Q3 2024
Quarterly Earnings Report

Third quarter ended June 29, 2024

Supplemental Financial Presentation

July 31, 2024

Please view this presentation in conjunction with our Q3 2024 earnings release, which is filed on Form 8-K, our related pre-recorded remarks and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, available on our website at https://investor.scotts.com.

Safe Harbor Disclosure

Statements contained in this presentation, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, including, but not limited to, information regarding the future economic performance and financial condition of the Company, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties.

Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this presentation is readily available in the Company's publicly filed annual, quarterly and other reports. The Company disclaims any obligation to update developments of these factors or to announce publicly any revision to any of the forward-looking statements contained in this presentation, or to make updates to reflect future events or developments.

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

Today's speakers

Jim Hagedorn
Chairman,
Chief Executive Officer
and President

Matt Garth
EVP, Chief Financial Officer
and Chief Administrative Officer

ScottsMiracle-Gro

Q&A

A Q&A session will follow the earnings webcast at approximately 9:30 a.m. ET.

Jim Hagedorn
Chairman,
CEO & President

Nate Baxter
EVP & COO

Matt Garth
EVP, CFO & CAO

Chris Hagedorn
President, Hawthorne Division

Review the press release for registration details.

- To listen to the Q&A, please remain on the webcast link following our video.
- To ask a question, please pre-register via the audio link for call-in details and a unique PIN.

3Q 2024 - 3 Months ended June 29, 2024

Third Quarter Performance Summary

Total Company non-GAAP Results vs. Q3 2023

Net sales	$1.20 billion	*+7%*
Adjusted Gross Margin Rate	29.2%	*+790 bps*
SG&A	$147.9 million	*+15%*
Adjusted Net Income	$133.8 million	*vs. $66.0M*
Interest Expense	$38.8 million	*-18%*
Adjusted Effective Tax Rate	25.5%	*+190 bps*
Adjusted Diluted EPS	$2.31	*vs. $1.17*
Adjusted EBITDA	$236.8 million	*vs. $127.0M*
Leverage	5.46x	*vs. 6.50x maximum*

Non-GAAP Measures. Comparisons are to Q3 2023 unless otherwise indicated.

Q3 2024
Business Update

PRESENTED BY

Jim Hagedorn

Chairman, Chief Executive Officer and President

Fiscal 2024

Three Key Objectives for Fiscal 2024 - all on pace

Improve Adjusted Gross Margin to drive Adjusted EBITDA

- Mid single-digit growth in Lawn & Garden is on track and achievable for the full year
- New listings and incremental promotions in combination with variable weather are driving POS
- Minimum 250 bps gross margin rate improvement in FY24
- Invested 33% more media in season vs last year and increased total media dollars by 10% YoY
- >80% of our full year POS is behind us giving us strong visibility through the remainder of the year

$560M Free Cash Flow / $350M Debt Paydown

- Strengthening balance sheet is key to improving financial flexibility for growth-driving investments
- Q3 Leverage of 5.5x adjusted EBITDA comfortably below 6.5x max and targeting below 5x by year-end
- YTD free cash flow approaching $500M - on track to $560M for full fiscal year
- Debt paydown of at least $350M by fiscal year-end
- Committed to retaining quarterly dividend

Advance Strategic Path for Hawthorne

- Optimizing for future growth and optionality; on track to breakeven or better contribution to adjusted EBITDA
- Focusing on our best-in-class Signature brands and discontinuing distribution of non-proprietary brands advances margin recovery
- Increased Signature sales by 6% vs 3Q23 and delivered first quarter of segment profit since 3Q22
- Continued efforts to support an eventual separation of the business when the timing is appropriate

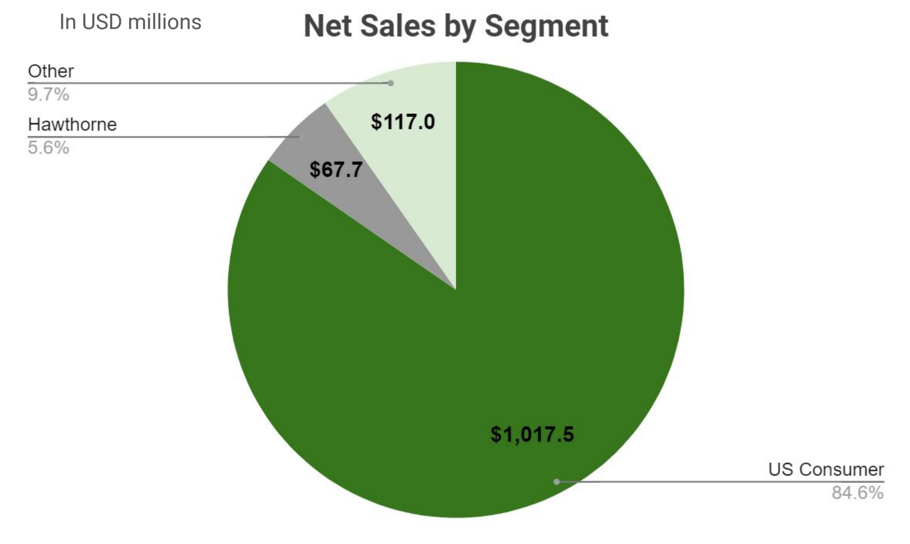
Q3 2024 Financial Update

PRESENTED BY

Matt Garth

EVP, Chief Financial Officer and Chief Administrative Officer

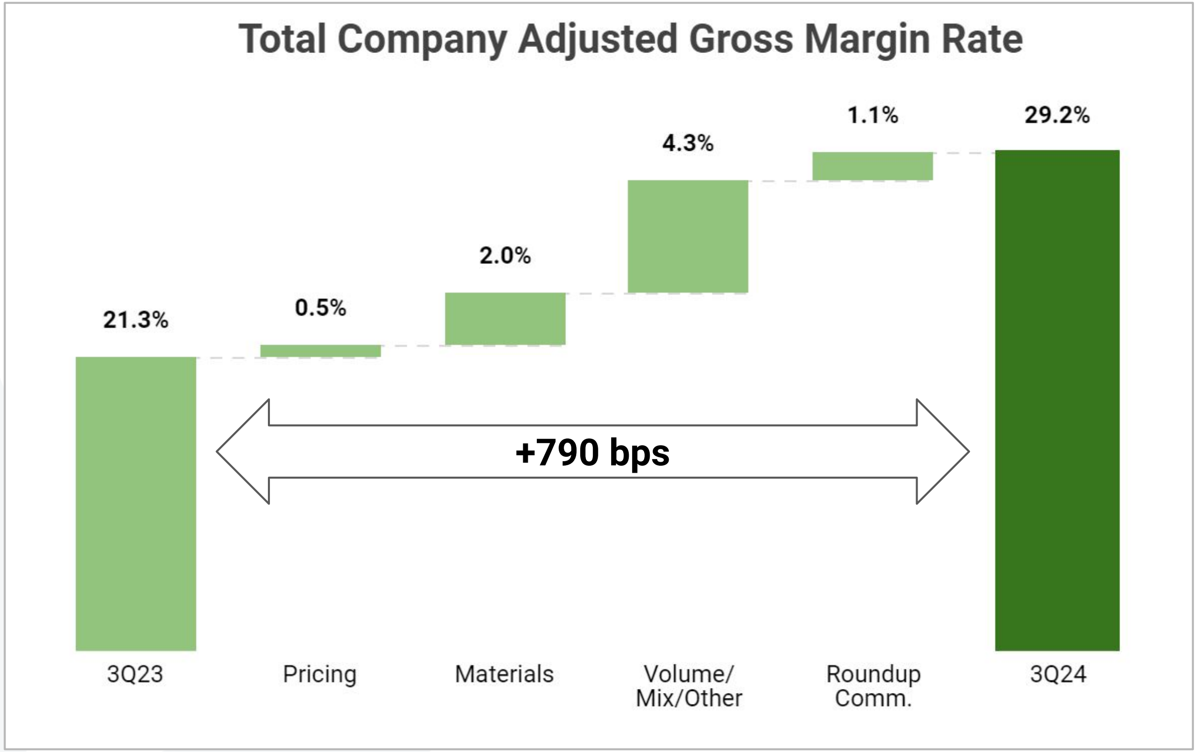
Total Company Net Sales



- **U.S. Consumer**
  - 11% net sales increase versus 3Q last year
  - 10% growth in unit POS through mid-July
  - 3% increase in unit share excluding mulch
- **Hawthorne**
  - 28% net sales decline versus 3Q last year led by discontinuation of distributed brands
  - 6% increase in proprietary Signature net sales versus 3Q last year
- **Other**
  - Primarily Canada L&G business
  - 7% increase vs 3Q last year

3Q 2024 - 3 Months ended June 29, 2024

Total Company Adjusted Gross Margin Rate



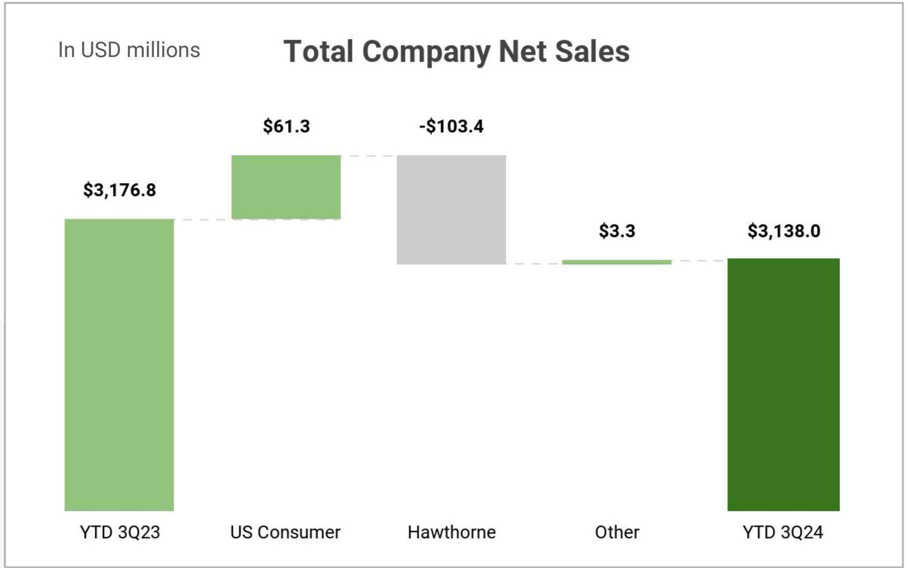
Full Year Expectations

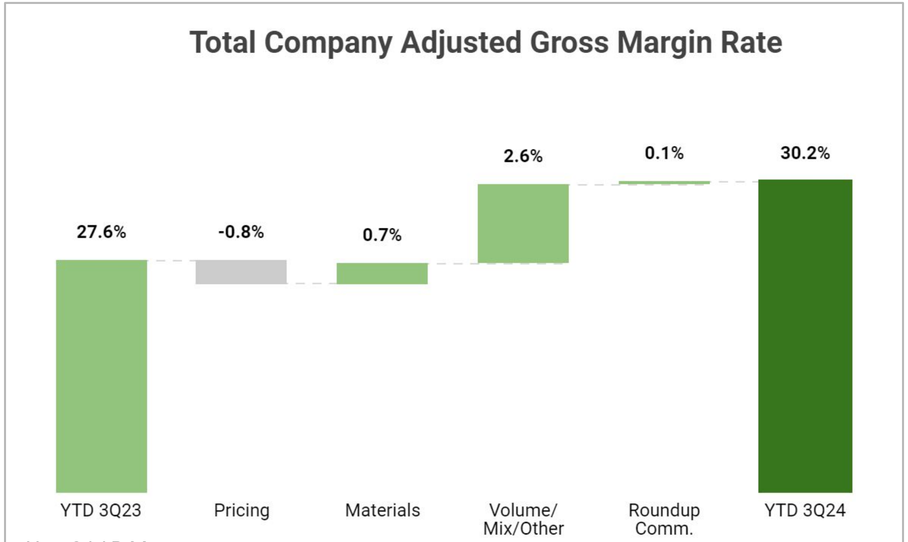
- +250 bps or more vs. FY23
- Favorable mix more than offsetting low single digit pricing decrease
- Project Springboard distribution and other cost savings benefits
- Avoid prior year one-time excess inventory write-off
- Material cost and fixed cost leverage benefits to be realized late FY24 and into FY25

Non-GAAP Measures.

Year-to-date 3Q 2024 - 9 Months ended June 29, 2024

Total Company Net Sales and Adjusted Gross Margin Rate

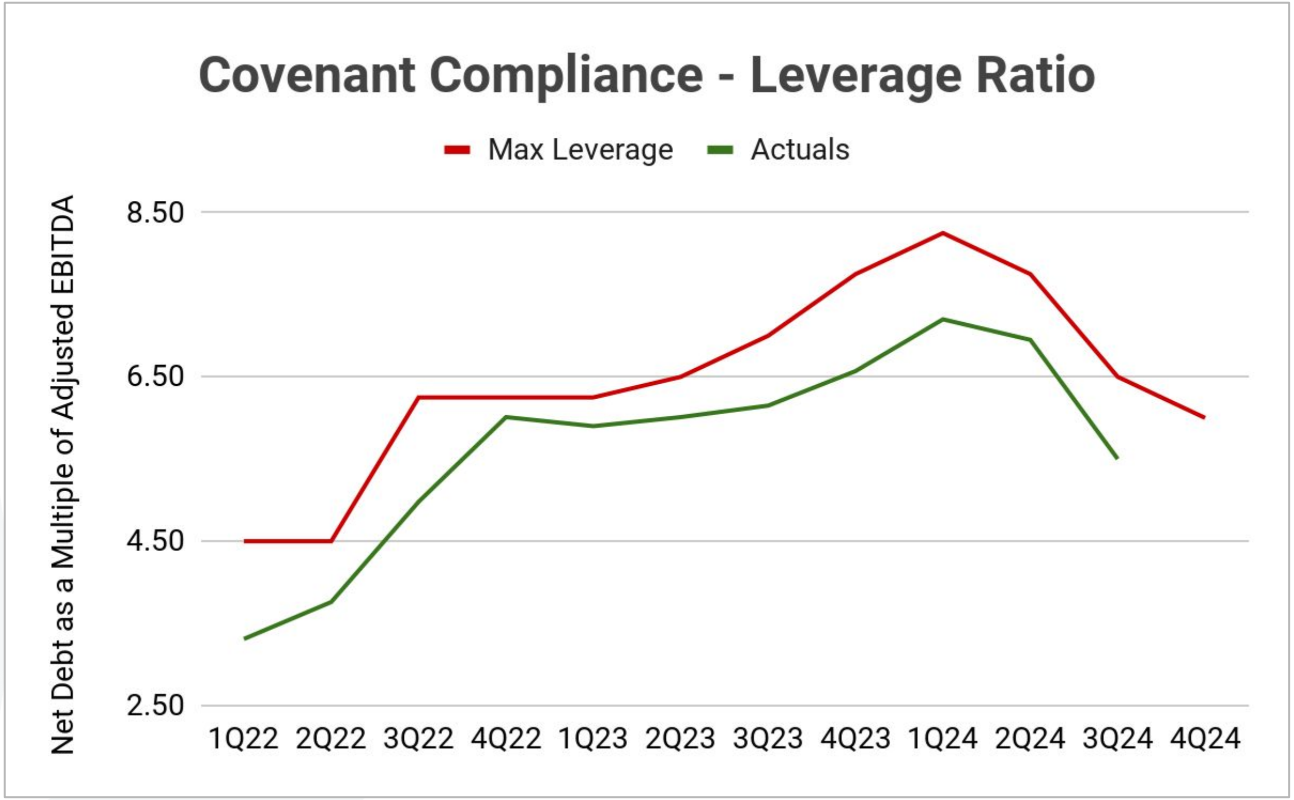




Non-GAAP Measures.

Fiscal 2024

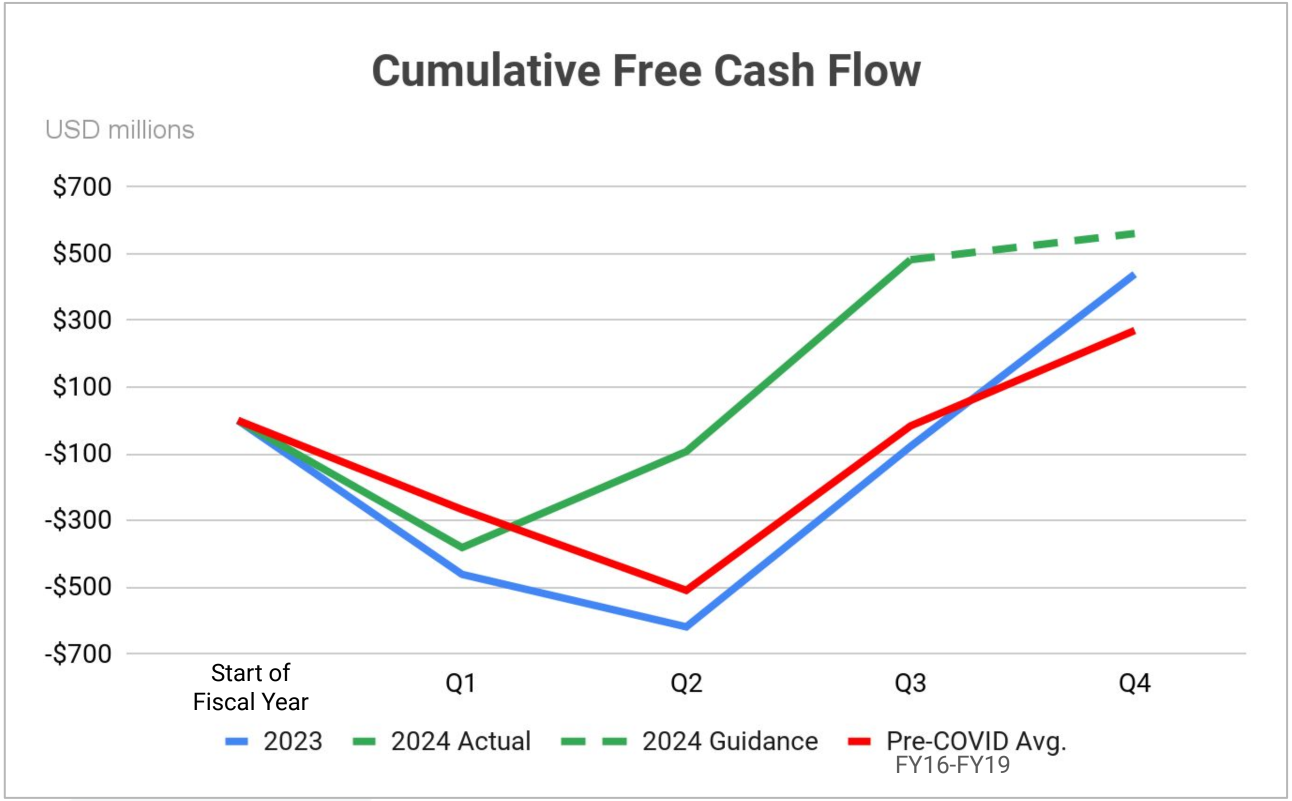
Fiscal 2024 Leverage Glidepath

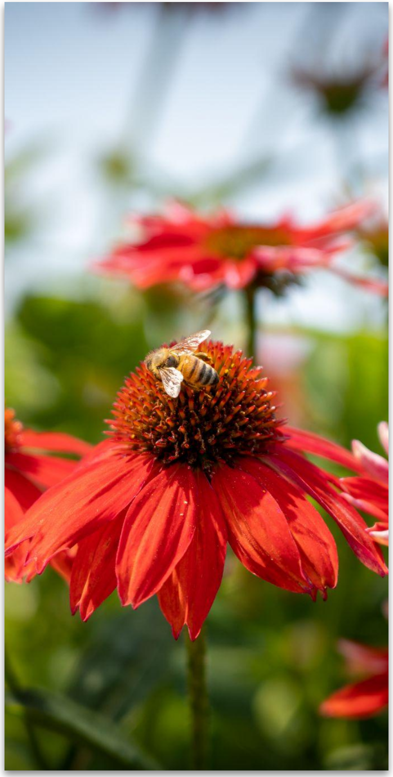


Non-GAAP Measures.

Fiscal 2024

Company on track to exceed $1 Billion in FCF over 2 years





Non-GAAP Measures.

Appendix

Third quarter ended June 29, 2024

Fiscal 2024

Our Fiscal 2024 Guidance

Net Sales	• US Consumer: 5% - 7% increase • Hawthorne: 35% - 40% decline
Adjusted Gross Margin Rate	• 250 bps of improvement
SG&A	• 15% - 16% of net sales • Media investments +12% y/y
Adjusted Operating Margin Rate	• 10.5% - 11.0% of net sales
Interest Expense	• ~$160 million in Interest Expense • Plus, $25 million A/R discount cost in Other Income/Expense
Adjusted Effective Tax Rate	• 28% - 29%
Adjusted EBITDA	• $530 - $540 million • Depreciation, Amortization, and Share-Based Compensation Adjustments flat to prior year in total
Diluted Share Count	• Increase of 1.5 million shares
Free Cash Flow	• $560 million (balance of $1B over 2 years)

Non-GAAP Measures

Reconciliation of Non-GAAP Financial Measures

Use of Non-GAAP Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company uses non-GAAP financial measures. The reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for or superior to, financial measures reported in accordance with GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of the business as determined in accordance with GAAP. Other companies may calculate similarly titled non-GAAP financial measures differently than the Company, limiting the usefulness of those measures for comparative purposes.

In addition to GAAP measures, management uses these non-GAAP financial measures to evaluate the Company's performance, engage in financial and operational planning, determine incentive compensation and monitor compliance with the financial covenants contained in the Company's borrowing agreements because it believes that these non-GAAP financial measures provide additional perspective on and, in some circumstances are more closely correlated to, the performance of the Company's underlying, ongoing business.

Management believes that these non-GAAP financial measures are useful to investors in their assessment of operating performance and the valuation of the Company. In addition, these non-GAAP financial measures address questions routinely received from analysts and investors and, in order to ensure that all investors have access to the same data, management has determined that it is appropriate to make this data available to all investors. Non-GAAP financial measures exclude the impact of certain items and provide supplemental information regarding operating performance. By disclosing these non-GAAP financial measures, management intends to provide investors with a supplemental comparison of operating results and trends for the periods presented. Management believes these non-GAAP financial measures are also useful to investors as such measures allow investors to evaluate performance using the same metrics that management uses to evaluate past performance and prospects for future performance. Management views free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends and discretionary investment.

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

The reconciliations of non-GAAP disclosure items include the following financial measures that are not calculated in accordance with GAAP:

- Adjusted gross margin: Gross margin excluding impairment, restructuring and other charges / recoveries.
- Adjusted income tax expense (benefit): Income tax expense (benefit) excluding the tax effect of impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items.
- Adjusted net income (loss): Net income (loss) excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items, each net of tax.
- Adjusted diluted net income (loss) per common share: Diluted net income (loss) per common share excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items, each net of tax.
- Adjusted EBITDA: Net income (loss) before interest, taxes, depreciation and amortization as well as certain other items such as the impact of the cumulative effect of changes in accounting, costs associated with debt refinancing and other non-recurring or non-cash items affecting net income (loss). A form of Adjusted EBITDA is used in agreements governing the Company's outstanding indebtedness for debt covenant compliance purposes. Adjusted EBITDA as used in those agreements includes additional adjustments to the Adjusted EBITDA presented in the reconciliations above which may decrease or increase Adjusted EBITDA for purposes of the Company's financial covenants.
- Free cash flow: Net cash provided by (used in) operating activities reduced by investments in property, plant and equipment.

Forward Looking Non-GAAP Measures

In this presentation, the Company presents certain forward-looking non-GAAP measures. The Company does not provide outlook on a GAAP basis because changes in the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure, described above, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, due to their unpredictability, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on a GAAP outlook without unreasonable efforts. The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's GAAP results. As a result, the Company does not provide a reconciliation of forward-looking non-GAAP measures to GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Measures
(In millions, except per share data)
(Unaudited)

	Three Months Ended June 29, 2024			Three Months Ended July 1, 2023		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non- GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non- GAAP)
Gross margin	$ 354.1	$ 2.5	$ 351.6	$ 205.9	$ (32.7)	$ 238.6
Gross margin as a % of sales	29.5%		29.2%	18.4%		21.3%
Income tax expense	50.9	5.1	45.8	8.3	(12.1)	20.4
Effective tax rate	27.8%		25.5%	16.0%		23.6%
Net income	132.1	(1.8)	133.8	43.7	(22.4)	66.0
Diluted net income per common share	2.28	(0.03)	2.31	0.77	(0.40)	1.17

Calculation of Adjusted EBITDA:	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023
Net income (GAAP)	$132.1	$43.7
Income tax expense	50.9	8.3
Interest expense	38.8	47.1
Depreciation	16.4	15.8
Amortization	3.9	6.7
Impairment, restructuring and other charges (recoveries)	(3.3)	34.5
Equity in income of unconsolidated affiliates	(23.0)	(22.2)
Interest income	(0.1)	(1.3)
Share-based compensation	21.1	(5.6)
Adjusted EBITDA (Non-GAAP)	**$236.8**	**$127.0**

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Measures
(In millions, except per share data)
(Unaudited)

	Nine Months Ended June 29, 2024			Nine Months Ended July 1, 2023		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non- GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non- GAAP)
Gross margin	$ 880.0	$ (66.6)	$ 946.6	$ 714.3	$ (161.7)	$ 876.0
Gross margin as a % of sales	28.0%		30.2%	22.5%		27.6%

Historical Periods

Reconciliation of Non-GAAP Financial Measures

(In millions)	Year Ended September 30,				
	2023	2019	2018	2017	2016
Net cash provided by (used in) operating activities (GAAP)	$ 531.0	$ 226.8	$ 342.5	$ 363.2	$ 244.0
Investments in property, plant and equipment	(92.8)	(42.4)	(68.2)	(69.6)	(58.3)
Free cash flow (Non-GAAP)	$ 438.2	$ 184.4	$ 274.3	$ 293.6	$ 185.7

Reconciliation of Non-GAAP Financial Measures

For the three and nine months ended June 29, 2024, the following items were adjusted, in accordance with the definitions above, to arrive at the non-GAAP financial measures:

- During fiscal 2022, the Company began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. As part of this restructuring program, the Company is reducing the size of its supply chain network, reducing staffing levels and implementing other cost-reduction initiatives. During the second quarter of fiscal 2024, the Company commenced plans to close additional Hawthorne distribution centers. The Company has also accelerated the reduction of certain Hawthorne inventory, primarily lighting, growing environments and hardware products, to reduce its on hand inventory to align with the reduced network capacity. During the three months ended June 29, 2024, the Company recorded net recoveries associated with this restructuring initiative that were not material. During the nine months ended June 29, 2024, the Company incurred costs of $66.6 million in the "Cost of sales—impairment, restructuring and other" line and $3.0 million in the "Impairment, restructuring and other" line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment.
- During the three and nine months ended June 29, 2024, the Company recorded a gain of $0.0 million and $12.1 million, respectively, in the "Impairment, restructuring and other" line in the Condensed Consolidated Statements of Operations associated with a payment received in resolution of a dispute with the former ownership group of a business that was acquired in fiscal 2022.
- During the three and nine months ended June 29, 2024, the Company recorded a pre-tax impairment charge of $0.0 million and $10.4 million, respectively, associated with its investment in Bonnie Plants, LLC in the "Equity in (income) loss of unconsolidated affiliates" line in the Condensed Consolidated Statements of Operations.

For the three and nine months ended July 1, 2023, the following items were adjusted, in accordance with the definitions above, to arrive at the non-GAAP financial measures:

- During fiscal 2022, the Company began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. During the three and nine months ended July 1, 2023, the Company incurred costs of $32.7 million and $160.9 million, respectively, in the "Cost of sales—impairment, restructuring and other" line in the Condensed Consolidated Statements of Operations, and $1.7 million and $24.9 million, respectively, in the "Impairment, restructuring and other" line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment.

The tax effect for each of the items listed above is determined using the tax rate and other tax attributes applicable to the item and the jurisdiction(s) in which the item is recorded.