

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 non-GAAP net income and diluted net income per share, 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.

EBITDA is 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). We present EBITDA because we believe that 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. EBITDA is used by our management to perform such evaluation. 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 EBITDA is frequently used by investors, securities analysts and other interested parties in their evaluation of companies, many of which present EBITDA when reporting their results. Other companies may calculate EBITDA differently and it may not be comparable.

We have also provided 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.

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 have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential significant variability and limited visibility of the excluded items. 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.

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.

The non-GAAP adjustments reflect the following:

- (1) 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.
- (2) 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.

| Net Income and Diluted Net Income Per Share Reconciliation | GAAP to Non-GAAP Reconciliation For the Three Months Ended | |
|---|---|-------------------|
| | December 26, 2020 | December 28, 2019 |
| | (in thousands, except per share amounts) | |
| GAAP net income (loss) attributable to Central Garden & Pet Company | \$ 5,613 | \$ (4,417) |
| Incremental expenses from note redemption and issuance (1) | 9,952 | — |
| Loss on sale of business (2) | 2,611 | — |
| Tax effect of incremental expenses and loss on sale | \$ (2,470) | \$ — |
| Non-GAAP net income (loss) attributable to Central Garden & Pet Company | \$ 15,706 | \$ (4,417) |
| GAAP diluted net income (loss) per share | \$ 0.10 | \$ (0.08) |
| Non-GAAP diluted net income (loss) per share | \$ 0.29 | \$ (0.08) |
| Shares used in GAAP and non-GAAP diluted net earnings per share calculation | 54,686 | 54,755 |

Organic Net Sales Reconciliation

We have provided organic net sales, a non-GAAP measure that excludes the impact of recent acquisitions and dispositions, because we believe it permits investors to better understand the performance of our historical business. We define organic net sales as net sales from our historical business derived by excluding the net sales from businesses acquired or exited in the preceding 12 months. After an acquired business has been part of our consolidated results for 12 months, the change in net sales thereafter is considered part of the increase or decrease in organic net sales.

| | GAAP to Non-GAAP Reconciliation For the Three Months Ended December 26 2020 | | | | | |
|---|--|----------------|-------------|----------------|----------------|----------------|
| | Consolidated | | Pet Segment | | Garden Segment | |
| | | Percent change | | Percent change | | Percent change |
| | (in millions) | | | | | |
| Reported net sales - Q1 FY21 (GAAP) | \$ 592.2 | | \$ 436.4 | | \$ 155.8 | |
| Reported net sales - Q1 FY20 (GAAP) | 482.8 | | 366.6 | | 116.2 | |
| Increase in net sales | 109.4 | 22.7 % | 69.8 | 19.0 % | 39.6 | 34.1 % |
| Effect of acquisition and divestitures on increase in net sales | 1.6 | | 1.9 | | (0.3) | |
| Increase in organic net sales - Q1 FY21 | \$ 111.0 | 23.0 % | \$ 71.7 | 19.6 % | \$ 39.3 | 33.8 % |

EBITDA Reconciliation**GAAP to Non-GAAP Reconciliation
For the Three Months Ended December 26, 2020**

| | Garden | Pet | Corp | Total |
|---|----------------|-----------|-------------|-----------|
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | \$ 5,613 |
| Interest expense, net | — | — | — | 20,769 |
| Other income | — | — | — | (752) |
| Income tax expense | — | — | — | 1,381 |
| Net income attributable to noncontrolling interest | — | — | — | 29 |
| Sum of items below operating income | — | — | — | 21,427 |
| Income (loss) from operations | \$ 4,651 | \$ 43,525 | \$ (21,136) | \$ 27,040 |
| Depreciation & amortization | 2,638 | 9,085 | 1,192 | 12,915 |
| EBITDA | \$ 7,289 | \$ 52,610 | \$ (19,944) | \$ 39,955 |

EBITDA Reconciliation**GAAP to Non-GAAP Reconciliation
For the Three Months Ended December 28, 2019**

| | Garden | Pet | Corp | Total |
|---|----------------|-----------|-------------|------------|
| | (in thousands) | | | |
| Net loss attributable to Central Garden & Pet Company | — | — | — | \$ (4,417) |
| Interest expense, net | — | — | — | 8,637 |
| Other income | — | — | — | (305) |
| Income tax benefit | — | — | — | (1,728) |
| Net loss attributable to noncontrolling interest | — | — | — | (122) |
| Sum of items below operating income | — | — | — | 6,482 |
| Income (loss) from operations | \$ (6,883) | \$ 28,737 | \$ (19,789) | \$ 2,065 |
| Depreciation & amortization | 2,713 | 9,072 | 1,355 | 13,140 |
| EBITDA | \$ (4,170) | \$ 37,809 | \$ (18,434) | \$ 15,205 |