

2023

# Introduction to Central

02.01.2023



# Agenda

Intro to Central and Our Central to Home Strategy

Pet Business

Garden Business

Central Impact

People and Culture

Financial Overview

Summary

# 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 the 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.

For a reconciliation of GAAP to non-GAAP financial measures, please see the Appendix in this presentation.



# Introduction to Central and Our Central to Home Strategy

# Key Takeaways



Pet & Garden are highly attractive and resilient growth industries



Central is an industry leader with a strong foundation and untapped potential



Our Central to Home strategy sets a bold ambition for the future with encouraging early results



We are confident in our plans to deliver significant long-term shareholder value

# Pet is an Attractive Growing Industry

**Large Market**

**\$131B Industry**

**Growing & Resilient**

**~4% Growth Rate**

**Broad Consumer Base**

**Over 90% Household Penetration**

**Strong Tailwinds**

**Aligned with Consumer Trends**

# Favorable Pet Industry Trends



## Humanization

95% of pet owners see pets as family



## Health & Wellness

Pet H&W growing 43% vs 2019



## eCommerce

80% of the U.S. population shops online



## Millennials/GenZ

Half of the nation's population born after 1981



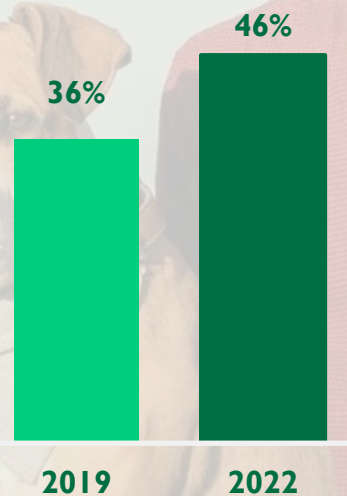
## Rural Revitalization

A larger portion of the population lives outside of cities

# Large Pet Population

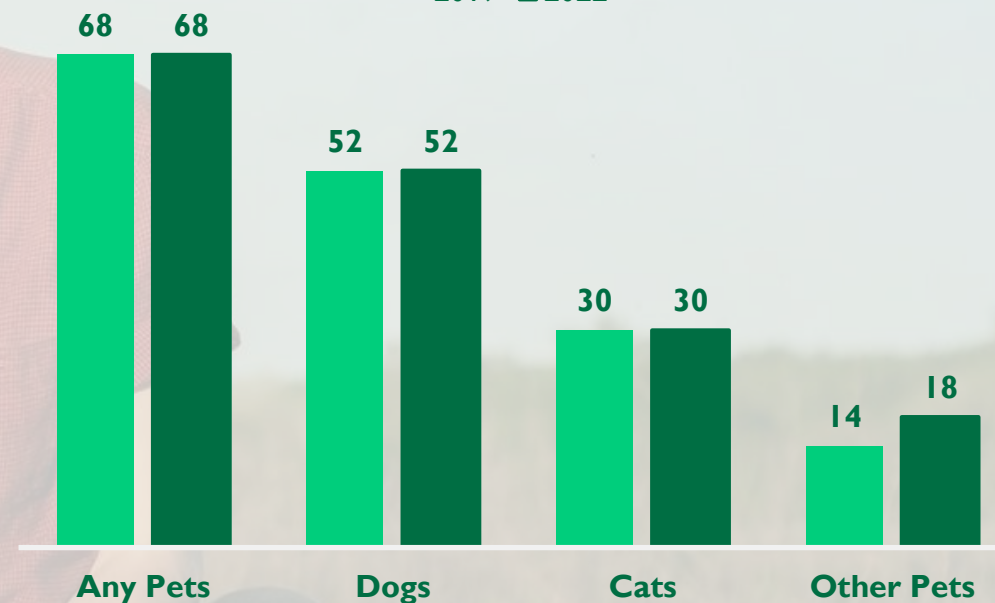
Growth is disproportionately fueled by young adults

## Pet Owners that are Millennials or GenZ (as a % of all pet owners)



## Number of Pet Owning Households (in millions)

■ 2019 ■ 2022





# Garden is an Attractive Industry

**Large Market**

**\$32B Industry**

**Resilient Industry**

**~1% Growth Rate**

**Broad Consumer Base**

**Over 70% Household Penetration**

**High Consumer Engagement**

**Strong Retention & Loyalty**

# Strong Garden Industry Trends



## Sustainability

82% of Gardeners believe they have a responsibility to be environmentally friendly



## Hybrid Work

More than half of employees are set up to work from home



## Millennials/GenZ

Half of the nation's population was born after 1981



## eCommerce

Emerging Home & Garden eCommerce growing faster than category



## Rural Revitalization

A larger portion of the population lives outside of cities

# Significant Growth in Lawn & Garden Household Penetration and Spend



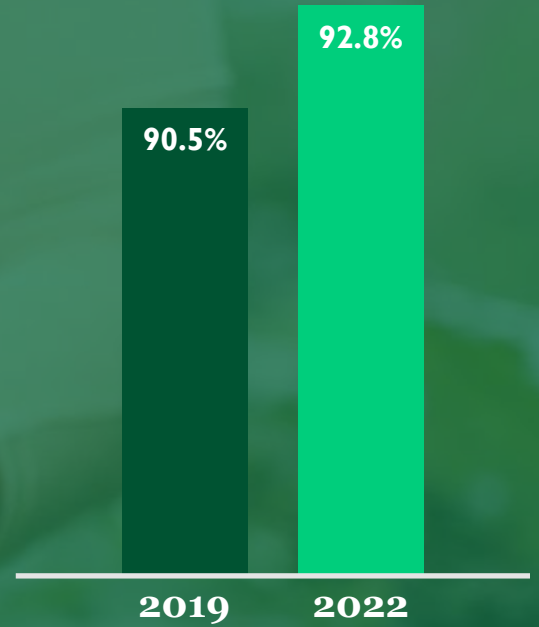
**5.0MM**

 New households entered the category since 2019

**+35%**

Average spend per household vs 2019

**+2.2 points**  
Household Penetration Growth\*



# Central has a Strong Foundation for Sustainable Growth

Proven track record of M&A

Strong relationships with retailers built over 40 years

Robust financial performance

Superior manufacturing and distribution network

Leading brand portfolio across key Garden and Pet segments

Experienced leadership team & entrepreneurial culture

# Broad Portfolio across Garden & Pet

## Garden




# # 2

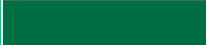









 **Lawn & Garden Consumables**



























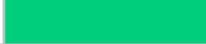





























## Pet

# # 2

 **Pet Supplies**  
(ex- Dog & Cat Food, Cat Litter)

-  Major Participant
-  Meaningful Participant
-  Minor Participant

				
Controls				
Grass Seed				
Packet Seed				
Wild Bird				
Fertilizer				
Live Plants				
Growing Media & Mulch				

				
Dog & Cat Supplies				
Dog Treats & Chews				
Aquatics Supplies				
Small Animal Supplies				
Pet Bird Supplies				
Reptile Supplies				
Equine Supplies				
Professional				
Live Fish & Small Animals				
Dog & Cat Food				
Cat Treats				
Cat Litter				
Services (Vet/ non-medical)				

# Leading Brands across Attractive Segments



## Pet



#1 in Pet  
Bird



#1 in Small  
Animal



#1 Suet



CHEWS BEST  
#2 Dog Toys



#3 Calming  
Products



#2 in Aquatics



#3 in Reptile

## Garden



#1 in Wild bird



#2 in Grass Seed



#3 in Controls



SINCE 1856  
FERRY~MORSE

#2 in Packet Seed

## Professional



#1 Farm  
Insect  
Control



#1 Municipal  
Mosquito  
Control

**Solid 2022  
Results in a  
Challenging  
Environment**

**Net Sales**

**\$3.3B  
+1%**

**Operating Income**

**\$260MM  
+2%**

**EPS**

**\$2.80  
+ \$0.05**

**Cash & Cash Equiv.**

**\$177MM**

# Grew Key Financial Metrics vs PY and Well Above 2019 Levels

Metric	Net Sales <i>(in \$ millions)</i>	Gross Margin <i>(in %)</i>	Operating Income <i>(in \$ millions)</i>	EPS <i>(in \$)</i>																								
vs. PY	+1%	+30bps	+2%	+2%																								
3-year stack	<table border="1"> <tr><th>Year</th><th>Net Sales (\$ millions)</th></tr> <tr><td>2019</td><td>\$2,383</td></tr> <tr><td>2022</td><td>\$3,339</td></tr> </table>	Year	Net Sales (\$ millions)	2019	\$2,383	2022	\$3,339	<table border="1"> <tr><th>Year</th><th>Gross Margin (%)</th></tr> <tr><td>2019</td><td>29.5%</td></tr> <tr><td>2022</td><td>29.7%</td></tr> </table>	Year	Gross Margin (%)	2019	29.5%	2022	29.7%	<table border="1"> <tr><th>Year</th><th>Operating Income (\$ millions)</th></tr> <tr><td>2019</td><td>\$152</td></tr> <tr><td>2022</td><td>\$260</td></tr> </table>	Year	Operating Income (\$ millions)	2019	\$152	2022	\$260	<table border="1"> <tr><th>Year</th><th>EPS (\$)</th></tr> <tr><td>2019</td><td>\$1.61</td></tr> <tr><td>2022</td><td>\$2.80</td></tr> </table>	Year	EPS (\$)	2019	\$1.61	2022	\$2.80
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Year	EPS (\$)																											
2019	\$1.61																											
2022	\$2.80																											
3 yr. CAGR	+12%		+20%	+20%																								
vs. 2019	+40%	+20bps	+71%	+74%																								



# Proven Track Record of M&A

**60**  
Acquisitions  
over the last  
**30 years**

Logos included in the collage:

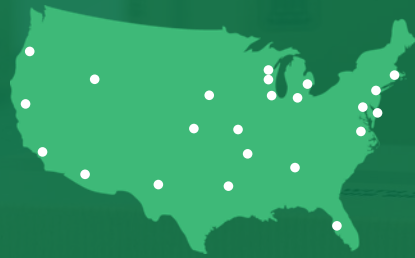
- AMDRO
- IRONITE
- Nylabone CHEWS BEST
- GREEN GARDEN
- ARDEN COMPANIES
- four paws
- KAYTEE
- PET ins
- PENNINGTON THE GRASS SEED PEOPLE
- ESU ENERGY SAVERS UNLIMITED
- K&H PET PRODUCTS
- envincio
- EARTH JUICE
- KENT MARINE
- GARDEN FRESH Sevin BUG KILLER
- GENERAL PET SUPPLY
- CORRY'S
- DMC Dallas Manufacturing Company
- Segrest Farms
- HOPEWELL Nursery
- Farnam
- DoMyOwn.com
- GRANT'S KILLS ANTS
- AQUEON it's all about the fish.
- CS Made in the USA WILD BIRD SPECIALTY PRODUCTS
- Commodities Ltd.
- Interpet
- Bell NURSERY

## Long-standing Deep Relationships with our Retail Partners



- 40 years of outstanding partnership with top tier retailers
- Strong joint business planning
- Private label producer for many retailers in key categories
- Emerging eCommerce leadership

# Superior Manufacturing & Distribution Network



Large national footprint  
with sales, logistics, and  
manufacturing sites









Strong distributor  
capabilities in  
Garden & Pet








Low-cost producer  
in several categories



# Strong & Experienced Leadership Team

					
<b>Tim Cofer</b> CEO	<b>Niko Lahanas</b> CFO	<b>John Hanson</b> President, Pet Consumer Products	<b>J.D. Walker</b> President, Garden Consumer Products	<b>Glen Axelrod</b> Senior Vice President, Dog & Cat Brands	<b>Dan Pennington</b> Senior Vice President, Wild Bird, Chemicals & Fertilizers
Consumer 32 years	16 years	31 years	41 years	27 years	44 years
Central 3 years	16 years	3 years	12 years	25 years	44 years

				
<b>Aron Kolosik</b> Chief Supply Chain Officer	<b>Ken Elsbury</b> Chief People Officer & Life Sciences Lead	<b>Mike McGoohan</b> Senior Vice President, Marketing & Strategy	<b>Chris Walter</b> Senior Vice President & Chief Information Officer	<b>Joyce McCarthy</b> General Counsel & Corporate Secretary
Consumer 22 years	27 years	19 years	25 years	21 years
Central 1 year	2 years	2 years	17 years	1 year

## Combination of Deep Central Experience and Relevant Consumer Industry Experience





Thank You  
Team  
CENTRAL!



**Our foundation is strong**

**and our future is bright**



# Our New Purpose & Mission

## Our Purpose

Nurture happy & healthy homes

## Our Mission

Lead the future of the Garden and Pet industries... one blade of grass and one wagging tail at a time

# Our Identity



**Home is central to life,  
we are Central to home**



# Our Central to Home Strategy



## CONSUMER

Build and grow brands  
Consumers love



## CUSTOMER

Win with winning  
Customers and  
Channels



## CENTRAL

Fortify the Central  
Portfolio



## COST

Reduce Cost to  
improve margins and  
fuel growth



## CULTURE

Balance our  
entrepreneurial, BU-led,  
growth Culture



# CONSUMER

Build & grow brands  
Consumers love



Deeply understand  
our consumers



Build distinctive  
and winning brands



Invest in demand creation  
to accelerate organic growth



Create disruptive  
innovation platforms



# Innovating for Growth



- Delivers healthy environment for the fish
- Soft biodegradable balls improve water quality
- Approx. 30% growth in FY2022

- Ready to use combination of mulch, grass seed & fertilizer
- Uses 30% less water than ordinary grass seed
- Proprietary tackifier



# Investing in Digital Marketing



## “Smart from the Start” campaign

### Results

- Doubled reach
- Increased engagement
- Grew market share



## “All for the Small” campaign

### Results

- Doubled ROI, increased engagement
- Grew market share
- Named #1 Celebrity Led campaign by AdAge





# CUSTOMER

Win with winning  
Customers & Channels

- Build a leading eCommerce platform
- Strengthen relationships with winning customers
- Respond to channel shifts
- Improve sales capabilities





CUSTOMER

# Build a Leading eCommerce Platform

## Developing Winning Capabilities

Activation



Assortment



Content



Availability



eCommerce Flywheel



Search

**\$566MM**

2022 eCommerce  
Net Sales

**+10%**

2022 eCommerce  
Net Sales growth

**~22%**

business in Pet,  
**~6%** in Garden

**amazon**  
**chewy**

**Top 10**

Customers for  
Central



Fortify the Central  
Portfolio

- Drive a strong portfolio strategy
- Acquire or venture to build scale in core & adjacent categories
- Exit underperforming & non-core business
- Ensure a safe, responsible and sustainable future



Pennington - Habitat for Humanity



CENTRAL

# M&A Remains a Growth Driver

## Our M&A Priorities

- 1 Build scale in core categories
- 2 Enter priority adjacencies
- 3 Enhance key capabilities
- 4 Pursue portfolio optimization

## Preferred acquirer in our industries

- Track record of M&A success
- Focused on maintaining entrepreneurial led culture
- Immediate distribution and supply chain scale benefits
- Merchandising, category management leadership
- Stellar balance sheet and access to capital

Seeking growth and margin accretive, brand-focused companies with talented management teams





CENTRAL



**CENTRAL**  
VENTURES

Seeking to partner with leading innovators in Garden and Pet and leverage Central's capabilities to accelerate growth

Focused on emerging growth companies in:

- **Sustainability**
- **Health & Wellness**
- **Digitally Connected Products & Services**

Current portfolio examples:

**LUCY**  
PET



**BACK TO THE ROOTS**



CENTRAL

# Strengthen Portfolio with Focus on Social Responsibility



# CENTRAL

## IMPACT

Protecting our Planet

Cultivating our Communities

Empowering our Employees



# COST

Reduce Cost to improve margins & fuel growth

- Perform with excellence everyday
- Drive net productivity and continuous improvement
- Capture scale and collaboration benefits across business units
- Improve cash conversion cycle





COST

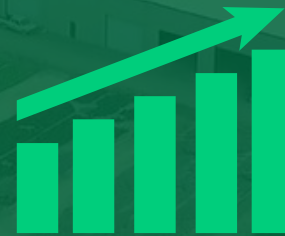
# Short-Term Focus on Cost & Cash While Fueling Long-Term Growth



Control  
Cost



Turn Inventories  
into Cash



Scaling  
Procurement



Investing in  
Efficient Capacity



# CULTURE

Balance our entrepreneurial,  
BU led, growth culture



Develop, recruit & retain top talent



Build capabilities and reframe how we work together



Develop career paths



Make Central a great place to work and embrace diversity and inclusion





CULTURE

# Building a Winning Growth Culture



# Committed to Driving Results



**Deliver Top-Tier  
Financial  
Performance**



**Build Strong  
Portfolio with Leading  
Brands**



**Be the Destination  
for Top Talent  
in Garden & Pet**

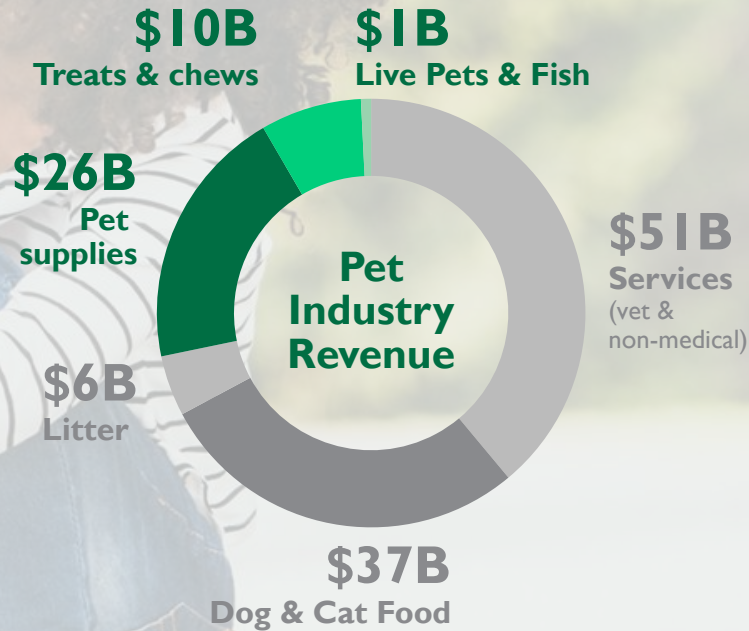


# Pet Business



# Pet is a Dynamic Growth Industry

Central plays in ~\$37B of \$131B Pet industry



Strong growth dynamics

Fragmented competitive set across categories

Broad distribution across retail channels

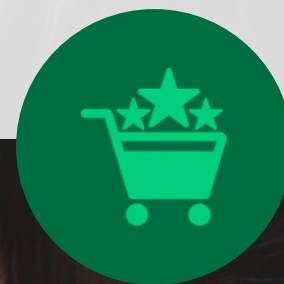
Growing eCommerce channel, accelerated by COVID

# Central is a Leader in the Pet Segment

Net sales of  
**\$1.9B**  
in FY 2022



Consumer &  
professional  
businesses with  
leading brands



~80% Branded &  
Private Label  
~20% Distribution



Solid 2022 performance  
in challenging environment

**-1%**

Net Sales

**+0.3%**

Operating  
Income

**+10%**

eCommerce

# Leading Portfolio of Brands



## Our Leadership Positions

### Categories

### Leading brands

Dog & Cat

#2

**Nylabone**  
CHEWS BEST™  
Dog & Cat Toys

#3

**Comfort ZONE**  
Calming Products

Aquatics

#2

**AQUEON**  
It's all about the fish.  
Aquatics

Small Animal

#1

**KAYTEE**  
Small Animal

Bird

#1

**KAYTEE**  
Pet Bird

#1

**GS**  
Suet

Reptile

#3

**Zilla**  
Reptile

Equine

#2

**Farnam**  
Fly Spray

Live Pets  
(ex-Dog & Cat)

#1

**Segrest Farms**  
Live Pet (ex Dog & Cat)

Professional

#1

**starbar**  
Farm Insect Control

#1

**ZOËCON**  
Municipal Mosquito Control

# Innovation Expands our Industry Leadership

**Nylabone**

CHEWS BEST™

**Gourmet**

Long-lasting dog chews



Finalist 2022 Pet Product News Editor Choice Awards

“Chew Toy of the Year” 2022 Pet Independent Innovation Award



**NutriSoft**

Bird feed with unique soft texture



“Bird food product of the Year” 2022 Pet Independent Innovation Award

CONSUMER

# Investing in Demand Creation



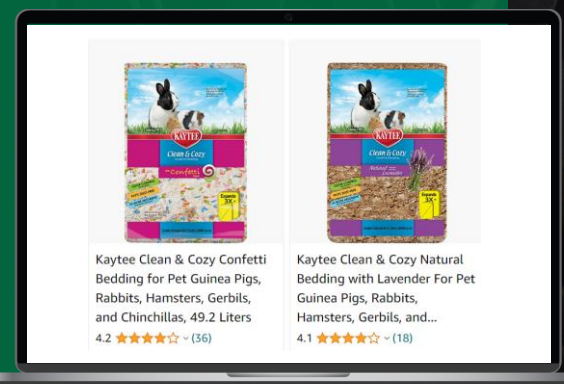
## Clean & Cozy Extreme Odor Bedding

### Online Display

Driving new “subscribe and save” orders

# Top 90%

## Of Pet Supply Category



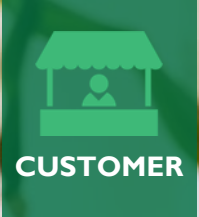


CUSTOMER

# Positioned to Win Every Channel

- Leading category insights and solutions to drive industry growth
- Strong relationships across customers and channels
- Emerging strength in eCommerce
- Tenured Pet industry sales leadership





CUSTOMER

# Winning in eCommerce

## Solid 2022 Results

**\$416MM**

in Net Sales

**~22%**

of Pet Consumer business

**+6%**

Growth

**Gaining Share** in majority of categories

We have a **BOLD** ambition



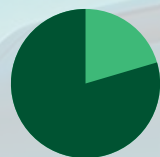
**2x**

Our eCommerce business by 2025 vs 2019



CUSTOMER

# Pet Distribution Generates Competitive Advantage



**~20%**  
of Pet  
revenue

## Largest

Assortment of supplies in  
Pet distribution with over 23,000 SKU's

### Our Portfolio

#### Third-Party Brands



~80%

~20%

### Who We Serve



**9,800+**  
Retailers



**6,400+**  
Vet clinics

## Competitive Advantages

- Insight into leading consumer trends
- Channel leadership in Pet Specialty
- Strengthened category management with top customers
- Access to emerging brands for M&A





COST

# Generating Savings to Fuel Growth

## Investing in Automation



## Expanding Capacity



## Optimizing Freight & Logistics



# Key Takeaways: Pet Business



Pet is a dynamic industry with strong consumer tailwinds



Central is a strong leader in Pet with untapped growth potential



We are executing well with solid 2022 results in a challenging environment



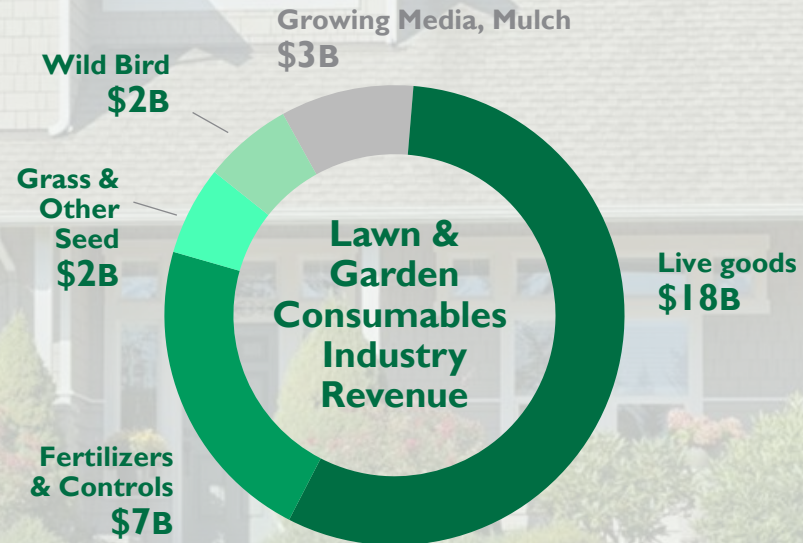
We have a bold consumer-centric growth strategy and are confident in our future



# Garden Business

# Garden is an Attractive Industry

## Central plays in ~\$31B of \$32B Lawn & Garden Consumables Industry



Seasonal business

Dominated by home centers and mass merchandisers

Underpenetrated in eCommerce, but accelerating

Central one of few large players in a fragmented industry

# Central is a Leader in the Garden Segment

Net sales of  
**\$1.5B**  
in FY 2022



**>70%**  
Sales from  
Top 3 customers



**~80% Brands &  
Private Label**  
**~20% Distribution**



Solid 2022 performance  
in challenging environment

**+4%**

Net Sales

**+11%**








Operating  
Income

**+9%**

eCommerce

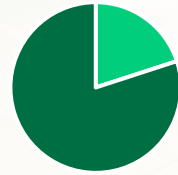
# Leading Portfolio of Brands

## Our Leadership Positions

Categories	Position	Leading brands
Wild Bird	#1	
Grass Seed	#2	
Packet Seed	#2	FERRY~MORSE®
Fertilizer	#2	
Controls	#3	 
Live Plants	#3	 

NOTE: At largest U.S. Live Goods retailer

# Garden Distribution Generates Competitive Advantage



**~20%**  
of Garden  
revenue

**Largest**

**U.S. National Distributor  
in Lawn & Garden**

## Our Portfolio

### Third-Party Brands

**100%**

## Who We Serve

**4K**  
Customers

**38K**  
Stores

## Competitive Advantages

- Preferred partner for largest retailers in the United States
- Strengthened customer partnerships, category management
- Insight into leading consumer trends
- Access to emerging brands for M&A

# Building Brands Consumers Love



Wild Bird  
**+70%**  
Sales at Top 3  
vs. 2019



Fertilizer  
**+12%**  
Sales at Top 3  
vs. 2019





# Investing Behind Winning Innovation

## Pennington Smart Patch

**MSD**

POS \$ growth vs. prior year



## Marketing Campaign

**LSD**

Market share gain





CUSTOMER

# Positioned to Win Every Channel

## Winning at the Big 3

- Outstanding customer relationships
- Tenured Sales team with deep Lawn & Garden expertise
- Leveraging our unique portfolio and consumer insights to tailor category solutions
- Best in class retail activation and execution with >1,000 merchandisers in store in peak season



## Strengthening our Positions in Emerging Channels

**+140%**

Growth in eCommerce vs. 2019

**+39%**

Growth in Farm & Ranch vs. 2019

**+22%**

Growth in Hardware vs. 2019



COST

# Generating Savings to Fuel Growth

## SG&A Optimization

- Multi-year journey
- Optimize structure
- Reduce network complexity

## Improving Efficiency

- Large scale project
- Simplify manufacturing footprint, Expand capacity
- Enhance automation

SG&A  **~1 pp**  
over the last  
**5 years**

**~\$4MM**

Annual cost savings run rate  
before inflation starting in  
**2023**

# Key Takeaways: Garden Business



Garden is a resilient industry with a broad base of loyal consumers



Central is a strong leader in Garden with untapped growth potential



We are executing well with solid 2022 results in a challenging environment



We have a bold consumer-centric growth strategy and are confident in our future



# Central Impact

# Social Responsibility is Imperative to Our Future



Grounded in our purpose to nurture happy & healthy homes



Important to our long-term profitability



Integrated within our growth strategy



Critical to our mission to lead the future of the garden and pet industries

# Our Central Impact Strategy has three priorities and 10 focus areas

## Protecting our Planet



Energy &  
Greenhouse Gases



Water



Waste



Biodiversity

## Cultivating our Communities



Philanthropy



Employee  
Volunteering



Product  
Stewardship

## Empowering our Employees



Health &  
Safety



Diversity &  
Inclusion



Learning &  
Development



# Protecting our Planet

## Our Goals

Protect our Planet by Embedding Sustainability in our Processes and Products

## Our Focus Areas

- Energy & Greenhouse Gases
- Water
- Waste
- Biodiversity

## 2021 Highlights

**80** million pounds of recycled materials in our products

**3.8** thousand MWh of energy conserved or diverted

**830** metric tons of greenhouse gasses mitigated

**14** billion gallons of water use avoided

**23** million of waste diverted from the landfill





# Community Health

## Our Goal

Cultivate our Communities by Giving Back and Providing Better Products

## Our Focus Areas

- Philanthropy
- Employee Volunteering
- Product Stewardship

## 2021 Highlights

**\$1.7MM** in monetary and product donations





# Empower our Employees

## Our Goal

Empower our Employees by Providing a Safe and Inclusive Workplace

## Our Focus Areas

- Health & Safety
- Diversity & Inclusion
- Learning & Development

## 2021 Highlights

**22** Percent reduction in safety incidents vs PY

**2,600** educational courses taken by our employees



# People & Culture

# Our People



## Passionate Engaged Employee Base

Over 7,000 employees globally



## Broad Domestic Footprint

Domestic offices, manufacturing plants and distribution centers

Additional locations in the U.K., China, Mexico and Canada



## Deep Experience & Expertise

~6 years Average tenure of Hourly FTEs

~11 years Average tenure of Salaried FTEs

# Building Central as a Great Place to Work



Develop, recruit &  
retain top talent



Build winning  
capabilities



Embrace diversity  
& inclusion

# Develop, Recruit & Retain Top Talent



Strong succession & talent management planning with focus on critical roles



Healthy mix of promote from within & external hires



Creation of extended leadership community



Robust development & career planning

# Healthy Mix of Promotions & New Talent

**30+** Promotions to  
Director and above  
roles in the last year

General Management

Finance

Marketing & Sales

Information Services

R&D

Customer Service

**25+** new hires in Director and above roles

**Energizer**



E&J Gallo Winery

L'ORÉAL



MARS



# Developing our Next Generation of Leaders



-  Community of top ~120 leaders
-  Empowering group to lead company priorities
-  Investing in leadership development
-  Leading our company to great results & building a great place to work!



# Building Winning Capabilities



## Marketing

Consumer Insights  
Brand Building  
Innovation



## eCommerce

Flywheel Management  
Omni-Channel Expansion  
Supply Chain Fulfillment



## Data & Analytics

Business performance  
Marketing, Sales & eCommerce  
Supply chain

### Our Approach



**Ambition  
Setting**



**External  
Benchmarking**



**Internal Gap  
Assessment**



**Roadmap  
Development**



**Plan  
Execution**



# Embracing diversity & inclusion

## Mentorship

- Launched first Mentorship Program to build a strong pipeline of future leaders

## Leadership Development

- Embedding Inclusive Leadership in our leadership development programs

## Recruiting

- Educated recruiters/hiring managers on diversity outreach tools and track usage of system
- Included inclusive language and imagery on external platforms and in recruiting processes

## Employee Education

- Launched Learning Central, an interactive learning platform that can be accessed by all 7,000+ employees
- Added D&I content (articles, courses, videos) for employees to access on demand



# Financial Overview

# Solid Performance in 2022

## Net Sales

(in \$ millions)

+1.1%

\$3,304

\$3,340

FY21

FY22

## Gross Margin

(as a percentage of Net Sales)

+30bps

29.4%

29.7%

FY21

FY22

## Operating Income

(in \$ millions)

+2.2%

\$254

\$260

FY21

FY22

## Diluted EPS

(in \$)

+\$0.05

\$2.75

\$2.80

FY21

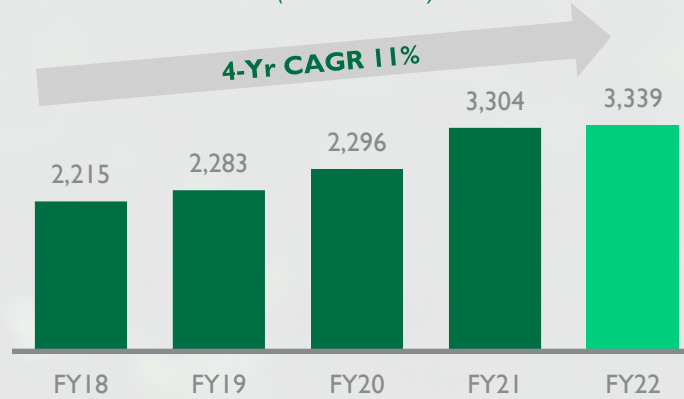
FY22

# Our Metrics Accelerated Over The Last Five Years



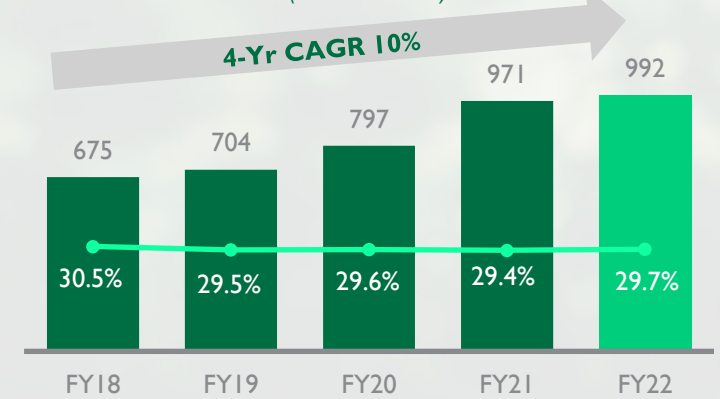
## Net Sales

(in \$ millions)



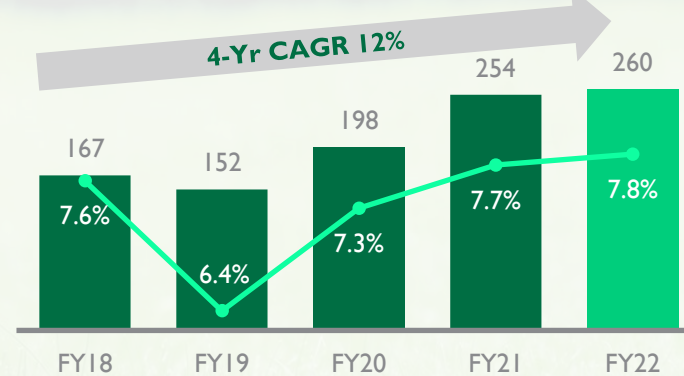
## Gross Profit & Margin

(in \$ millions)



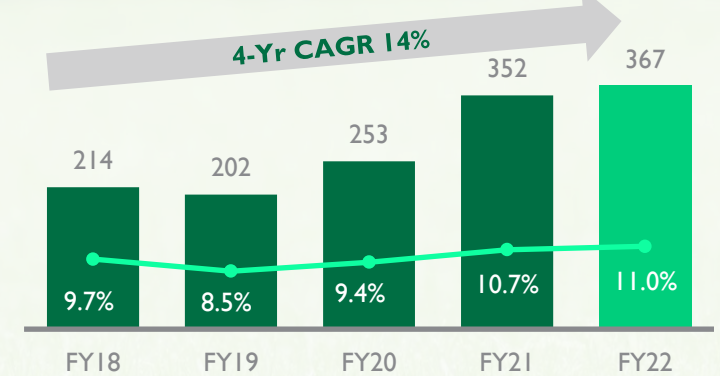
## Operating Income & Margin

(in \$ millions)



## Adj. EBITDA & Margin<sup>(1)</sup>

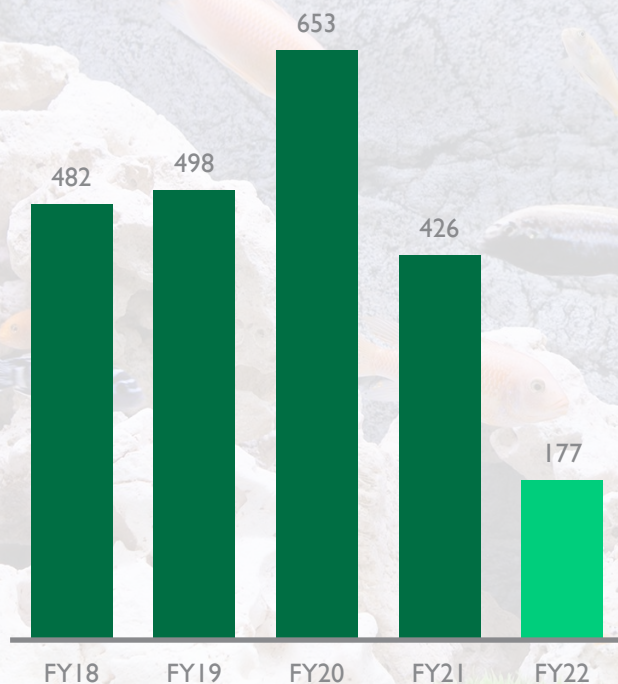
(in \$ millions)



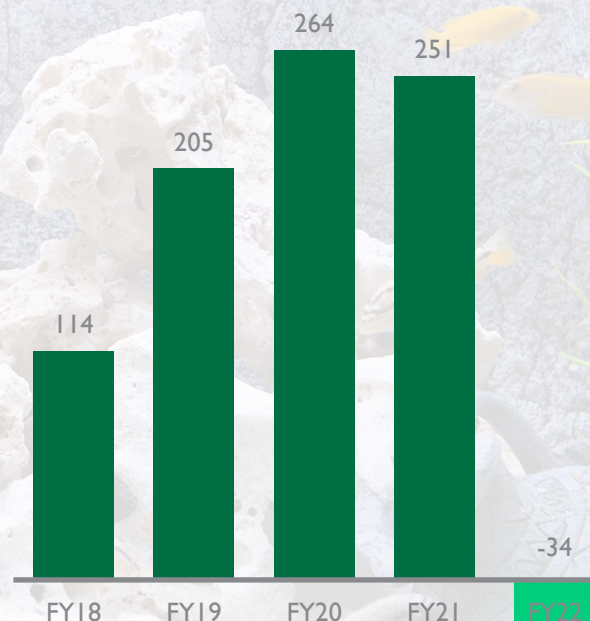
(1) See non-GAAP reconciliations in the Appendix.

# Strong Financial Metrics

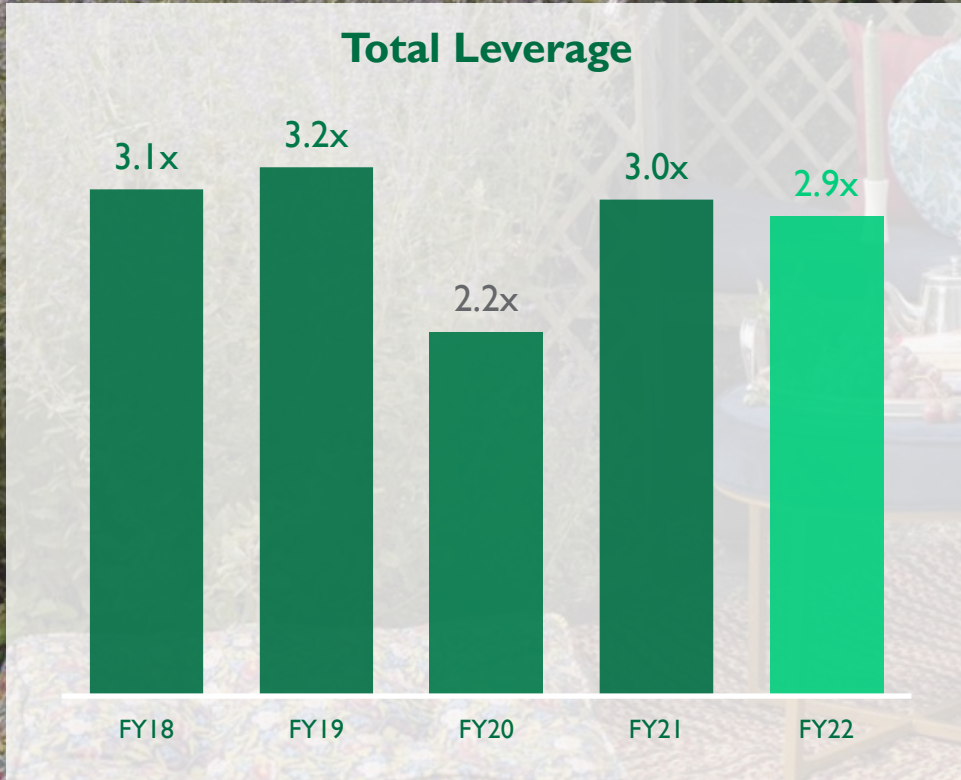
## Cash & Cash Equivalents (in \$ millions)



## Cash Flow from Operations (in \$ millions)



# Financial Resilience



- Strong and resilient balance sheet
- Refinanced debt at lower rates
- Future leverage target of 3-3.5x, willing to go higher for the right target, then quickly de-lever
- Reach investment grade rating

NOTE: Total Leverage calculated as total debt excluding leases divided by EBITDA. See non-GAAP reconciliation of EBITDA in the Appendix.

# Capital Allocation Priorities

## Targeted M&A

- Build scale, fill white spaces and enter priority adjacencies
- Enhance key capabilities and pursue portfolio optimization

## Share repurchases

- Opportunistic and programmatic share repurchases

## Invest for Growth

- Expand capacity
- Invest in brand building, ecommerce, digital marketing, consumer insights

## Debt Repayment

- Maintain flexibility for opportunistic M&A
- Reach investment grade rating



# Meaningful Opportunity to Improve Margins

Improve  
Operating  
Leverage

Drive  
Net  
Productivity

Capture  
Scale  
Benefits

Enhance  
Profitable  
Mix

Maintain  
Lean  
Overheads

Accelerate  
Free Cash  
Flow

End-to-end continuous improvement mindset

# Central to Home Strategy

## Long-Term Algorithm for Profitable Growth

### Organic Net Sales

**Outlook:**

**LSD**

---

Grow at or above category average

**Drivers:**

Strengthened capabilities and increased investment in marketing and sales

### Operating Income

**Outlook:**

**MSD**

---

Grow faster than Net Sales

**Drivers:**

Operating leverage and cost excellence

### Earnings per Share

**Outlook:**

**MSD-HSD**

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Grow faster than Operating Income

**Drivers:**

Leverage improvement

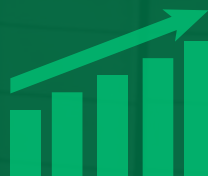
# Key Takeaways: Financial Overview



Robust financial performance



Fortress balance sheet and strong cash flow generation



Opportunities to expand margins and fuel growth



Proven track record of M&A



Central to Home strategy designed to drive a virtuous cycle and strong shareholder returns



# Summary



# Central to Home Strategy

## OUR PURPOSE

Nurture happy and healthy homes

## OUR MISSION

Lead the future of the Garden and Pet industries... one blade of grass and one wagging tail at a time

## OUR STRATEGIES



### CONSUMER

Build and grow brands Consumers love



### CUSTOMER

Win with winning Customers & Channels



### CENTRAL

Fortify the Central Portfolio



### COST

Reduce Cost to improve margins & fuel growth



### CULTURE

Strengthen our entrepreneurial, business unit led, growth Culture

# Recap: Key Takeaways



Garden & Pet are highly attractive and resilient growth industries



Central is an industry leader with a strong foundation and untapped potential



Our *Central to Home* strategy sets a bold ambition for the future with encouraging early results



We are confident in our plans to deliver significant long-term shareholder value



# CENTRAL

## GARDEN & PET

Please reach out to us with any comments or questions:

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

| (925) 948-4657



# 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 adjusted 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.

**Adjusted 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 adjusted 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.

# Notes & Disclosures

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.

- During the first quarter of fiscal 2021, we issued \$500 million aggregate principal amount of 4.125% senior notes due October 2030. We used 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 consolidated statements of operations.
- 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.

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

September 24, 2022    September 25, 2021

<b>Net Income &amp; Diluted Net Income Per Share Reconciliation</b>			
GAAP net income attributable to Central Garden & Pet Company	\$	152,152	\$ 151,746
Incremental expenses from note redemption and issuance			9,952
Loss on sale of business			2,611
Tax effect of incremental redemption expenses and loss on sale			(2,711)
Non-GAAP net income attributable to Central Garden & Pet Company		152,152	161,598
GAAP diluted net income per share	\$	2.80	\$ 2.75
Non-GAAP diluted net income per share	\$	2.80	\$ 2.92
<b>Shares used in GAAP and non-GAAP diluted net income per share calculation</b>		<b>54,425</b>	<b>55,248</b>

**GAAP to Non-GAAP Reconciliation**  
for the Fiscal Year Ended  
(in millions)

<b>Consolidated</b>		<b>GAAP to Non-GAAP Reconciliation</b>		
For Twelve Months Ended September 24, 2022				
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic	
Reported net sales FY 2022	\$ 3,338.6	\$ 146.9	\$ 3,191.7	
Reported net sales FY 2021	\$ 3,303.7	\$ 3.9	\$ 3,299.8	
\$ increase (decrease)	\$ 34.9	\$ 143.0	\$ (108.1)	
% increase (decrease)	<b>1.1%</b>		<b>(3.3)%</b>	

<b>Pet</b>		<b>GAAP to Non-GAAP Reconciliation</b>		
For Twelve Months Ended September 24, 2022				
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic	
Reported net sales FY 2022	\$ 1,878.1	\$ —	\$ 1,878.1	
Reported net sales FY 2021	\$ 1,894.9	\$ 3.9	\$ 1,891.0	
\$ decrease	\$ (16.8)	\$ (3.9)	\$ (12.9)	
% decrease		<b>(0.9)%</b>	<b>(0.7)%</b>	

<b>Garden</b>		<b>GAAP to Non-GAAP Reconciliation</b>		
For Twelve Months Ended September 24, 2022				
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic	
Reported net sales FY 2022	\$ 1,460.5	\$ 146.9	\$ 1,313.6	
Reported net sales FY 2021	\$ 1,408.8	\$ —	\$ 1,408.8	
\$ increase (decrease)	\$ 51.7	\$ 146.9	\$ (95.2)	
% increase (decrease)		<b>3.7%</b>	<b>(6.8)%</b>	

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

	September 24, 2022	September 25, 2021
<b>Adjusted EBITDA Reconciliation</b>		
Net income attributable to Central Garden & Pet Company	\$ 152,152	\$ 151,746
Interest expense, net	57,534	58,182
Other expense	3,596	1,506
Income tax expense	46,234	42,035
Net loss attributable to noncontrolling interest	520	1,027
Sum of items below operating income	107,884	102,750
Income from operations	260,036	254,496
Depreciation & amortization	80,948	74,727
Adjusted EBITDA	\$ 366,801	\$ 352,350