



## 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, 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. Also, 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 and 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. 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: we have excluded the charges related to our decision to close distribution and manufacturing facilities 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.

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 supplemental information to investors and management.

1. During the second quarter of fiscal 2025, we recognized incremental expense of \$5.3 million in the consolidated statement of operations, related to the decision to wind-down our operations in the U.K. and the related facility there as we move to a direct-export model.
2. During the second quarter of fiscal 2024, we recognized incremental expense of \$5.3 million in the consolidated statement of operations, from the closure of a manufacturing facility in Chico, California, and the consolidation of our Southeast distribution network.

## Net Income and Diluted Net Income Per Share Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended		Six Months Ended	
	March 29, 2025	March 30, 2024	March 29, 2025	March 30, 2024
	(in thousands, except per share amounts)			
GAAP net income attributable to Central Garden & Pet Company	\$ 63,633	\$ 61,987	\$ 77,642	\$ 62,417
Facility closures	(1)(2) 5,339	5,270	5,339	5,270
Tax effect of facility closures & business exit	(1,255)	(1,233)	(1,255)	(1,233)
Non-GAAP net income attributable to Central Garden & Pet	\$ 67,717	\$ 66,024	\$ 81,726	\$ 66,454
GAAP diluted net income per share	\$ 0.98	\$ 0.93	\$ 1.19	\$ 0.93
Non-GAAP diluted net income per share	\$ 1.04	\$ 0.99	\$ 1.25	\$ 0.99
Shares used in GAAP and non-GAAP diluted net earnings per share calculation	64,879	66,831	65,171	66,815

## Operating Income Reconciliation

	GAAP to Non-GAAP Reconciliation					
	Three Months Ended March 29, 2025			Six Months Ended March 29, 2025		
	GAAP	Facility closure <sup>(1)</sup>	Non-GAAP	GAAP	Facility closure <sup>(1)</sup>	Non-GAAP
	(in thousands)					
Net sales	\$ 833,537	\$ —	\$ 833,537	\$ 1,489,973	\$ —	\$ 1,489,973
Cost of goods sold and occupancy	560,454	4,413	556,041	1,021,191	4,413	1,016,778
Gross profit	\$ 273,083	\$ (4,413)	\$ 277,496	\$ 468,782	\$ (4,413)	\$ 473,195
Selling, general and administrative expenses	179,759	926	178,833	347,466	926	346,540
Income from operations	\$ 93,324	\$ (5,339)	\$ 98,663	\$ 121,316	\$ (5,339)	\$ 126,655
Gross margin	32.8%		33.3%	31.5%		31.8%
Operating margin	11.2%		11.8%	8.1%		8.5%

## Operating Income Reconciliation

	GAAP to Non-GAAP Reconciliation					
	Three Months Ended March 30, 2024			Six Months Ended March 30, 2024		
	GAAP	Facility closures <sup>(2)</sup>	Non-GAAP	GAAP	Facility closures <sup>(2)</sup>	Non-GAAP
	(in thousands)					
Net sales	\$ 900,090	\$ —	\$ 900,090	\$ 1,534,623	\$ —	\$ 1,534,623
Cost of goods sold and occupancy	621,210	2,527	618,683	1,076,898	2,527	1,074,371
Gross profit	\$ 278,880	\$ (2,527)	\$ 281,407	\$ 457,725	\$ (2,527)	\$ 460,252
Selling, general and administrative expenses	185,433	2,743	182,690	355,866	2,743	353,123
Income from operations	\$ 93,447	\$ (5,270)	\$ 98,717	\$ 101,859	\$ (5,270)	\$ 107,129
Gross margin	31.0%		31.3%	29.8%		30.0%
Operating margin	10.4%		11.0%	6.6%		7.0%

## Pet Segment Operating Income Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended		Six Months Ended	
	March 29, 2025	March 30, 2024	March 29, 2025	March 30, 2024
	(in thousands)			
GAAP operating income	\$ 60,614	\$ 62,659	\$ 111,871	\$ 106,047
Facility closure (1)	5,339	—	5,339	—
Non-GAAP operating income	\$ 65,953	\$ 62,659	\$ 117,210	\$ 106,047
GAAP operating margin	13.4%	13.0%	12.7%	11.9%
Non-GAAP operating margin	14.5%	13.0%	13.3%	11.9%

## Garden Segment Operating Income Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended		Six Months Ended	
	March 29, 2025	March 30, 2024	March 29, 2025	March 30, 2024
	(in thousands)			
GAAP operating income	\$ 58,731	\$ 57,066	\$ 61,154	\$ 48,180
Facility closure (2)	—	5,270	—	5,270
Non-GAAP operating income	\$ 58,731	\$ 62,336	\$ 61,154	\$ 53,450
GAAP operating margin	15.5%	13.6%	10.0%	7.5%
Non-GAAP operating margin	15.5%	14.8%	10.0%	8.3%

## Adjusted EBITDA Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended March 29, 2025			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	\$ —	\$ —	\$ —	\$ 63,633
Interest expense, net	—	—	—	9,358
Other income	—	—	—	(744)
Income tax expense	—	—	—	19,903
Net income attributable to noncontrolling interest	—	—	—	1,174
Income (loss) from operations	60,614	58,731	(26,021)	93,324
Depreciation & amortization	9,498	10,443	705	20,646
Noncash stock-based compensation	—	—	4,018	4,018
Facility closure (1)	5,339	—	—	5,339
Adjusted EBITDA	\$ 75,451	\$ 69,174	\$ (21,298)	\$ 123,327

**Adjusted EBITDA Reconciliation**

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended March 30, 2024			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	\$ —	\$ —	\$ —	\$ 61,987
Interest expense, net	—	—	—	11,473
Other expense	—	—	—	171
Income tax expense	—	—	—	19,134
Net income attributable to noncontrolling interest	—	—	—	682
Income (loss) from operations	62,659	57,066	(26,278)	93,447
Depreciation & amortization	11,124	11,014	674	22,812
Noncash stock-based compensation	—	—	2,907	2,907
Facility closures (2)	—	5,270	—	5,270
Adjusted EBITDA	<u>\$ 73,783</u>	<u>\$ 73,350</u>	<u>\$ (22,697)</u>	<u>\$ 124,436</u>

**Adjusted EBITDA Reconciliation**

	GAAP to Non-GAAP Reconciliation			
	Six Months Ended March 29, 2025			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	\$ —	\$ —	\$ —	\$ 77,642
Interest expense, net	—	—	—	17,088
Other expense	—	—	—	973
Income tax expense	—	—	—	24,267
Net income attributable to noncontrolling interest	—	—	—	1,346
Income (loss) from operations	111,871	61,154	(51,709)	121,316
Depreciation & amortization	19,578	21,574	1,428	42,580
Noncash stock-based compensation	—	—	9,528	9,528
Facility closure (1)	5,339	—	—	5,339
Adjusted EBITDA	<u>\$ 136,788</u>	<u>\$ 82,728</u>	<u>\$ (40,753)</u>	<u>\$ 178,763</u>

**Adjusted EBITDA Reconciliation**

	GAAP to Non-GAAP Reconciliation			
	Six Months Ended March 30, 2024			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	\$ —	\$ —	\$ —	\$ 62,417
Interest expense, net	—	—	—	21,180
Other income	—	—	—	(822)
Income tax expense	—	—	—	18,265
Net income attributable to noncontrolling interest	—	—	—	819
Income (loss) from operations	106,047	48,180	(52,368)	101,859
Depreciation & amortization	21,922	22,020	1,415	45,357
Noncash stock-based compensation	—	—	8,927	8,927
Facility closures (2)	—	5,270	—	5,270
Adjusted EBITDA	<u>\$ 127,969</u>	<u>\$ 75,470</u>	<u>\$ (42,026)</u>	<u>\$ 161,413</u>