



Appendix

Notes & Disclosures

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 EBITDA, organic sales, non-GAAP operating income 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 on the next slide) may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current and historical results.

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.

We have not provided a reconciliation of forward-looking non-GAAP guidance measures to the corresponding GAAP measures, because such reconciliation cannot be done without unreasonable efforts due to the potential significant variability and limited visibility of the excluded items discussed below.

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EBITDA: 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). Other companies may calculate EBITDA differently and it may not be comparable.

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.

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

Gains from the fair value remeasurement of previously held investment interests: We have excluded the impact of the fair value remeasurement of a previously held investment interest as it represents an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of this gain supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.

Asset impairment charges: We have excluded the impact of asset impairments on intangible assets and equity method 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 sustainability of our operating performance.

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, unless the underlying item has a materially different tax treatment.

GAAP to Non-GAAP Reconciliation for the Fiscal Year Ended

(in thousands, except for per share amounts)

	26-Sep-20	28-Sep-19
Net Income & Diluted Net Income Per Share Reconciliation		
GAAP net income attributable to Central Garden & Pet	120,676	92,786
Previously held investment interest fair value remeasurement	-	(3,215)
Intangible asset impairment	-	2,540
Investment Impairments	3,566	-
Tax effect of remeasurement and impairment	(747)	151
Non-GAAP net income attributable to Central Garden & Pet	123,495	92,262
GAAP diluted net income per share	2.20	1.61
Non-GAAP diluted net income per share	2.26	1.60
Shares used in GAAP and non-GAAP diluted net earnings per share calculation	54,738	57,611

**GAAP to Non-GAAP Reconciliation for
the Fiscal Year Ended September 26, 2020**
(in millions)

	Consolidated		Pet Segment		Garden Segment	
	%Change		%Change		%Change	
Organic Net Sales Reconciliation						
Reported net sales FY 2020 (GAAP)	2,695.5		1,562.2		1,133.3	
Reported net sales FY 2019 (GAAP)	2,383.0		1,384.7		998.3	
Increase in net sales	312.5	13.1%	177.5	12.8%	135.0	13.5%
Effect of acquisitions and dispositions on increase in net sales	58.4		29.6		28.8	
Increase in organic net sales	254.1	10.7%	147.9	10.7%	106.2	10.6%

GAAP to Non-GAAP Reconciliation for the Fiscal Year Ended

(in thousands)

	26-Sep-20	28-Sep-19	29-Sep-18	30-Sep-17	24-Sep-16
EBITDA Reconciliation					
Net income attributable to Central Garden & Pet	120,676	92,786	123,594	78,828	44,514
Interest expense, net	39,989	33,060	36,051	28,062	42,707
Other expense (income), net	4,250	(243)	3,860	1,621	17,013
Income tax expense	32,218	26,604	3,305	46,699	24,053
Net income (loss) attributable to noncontrolling interest	844	(139)	526	902	1,071
Sum of items below operating income	77,301	59,282	43,742	77,284	84,844
Income from Operations	197,977	152,068	167,336	156,112	129,358
Depreciation & Amortization	55,359	50,828	47,199	42,719	40,001
EBITDA	\$253,336	\$202,896	\$214,535	\$198,831	\$169,359