



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 adjusted EBITDA and organic sales. Management believes these non-GAAP financial measures that exclude the impact of specific items (described below) 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.

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). 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.

Organic Net Sales Reconciliation

	GAAP to Non-GAAP Reconciliation		
	Three Months Ended December 30, 2023		
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
	(in millions)		
Q1 FY 24	\$ 634.5	\$ 13.2	\$ 621.3
Q1 FY 23	627.7	9.5	618.2
\$ increase	\$ 6.8		\$ 3.1
% increase	1.1%		0.5%

Organic Pet Segment Net Sales Reconciliation

	GAAP to Non-GAAP Reconciliation		
	Three Months Ended December 30, 2023		
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
	(in millions)		
Q1 FY 24	\$ 409.2	\$ 13.2	\$ 396.0
Q1 FY 23	415.8	—	415.8
\$ decrease	\$ (6.6)		\$ (19.8)
% decrease	(1.6)%		(4.8)%

Organic Garden Segment Net Sales Reconciliation

	GAAP to Non-GAAP Reconciliation		
	Three Months Ended December 30, 2023		
	Net sales (GAAP)	Effect of acquisitions & divestitures on net sales	Net sales organic
	(in millions)		
Q1 FY 24	\$ 225.3	\$ —	\$ 225.3
Q1 FY 23	211.9	9.5	202.4
\$ increase	\$ 13.4		\$ 22.9
% increase	6.3%		11.3%

Adjusted EBITDA Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended December 30, 2023			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet	\$ —	\$ —	\$ —	\$ 430
Interest expense, net	—	—	—	9,707
Other income	—	—	—	(993)
Income tax benefit	—	—	—	(869)
Net income attributable to noncontrolling interest	—	—	—	137
Sum of items below operating income	—	—	—	7,982
Income (loss) from operations	43,388	(8,886)	(26,090)	8,412
Depreciation & amortization	10,798	11,006	741	22,545
Noncash stock-based compensation	—	—	6,021	6,021
Adjusted EBITDA	\$ 54,186	\$ 2,120	\$ (19,328)	\$ 36,978

Adjusted EBITDA Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended December 24, 2022			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net loss attributable to Central Garden & Pet Company	\$ —	\$ —	\$ —	\$ (8,433)
Interest expense, net	—	—	—	13,776
Other income	—	—	—	(1,699)
Income tax benefit	—	—	—	(2,822)
Net loss attributable to noncontrolling interest	—	—	—	(416)
Sum of items below operating income	—	—	—	8,839
Income (loss) from operations	39,555	(10,820)	(28,329)	406
Depreciation & amortization	10,112	10,842	738	21,692
Noncash stock-based compensation	—	—	6,577	6,577
Adjusted EBITDA	\$ 49,667	\$ 22	\$ (21,014)	\$ 28,675