

Q2 FY2024

Investor Presentation

5.8.2024





Business & Industry Update

Beth Springer, Interim CEO

Q2 FY24 Financials, FY24 Outlook

Niko Lahanas, CFO

Management Q&A

*Beth Springer, Niko Lahanas,
J.D. Walker, John Hanson*

Forward-looking Statements

This presentation includes “forward-looking statements.” Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries in which we operate and other information that is not historical information.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this presentation, which are 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 of GAAP to non-GAAP in the Appendix of this presentation or in our most recent Form 10-K and Form 10-Q.



Beth Springer

Interim CEO

Three Key Themes

1

Delivered a Solid Second Quarter

- rebuilt margins
- delivered GAAP EPS of \$0.93 and Non-GAAP EPS of \$0.99
- grew market share in most categories
- strong eCommerce growth

2

Advanced Cost & Simplicity Program

- multi-year journey to simplify business and improve efficiency
- continued to reap benefits from initiatives implemented and initiate new projects

3

Maintaining EPS Guidance of \$2.00 or better

- large part of garden season still in front of us
- back to a 52-week fiscal year
- continuing external challenges including softer consumption and lower foot traffic



Niko Lahanas

CFO

FY24 Q2 Performance

Net Sales

(in \$ millions)

(1)%

\$909

\$900

Q2 FY23

Q2 FY24

Gross Margin

(as a percentage
of Net Sales)

+240bps

28.6%

31.0%

Q2 FY23

Q2 FY24

Operating Income

(in \$ millions)

+20%

\$78

\$93

Q2 FY23

Q2 FY24

GAAP EPS

(in \$)

+\$0.21

\$0.72

\$0.93

Q2 FY23

Q2 FY24

FY24 Q2 Non-GAAP Performance

Net Sales

(in \$ millions)

(1)%

\$909

\$900

Q2 FY23

Q2 FY24

Non-GAAP Gross Margin

(as a percentage
of Net Sales)

+270bps

28.6%

31.3%

Q2 FY23

Q2 FY24

Non-GAAP Operating Income

(in \$ millions)

+26%

\$78

\$99

Q2 FY23

Q2 FY24

Non-GAAP EPS

(in \$)

+\$0.27

\$0.72

\$0.99

Q2 FY23

Q2 FY24

Pet Segment: \$480 million Q2 FY24 Net Sales

Tailwinds & Successes

- Brands outperformed private label
- Grew market share in many categories
- Grew share in eCommerce, now representing 25% of Pet sales
- Household penetration stabilized
- Favorable long-term consumer trends

Headwinds & Challenges

- Softness in pet ownership unfavorably impacted durable supplies

Recent Dog & Cat Innovation



Garden Segment: \$420 million Q2 FY24 Net Sales

Tailwinds & Successes

- Household penetration remained above pre-COVID levels
- Brands outperformed private label
- Grew eCommerce sales double digit, now representing 5% of Garden sales
- Successfully relaunched Amdro packaging

Headwinds & Challenges

- Warmer weather negatively impacting Wild Bird business
- Lower foot traffic in key retailers

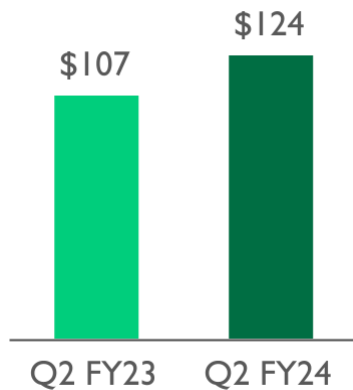
Recent Relaunch



Improved Cash & Liquidity

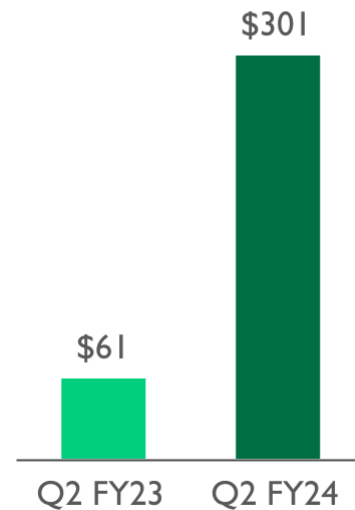
Adj. EBITDA (in \$ millions)

+16%



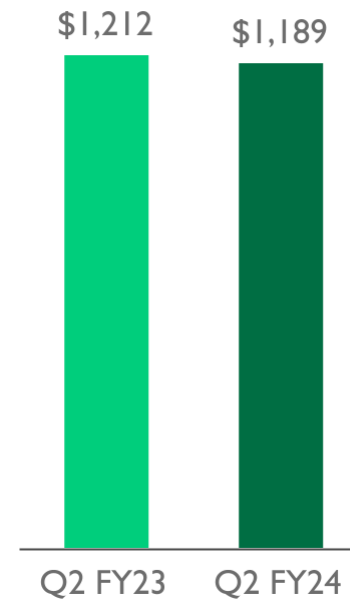
Cash & Cash Equivalents (in \$ millions)

+\$241

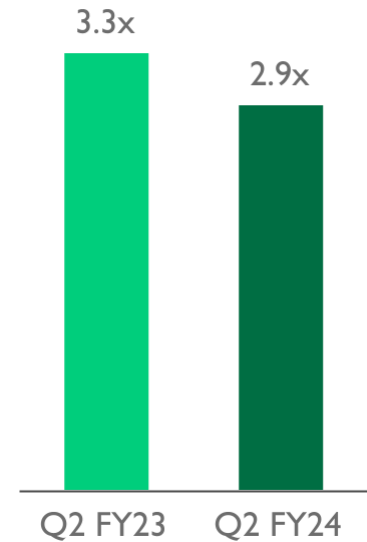


Long-Term Debt (in \$ millions)

\$(23)



Total Leverage⁽¹⁾



Multi-year Journey to Reduce Cost and Simplify our Business

PRINCIPLES

Simplify our business, focus our portfolio and supply chain

Improve our efficiency across everything we do

Execute in market with excellence

Take a disciplined and phased approach, avoid disruption

FOCUS AREAS



Procurement



Manufacturing



Logistics



Portfolio



Administration

OUTCOMES

Significantly reduced complexity: fewer SKUs, fewer plants, fewer distribution centers

Lower COGS through lower logistics costs, better procurement

Greater focus on higher margin consumer product Pet and Garden businesses

Lower administrative costs through scale leverage and efficiency

Recent Examples of our Cost and Simplicity Program in Action

Manufacturing

- building capabilities in safety, quality, and cost acumen at all levels of the organization
- commenced first pilots of centers of excellence at three manufacturing sites applying common methodology to drive improvements
- announced closure of a manufacturing facility in Chico, CA

Logistics

- begun consolidation of four locations across GA, AL and VA into a modern facility in Covington, GA, enabling facility savings and efficiencies, improve in-season on-time service and enable future growth

FY24 Outlook

Challenging external environment

- Large part of garden season still ahead
- Moderating inflation, macroeconomic and geopolitical volatility
- Uncertain consumer demand and retailer dynamics

Strong fundamentals of Central and our industries

- Favorable consumer trends support long-term growth in Pet and Garden
- Central remains strong, well capitalized and well positioned

Maintaining guidance of FY24 Non-GAAP EPS of \$2.00 or better

- Continued focus on Cost and Simplicity program
- Excludes M&A and restructuring undertaken during the year, also excludes TDBBS

Question & Answer Session

Please reach out to us with any comments or questions.

IR@Central.com

(925) 412-6726





Appendix

Notes & Disclosures

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, adjusted EBITDA and organic net sales. 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.

Notes & Disclosures

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

- Facility closures: we have excluded the impact of the closure of our garden controls manufacturing facility in Chico, California and the Southeast consolidation of our distribution facilities as they represent infrequent transactions that occur in limited circumstances that impact the comparability between operating periods. We believe the adjustment of closure and network optimization costs 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.

- I. 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 millions)

Organic Net Sales Reconciliation

Three Months Ended March 30, 2024			
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
Q2 FY 24	\$ 900.1	\$ 19.3	\$ 880.8
Q2 FY 23	909.0	21.9	887.1
\$ decrease	\$ (8.9)		\$ (6.3)
% decrease	(1.0)%		(0.7)%

Organic Pet Segment Net Sales Reconciliation

Three Months Ended March 30, 2024			
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
Q2 FY 24	\$ 480.2	\$ 19.3	\$ 460.9
Q2 FY 23	475.2	—	475.2
\$ increase (decrease)	\$ 5.0		\$ (14.3)
% increase (decrease)	1.1 %		(3.0)%

Organic Garden Segment Net Sales Reconciliation

Three Months Ended March 30, 2024			
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
Q2 FY 24	\$ 419.9	\$ —	\$ 419.9
Q2 FY 23	433.8	21.9	411.9
\$ increase (decrease)	\$ (13.9)		\$ 8.0
% increase (decrease)	(3.2)%		1.9%

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 30, 2024		March 25, 2023
GAAP net income attributable to Central Garden & Pet Company	\$	61,987	\$ 48,115
Facility closures	(1)	5,270	—
Tax effect of facility closures		(1,233)	—
Non-GAAP net income attributable to Central Garden & Pet Company	\$	66,024	\$ 48,115
GAAP diluted net income per share	\$	0.93	\$ 0.72
Non-GAAP diluted net income per share	\$	0.99	\$ 0.72
Shares used in GAAP and non-GAAP diluted net earnings per share calculation		66,831	66,918

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

Operating Income Reconciliation

	Three Months Ended March 30, 2024		
	GAAP	Facility closures (1)	Non-GAAP
Net sales	\$ 900,090	\$ —	\$ 900,090
Cost of goods sold and occupancy	621,210	2,527	618,683
Gross profit	\$ 278,880	\$ (2,527)	\$ 281,407
Selling, general and administrative expenses	185,433	2,743	182,690
Income from operations	\$ 93,447	\$ (5,270)	\$ 98,717
Operating margin	10.4 %		11.0 %

Garden Segment Operating Income Reconciliation

	March 30, 2024	March 25, 2023
GAAP operating income	\$ 57,066	\$ 49,619
Facility closures (1)	5,270	—
Non-GAAP operating income	\$ 62,336	\$ 49,619
GAAP operating margin	13.6 %	11.4 %
Non-GAAP operating margin	14.8 %	11.4 %

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

Adjusted EBITDA Reconciliation			
	March 30, 2024		March 25, 2023
Net income attributable to Central Garden & Pet Company	\$	61,987	\$ 48,115
Interest expense, net		11,473	14,690
Other (expense) income		171	(595)
Income tax expense		19,134	15,268
Net income attributable to noncontrolling interest		682	563
Income from operations	\$	93,447	\$ 78,041
Depreciation & amortization		22,812	22,109
Noncash stock-based compensation		2,907	6,750
Facility closures	(1)	5,270	—
Adjusted EBITDA	\$	124,436	\$ 106,900