

Q4 & FY22

Investor Presentation

11.21.2022





Business & Industry Update

Tim Cofer, CEO

Q4 & FY22 Financials, FY23 Outlook

Niko Lahanas, CFO

Management Q&A

*Tim Cofer, 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.

Three Key Messages

1

Solid FY22 results in a challenging environment

Grew all key financial metrics

- ✓ Net sales
- ✓ Gross margin
- ✓ Operating income
- ✓ Earning per share

Exceeded June guidance

2

Confident in profitable long-term growth

Structural tailwinds pave way for long-term growth of Pet & Garden industries

Central to Home strategy provides roadmap to unlock competitive advantage

3

Prudent approach to FY23 guidance

EPS guidance of \$2.60 to \$2.80

- Considers near-in market uncertainty
- Reflects belief in the fundamentals of our Company and industries

Focus on cost & cash agenda

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><thead><tr><th>Year</th><th>Net Sales (\$ millions)</th></tr></thead><tbody><tr><td>2019</td><td>\$2,383</td></tr><tr><td>2022</td><td>\$3,339</td></tr></tbody></table>	Year	Net Sales (\$ millions)	2019	\$2,383	2022	\$3,339	 <table><thead><tr><th>Year</th><th>Gross Margin (%)</th></tr></thead><tbody><tr><td>2019</td><td>29.5%</td></tr><tr><td>2022</td><td>29.7%</td></tr></tbody></table>	Year	Gross Margin (%)	2019	29.5%	2022	29.7%	 <table><thead><tr><th>Year</th><th>Operating Income (\$ millions)</th></tr></thead><tbody><tr><td>2019</td><td>\$152</td></tr><tr><td>2022</td><td>\$260</td></tr></tbody></table>	Year	Operating Income (\$ millions)	2019	\$152	2022	\$260	 <table><thead><tr><th>Year</th><th>EPS (\$)</th></tr></thead><tbody><tr><td>2019</td><td>\$1.61</td></tr><tr><td>2022</td><td>\$2.80</td></tr></tbody></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%																								

Garden Segment: \$1.5B Net Sales

Headwinds & Challenges

- Poor weather impacted peak garden season
- High inflation impacted consumer behavior
- Foot traffic at retail declined
- Excess retailer inventory
- Consumer participation in category eroded

Tailwinds & Successes

- POS outperforming Net Sales
- Household penetration & buy rate remain well above pre-pandemic levels
- Customer service restored to high 90s
- Increased market share in Grass Seed and Wild Bird
- Brands outperformed private label
- eCommerce grew 9%

Pet Segment: \$1.9B Net Sales

Headwinds & Challenges

- Category participation slowed in H1 and declined in H2
- High inflation impacted consumer behavior
- Durables declined while consumables remain strong
- Retailers de-stocked inventory

Tailwinds & Successes

- Market share grew in Small Animal, Equine, Dog Treats
- Brands outperformed private label
- eCommerce up 10%, representing 22% of branded sales
- Consumables grew low to mid single digits, faster than durables
- Customer service levels restored to high 90s

Structural Trends Support Long-term Growth of Our Industries



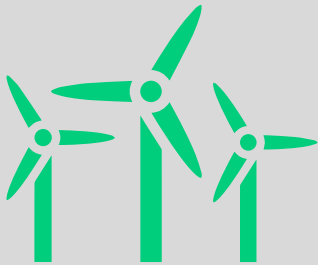
Rural Revitalization



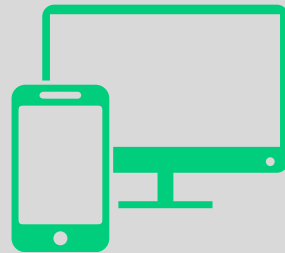
Hybrid Work Environments



Millennials & Gen Z



Sustainability



Digital Revolution



Humanization &
Premiumization

Central to Home Strategy Provides Roadmap to Unlock Growth



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

Strengthen our
entrepreneurial, BU-
led, growth Culture



Consumer Pillar

Build and
grow brands
Consumers love



- “Smart from the Start” campaign
- Doubled impressions, increased engagement
- Grew market share



- “All for the Small” campaign
- Doubled ROI, increased engagement 10x
- Grew market share



- Gourmet Chews won 2022 “Chew Toy Product of the Year”



- Launched new pet supplements brand in less than 16 months



Central Pillar

Fortify
the Central
Portfolio

Launched Central Impact Sustainability Report



**A Message
from the
CEO**

Dear Stakeholders,

At Central Garden & Pet, we are committed to being a responsible corporate citizen and the greatest employer we can be. Our long-term profitability of our business is tied to the planet, care for the local areas we serve, a safe, healthy and rewarding workplace, and our long-term enterprise roadmap, and by our Impact Strategy, which has three priorities:

- **Protecting our Planet:** focused on reducing waste, increasing use of recycled materials, and helping our customers reduce their carbon footprint.
- **Cultivating our Communities:** dedicated to neighborhoods where our customers and employees live, philanthropy, volunteering and product stewardship.
- **Empowering our Employees:** committed to our teams through our dedication to career development.



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



“Environmental Partner of the Year” Award



2022 INNOVATION AWARDS

**ENVIRONMENTAL
PARTNER
OF THE YEAR**

Bell Nursery
Central Garden & Pet Company





Cost Pillar

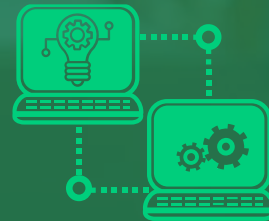
Reduce Cost to
improve margins and
fuel growth



- Simplified portfolio, eliminated thousands of SKUs



- Shifted some production from co-manufacturers to our own plants



- Invested in automation in many of our businesses to improve efficiency

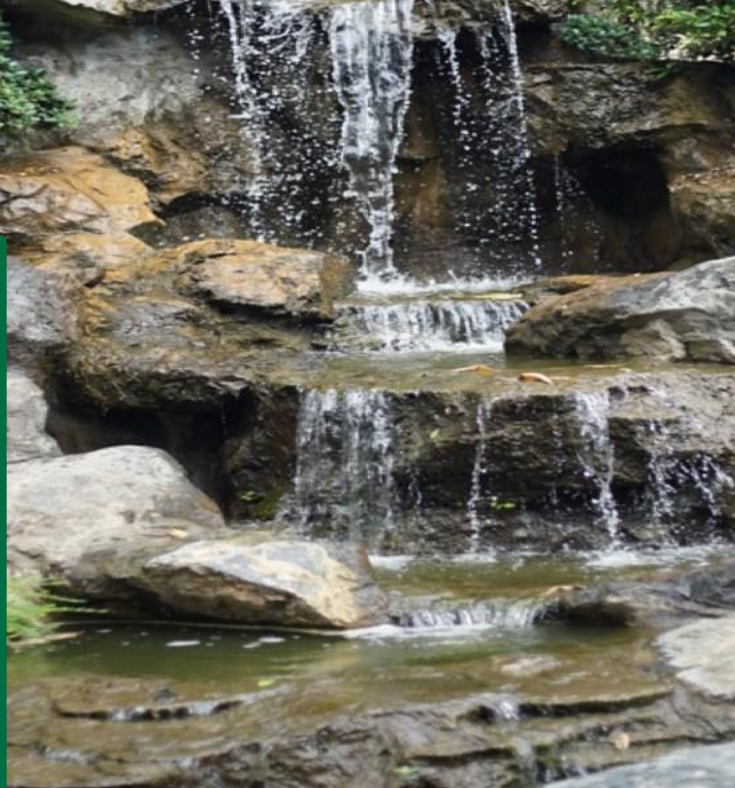


- Developing a cost-out agenda to simplify our network, rationalize our footprint, and better leverage our scale



Tim Cofer

CEO



Niko Lahanas

CFO

Solid FY22 Performance in a Challenging Environment

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

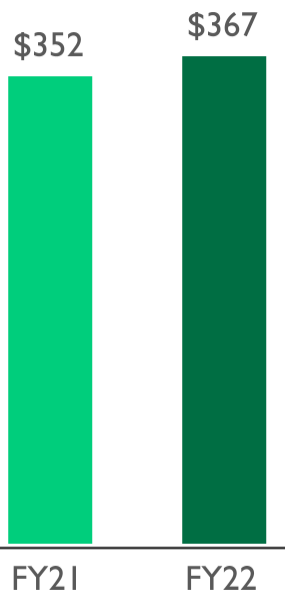
FY22

Strong Financial Position and Metrics

Adj. EBITDA

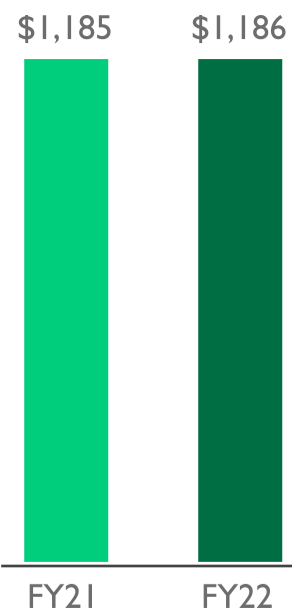
(in \$ millions)

+4%



Long-Term Debt

(in \$ millions)



Total Leverage ⁽¹⁾





FY23 Outlook

Ongoing macroeconomic uncertainty

- Continued broad-based cost inflation
- Unfavorable retailer inventory dynamics and changing consumer spending

Strong fundamentals of Central and our industries

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

FY23 GAAP EPS expected to be \$2.60 to \$2.80

- CapEx in the range of \$70 to \$80 million
- Sharper focus on cost and cash agenda

FY23 Q1 EPS to be \$(0.15) to \$(0.20)

- Q1 one of the smaller quarters, lapping second highest Q1 FY22
- Reflects softer sales, higher cost inventories, earlier quarter end

Q&A

**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 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

Net Income & Diluted Net Income Per Share Reconciliation			
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
Shares used in GAAP and non-GAAP diluted net income per share calculation		54,425	55,248

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

Consolidated GAAP to Non-GAAP Reconciliation				
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)	1.1%		(3.3)%	

Pet GAAP to Non-GAAP Reconciliation				
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	(0.9)%		(0.7)%	

Garden GAAP to Non-GAAP Reconciliation				
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)	3.7%		(6.8)%	

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

	September 24, 2022	September 25, 2021
Adjusted EBITDA Reconciliation		
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