acquired or exited in the preceding 12 months. After an acquired business has been part of our consolidated results for 12 months, the change in net sales thereafter is considered part of the increase or decrease in organic net sales.

#### CONSOLIDATED

	GAAP to Non-GAAP Reconciliation For the Fiscal Year Ended September 25, 2021		
	Net sales (GAAP)	Effect of acquisitions & divestiture on increase in net sales	Net sales organic
	(in millions)		
Reported net sales FY 2021	\$ 3,303.7	\$ 291.8	\$ 3,011.9
Reported net sales FY 2020	2,695.5	18.9	2,676.6
\$ increase	\$ 608.2	\$ 272.9	\$ 335.3
% increase	22.6 %		12.5 %

#### PET

	GAAP to Non-GAAP Reconciliation For the Fiscal Year Ended September 25, 2021		
	Net sales (GAAP)	Effect of acquisitions & divestitures on increase in net sales	Net sales organic
	(in millions)		
Reported net sales FY 2021	\$ 1,894.9	\$ —	\$ 1,894.9
Reported net sales FY 2020	1,678.0	18.9	1,659.1
\$ increase	\$ 216.9	\$ (18.9)	\$ 235.8
% increase	12.9 %		14.2 %

**GARDEN****GAAP to Non-GAAP Reconciliation  
For the Fiscal Year Ended September 25, 2021**

	Net sales (GAAP)	Effect of acquisitions & divestitures on increase in net sales	Net sales organic
	(in millions)		
Reported net sales FY 2021	\$ 1,408.8	\$ 291.8	\$ 1,117.0
Reported net sales FY 2020	1,017.5	—	1,017.5
\$ increase	\$ 391.3	\$ 291.8	\$ 99.5
% increase	38.5 %		9.8 %

**CONSOLIDATED****GAAP to Non-GAAP Reconciliation  
For the Quarter Ended September 25, 2021**

	Net sales (GAAP)	Effect of acquisitions & divestiture on increase in net sales	Net sales organic
	(in millions)		
Reported net sales Q4 2021	\$ 739.1	\$ 78.4	\$ 660.7
Reported net sales Q4 2020	676.0	5.5	670.5
\$ increase	\$ 63.1	\$ 72.9	\$ (9.8)
% increase	9.3 %		(1.5)%

**PET****GAAP to Non-GAAP Reconciliation  
For the Quarter Ended September 25, 2021**

	Net sales (GAAP)	Effect of acquisitions & divestitures on increase in net sales	Net sales organic
	(in millions)		
Reported net sales Q4 2021	\$ 458.7	\$ —	\$ 458.7
Reported net sales Q4 2020	444.3	5.5	438.8
\$ increase	\$ 14.4	\$ (5.5)	\$ 19.9
% increase	3.2 %		4.5 %

**GARDEN****GAAP to Non-GAAP Reconciliation  
For the Quarter Ended September 25, 2021**

	Net sales (GAAP)	Effect of acquisitions & divestitures on increase in net sales	Net sales organic
	(in millions)		
Reported net sales Q4 2021	\$ 280.4	\$ 78.4	\$ 202.0
Reported net sales Q4 2020	231.7	—	231.7
\$ increase	\$ 48.7	\$ 78.4	\$ (29.7)
% increase	21.0 %		(12.8)%

## Adjusted EBITDA Reconciliation

The following is a reconciliation of net income to adjusted EBITDA:

### GAAP to non-GAAP Reconciliation Fiscal Year Ended September 25, 2021

(in thousands)

Adjusted EBITDA Reconciliation	Total	Garden	Pet	Corp
Net income attributable to Central Garden & Pet	\$ 151,746	—	—	—
Interest expense, net	58,182	—	—	—
Other expense	1,506	—	—	—
Income tax expense	42,035	—	—	—
Net income attributable to noncontrolling interest	1,027	—	—	—
Sum of items below operating income	102,750	—	—	—
Income (loss) from operations	254,496	138,755	208,201	(92,460)
Depreciation & amortization	74,727	33,050	36,952	4,725
Adjusted EBITDA	<u>\$ 329,223</u>	<u>\$ 171,805</u>	<u>\$ 245,153</u>	<u>\$ (87,735)</u>

### GAAP to non-GAAP Reconciliation Fiscal Year Ended September 26, 2020

(in thousands)

Adjusted EBITDA Reconciliation	Total	Garden	Pet	Corp
Net income attributable to Central Garden & Pet	\$ 120,676	—	—	—
Interest expense, net	39,989	—	—	—
Other income	4,250	—	—	—
Income tax expense	32,218	—	—	—
Net loss attributable to noncontrolling interest	844	—	—	—
Sum of items below operating income	77,301	—	—	—
Income (loss) from operations	197,977	115,413	171,369	(88,805)
Depreciation & amortization	55,359	10,590	38,116	6,653
Adjusted EBITDA	<u>\$ 253,336</u>	<u>\$ 126,003</u>	<u>\$ 209,485</u>	<u>\$ (82,152)</u>

### GAAP to non-GAAP Reconciliation Quarter Ended September 25, 2021

(in thousands)

Adjusted EBITDA Reconciliation	Total	Garden	Pet	Corp
Net income attributable to Central Garden & Pet	\$ (3,007)	—	—	—
Interest expense, net	14,176	—	—	—
Other expense	1,876	—	—	—
Income tax expense	(3,225)	—	—	—
Net loss attributable to noncontrolling interest	(215)	—	—	—
Sum of items below operating income	12,612	—	—	—
Income (loss) from operations	9,605	1,105	31,597	(23,097)
Depreciation & amortization	21,968	10,800	10,025	1,143
Adjusted EBITDA	<u>\$ 31,573</u>	<u>\$ 11,905</u>	<u>\$ 41,622</u>	<u>\$ (21,954)</u>

**GAAP to non-GAAP Reconciliation**  
**Quarter Ended September 26, 2020**

(in thousands)

**Adjusted EBITDA Reconciliation**

	Total	Garden	Pet	Corp
Net income attributable to Central Garden & Pet	\$ 13,589	—	—	—
Interest expense, net	10,545	—	—	—
Other income	35	—	—	—
Income tax expense	1,007	—	—	—
Net loss attributable to noncontrolling interest	(9)	—	—	—
Sum of items below operating income	11,578	—	—	—
Income (loss) from operations	25,167	14,194	35,550	(24,577)
Depreciation & amortization	15,761	2,619	10,625	2,517
Adjusted EBITDA	<u>\$ 40,928</u>	<u>\$ 16,813</u>	<u>\$ 46,175</u>	<u>\$ (22,060)</u>