

Q2 FY2025

Investor  
Presentation

5.7.2025



Make  
every  
bite  
count.



All About the Little Things.

## Key Themes

*Niko Lahanas, CEO*

## Financials, Segments & Outlook

*Brad Smith, CFO*

## Management Q&A

*Niko Lahanas, Brad Smith,  
J.D. Walker, John Hanson*

# Forward-looking Statements

The statements contained in this presentation which are not historical facts, including statements concerning productivity initiatives and earnings guidance for fiscal 2025, are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this presentation. The range of risk factors is described in Central's filings with the SEC. Central undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

This presentation contains certain non-GAAP financial measures. For a reconciliation of GAAP to non-GAAP financial measures, please see the Reconciliation tables in the Appendix of this presentation or in Central's most recent Form 10-K and Form 10-Q.





**Niko Lahanas**

CEO



# Three Key Themes

1

**Solid Second  
Quarter  
Performance**

2

**Continued  
Progress in  
Simplifying  
Business  
and Driving  
Efficiency**

3

**Confidence  
in Outlook  
for the Year:  
Reaffirming  
guidance**

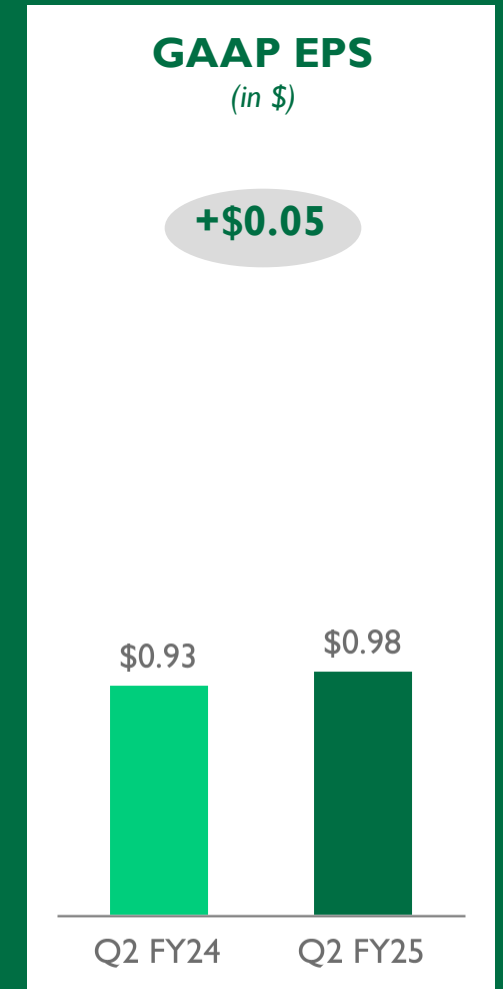
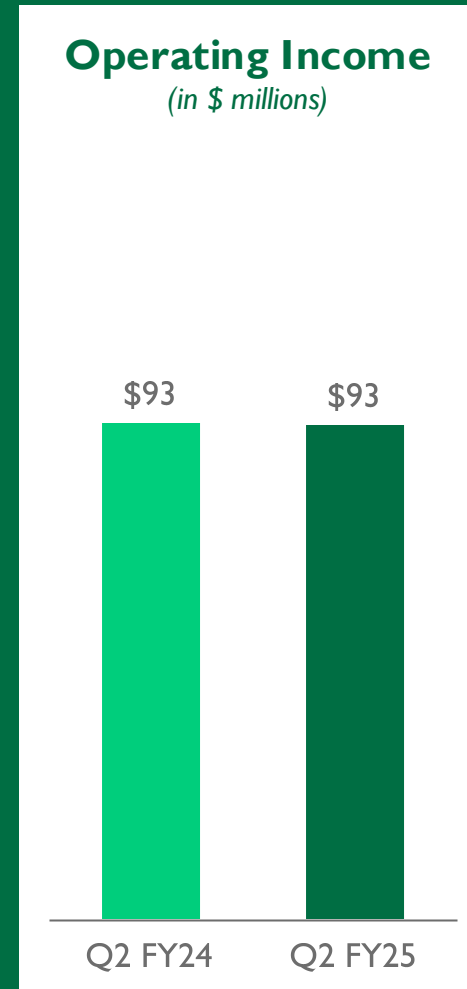
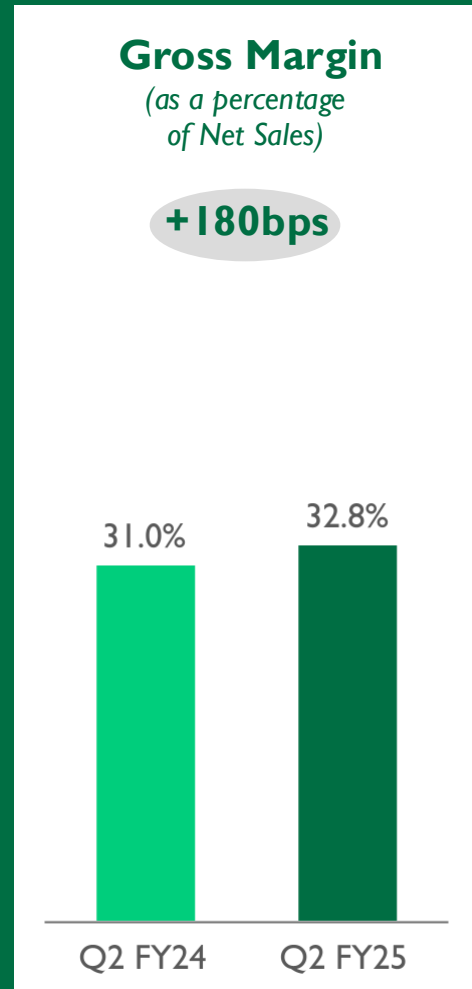
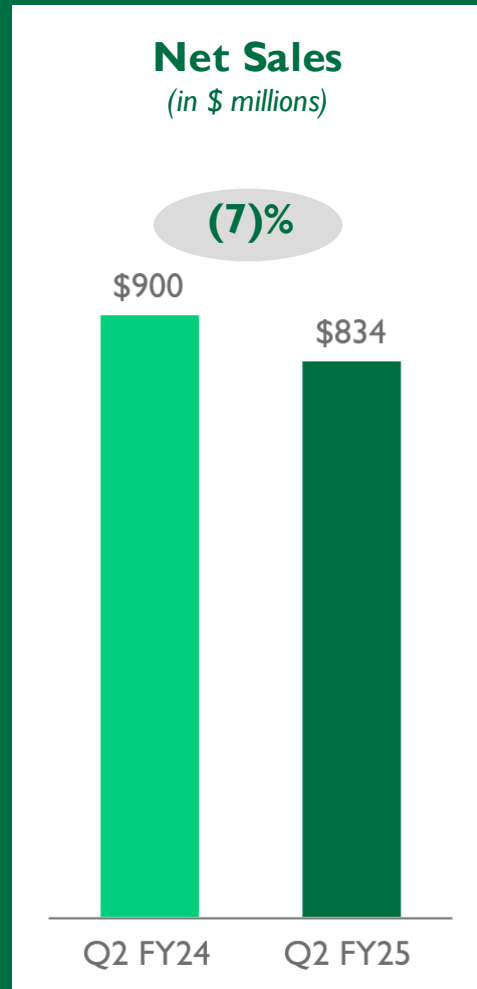




**Brad Smith**

CFO

# Strong FY25 Q2 Performance



# Strong FY25 Q2 Non-GAAP Performance

## Net Sales (in \$ millions)

(7)%

\$900

\$834

Q2 FY24

Q2 FY25

## Non-GAAP Gross Margin (as a percentage of Net Sales)

+200bps

31.3%

33.3%

Q2 FY24

Q2 FY25

## Non-GAAP Operating Income (in \$ millions)

\$99

\$99

Q2 FY24

Q2 FY25

## Non-GAAP EPS (in \$)

+\$0.05

\$0.99

\$1.04

Q2 FY24

Q2 FY25



# FY25 Q2 Pet Segment Performance

## Results

- Net sales: \$454 million
- Non-GAAP operating margin: 14.5%, up 150bps driven by productivity efforts
- Adjusted EBITDA: \$75 million

## Tailwinds & Successes

- Record non-GAAP Q2 operating income
- Overall held share with gains in Dog Chews, Rawhide and Equine
- eCommerce sales: 27% of Pet sales

## Headwinds

- Timing of customer orders and promotional events
- Assortment rationalization and softer demand in durable pet products



# FY25 Q2 Garden Segment Performance

## Results

- Net sales: \$380 million
- Operating margin: 15%, up 190bps driven by productivity efforts
- Adjusted EBITDA: \$69 million

## Tailwinds & Successes

- Record sales in Wild Bird
- Held share overall with gains in Wild Bird, Grass Seed, Chemicals and Fertilizer
- Outstanding online performance in Wild Bird and Grass Seed

## Headwinds

- Timing of customer orders
- Delayed start of the garden season due to unfavorable weather
- Loss of two product lines in garden distribution business

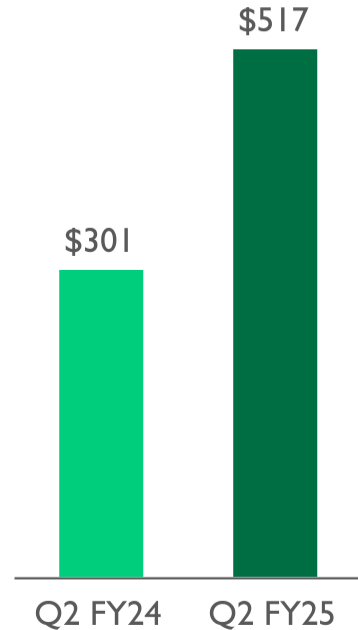


# Improved Cash & Liquidity

## Cash & Cash Equivalents

(in \$ millions)

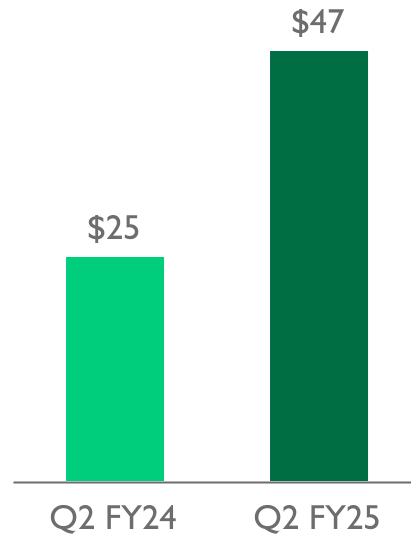
**+\$215**



## Operating Cash Flow

(in \$ millions)

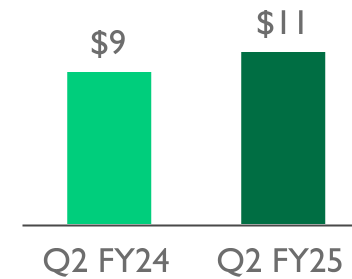
**+\$22**



## CapEx

(in \$ millions)

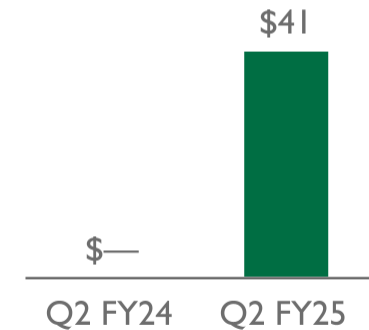
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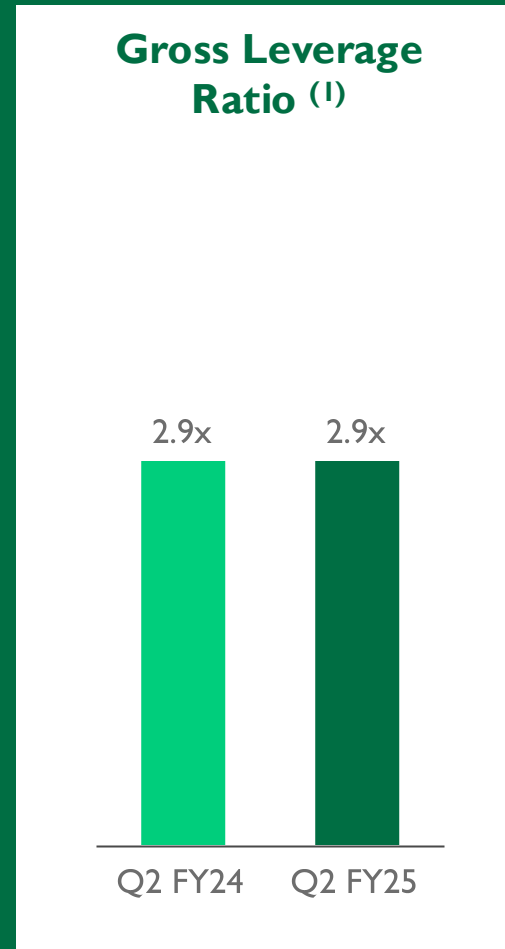
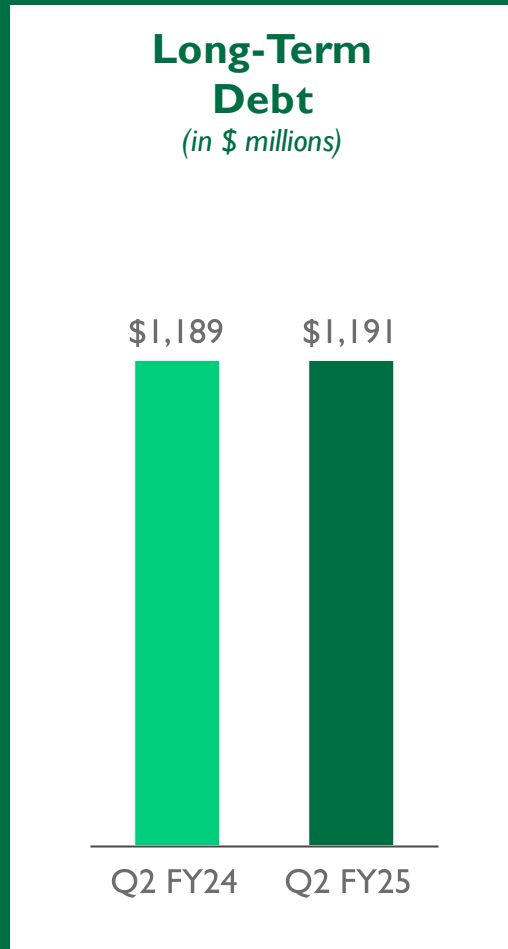
## Share Repurchases

(in \$ millions)

**+\$41**



# Balance Sheet Strength Positions for Strategic M&A





# Fiscal 2025 Outlook

## FY25 Guidance

- Reaffirmed guidance for non-GAAP EPS of \$2.20 or better
- Underscores confidence in strategy, action plans and ability to manage through these challenges

## Strategic Focus Areas

- Continue to execute on Central to Home Strategy
- Focus on Cost and Simplicity
- Targeted investments in digital, eCommerce & innovation
- Execute targeted M&A

## Risk & Market Considerations

- Tariffs and related geopolitical tensions
- Heightened inflation
- Increased consumer caution
- Pet specialty brick-and-mortar channel headwinds
- Promotional retail environment
- Weather variability

# Q&A Session

Please reach out to us with any  
comments or questions.

[IR@Central.com](mailto:IR@Central.com)

(925) 412-6726





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# Appendix

# 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.



# Use of Non-GAAP Financial Measures

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.

**GAAP to Non-GAAP Reconciliation  
for the Fiscal Quarter Ended**  
*(in thousands, except for per share amounts)*

**Net Income & Diluted Net Income Per Share Reconciliation**

	March 29, 2025	March 30, 2024
GAAP net income attributable to Central Garden & Pet Company	\$ 63,633	\$ 61,987
Facility closures	(1)(2) 5,339	5,270
Tax effect of facility closures & business exit	(1,255)	(1,233)
Non-GAAP net income attributable to Central Garden & Pet Company	\$ 67,717	\$ 66,024
GAAP diluted net income per share	\$ 0.98	\$ 0.93
Non-GAAP diluted net income per share	\$ 1.04	\$ 0.99
<b>Shares used in GAAP and non-GAAP diluted net earnings per share calculation</b>	<b>64,879</b>	<b>66,831</b>

**GAAP to Non-GAAP Reconciliation**  
for the Fiscal Quarter Ended  
(in thousands)

**Operating Income Reconciliation**

	March 29, 2025		
	GAAP	Facility closure <sup>(1)</sup>	Non-GAAP
Net sales	\$ 833,537	\$ —	\$ 833,537
Cost of goods sold and occupancy	560,454	4,413	556,041
Gross profit	\$ 273,083	\$ (4,413)	\$ 277,496
Selling, general and administrative expenses	179,759	926	178,833
Income from operations	\$ 93,324	\$ (5,339)	\$ 98,663
Gross margin	32.8 %		33.3 %
Operating margin	11.2 %		11.8 %

**Pet Segment Operating Income Reconciliation**

	March 29, 2025		March 30, 2024	
GAAP operating income	\$	60,614	\$	62,659
Facility closure	(1)	5,339		—
Non-GAAP operating income	\$	65,953	\$	62,659
GAAP operating margin		13.4 %		13.0 %
Non-GAAP operating margin		14.5 %		13.0 %

**Garden Segment Operating Income Reconciliation**

	March 29, 2025		March 30, 2024	
GAAP operating income	\$	58,731	\$	57,066
Facility closure	(2)	—		5,270
Non-GAAP operating income	\$	58,731	\$	62,336
GAAP operating margin		15.5 %		13.6 %
Non-GAAP operating margin		15.5 %		14.8 %



**GAAP to Non-GAAP Reconciliation**  
**for the Fiscal Quarter Ended**  
*(in thousands)*

**Adjusted EBITDA Reconciliation**

	March 29, 2025	March 30, 2024
Net income attributable to Central Garden & Pet Company	\$ 63,633	\$ 61,987
Interest expense, net	9,358	11,473
Other income (expense)	(744)	171
Income tax expense	19,903	19,134
Net income attributable to noncontrolling interest	1,174	682
Income from operations	93,324	93,447
Depreciation & amortization	20,646	22,812
Noncash stock-based compensation	4,018	2,907
Facility Closures	(1) 5,339	(2) 5,270
Adjusted EBITDA	\$ 123,327	\$ 124,436