Scotts Miracle-Gro

William Blair
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Safe Harbor Disclosure

Statement under the Private Securities Litigation Act of 1995: Certain of the statements contained in this presentation, 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 in nature. Actual results could differ materially from the forward-looking information in this presentation due to a variety of factors.

ScottsMiracle-Gro encourages investors to learn more about these risk factors. A detailed explanation of these factors is available in the Company's quarterly and annual reports filed with the Securities and Exchange Commission.

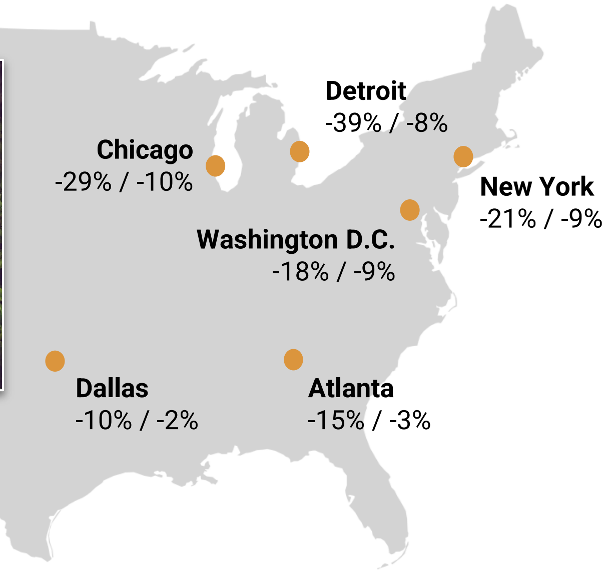
Today's discussion

- Fiscal 2022 update
- US Consumer: Stronger post-COVID base with favorable demographic trends
- Hawthorne: Runway to capture growth as cannabis supply normalizes

Fiscal 22 Update

Consumer engagement in key markets is making a strong recovery after a weather-driven slow start to the season

Year-to-date POS dollars prior to Easter vs. June 5



POS $ Milestones

March 1	+5 %
April 1	-7 %
May 1	-12 %
June 1	-6 %

Lawn care products, which carry higher price points and margin rate, are also most susceptible to poor spring weather

Fertilizers

POS $
-11%

POS Units
-19%

Grass Seed

POS $
-6%

POS Units
-22%

Soils & Mulch

POS $
-7%

POS Units
-8%

Controls

POS $
+1%

POS Units
-3%

Despite POS improvement, retail ordering has slowed considerably, and the Hawthorne recovery remains stalled

- Expected replenishment orders in US Consumer slowed considerably since mid-May as retailers focus increasingly on their working capital levels
    - May shipments were >$300 million below internal expectations
- Lower-than-expected replenishment is driving fixed cost deleverage, further pressuring gross margins already impacted by higher commodity costs
- Hawthorne sales, which had been showing signs of improvement, are now expected to finish at year-to-date run rates

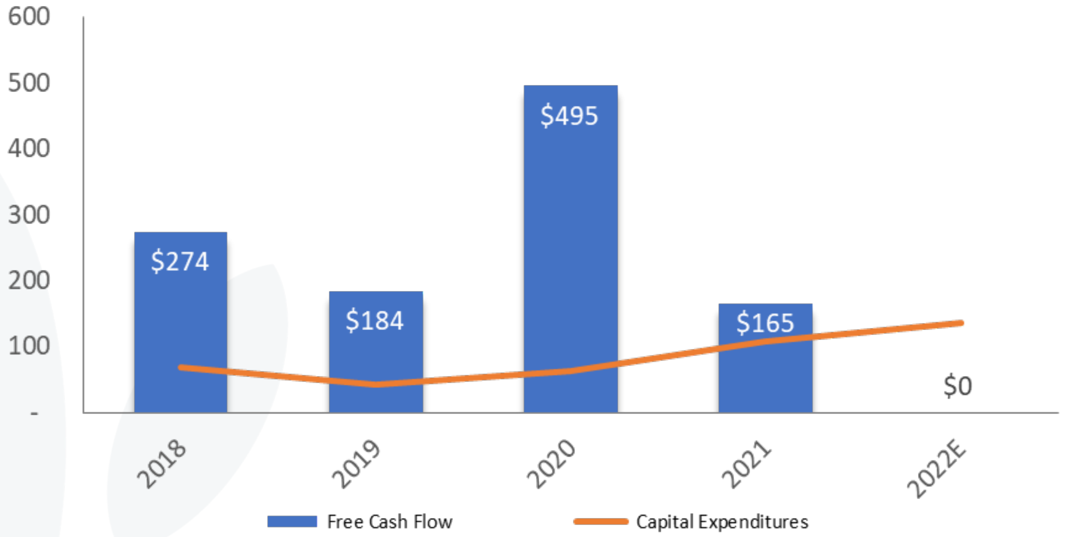
Revised Fiscal '22 outlook: Lower sales and gross margin rate erosion being partially offset with SG&A control

Financial Summary	Revised Guidance
US Consumer Net Sales	-4% to -6%
Hawthorne Net Sales	-40% to -45%
Non-GAAP Adjusted Gross Margin Rate	-400 bps
SG&A (including media & amortization)	-13%
Non-GAAP Adjusted EPS[1]	**$4.50 to $5.00**

[1]Excludes impairment, restructuring and other non-recurring items

Higher inventory levels causing near-term pressure on cash flow, a trend that should begin to reverse in fiscal ‘23

Historical Free Cash Flow[1]



Key Considerations

- Inventory was prioritized over free cash flow in fiscal ‘21 and ‘22 in order to maintain supply necessary to meet customer demands
- Increases in CapEx driven by nearly 40% growth in US Consumer and 100+% growth in Hawthorne from fiscal ‘19-’21

SMG defines free cash flow as operating cash flow minus capital expenditures

[1] Refer to the Reconciliation of Non-GAAP Financial Measures in the Appendix

Aggressive mitigation plans focus on significant expense reduction, improved cash flow, financial flexibility

Strong focus on margin

- Continued aggressive pricing to mitigate commodity costs
- Streamlined the organizational structure by reducing layers and further discipline around discretionary spending
- Reduced operating footprint to drive better fixed cost leverage

Commitment to returning cash flow to normal levels

- Convert working capital to a source of cash (inventory reductions)
- Re-evaluate CapEx projects with even greater focus on the highest returns

Preservation of financial flexibility

- Amended credit facility to temporarily support higher leverage
  - Revised covenants allow for leverage above 6.0X for the next seven quarters
- Paused incremental acquisitions and share repurchases

U.S. Consumer

Stronger post-COVID base with favorable demographic trends

Long-term opportunities are significant as demographic and social trends provide multi-year tailwind for the lawn and garden category

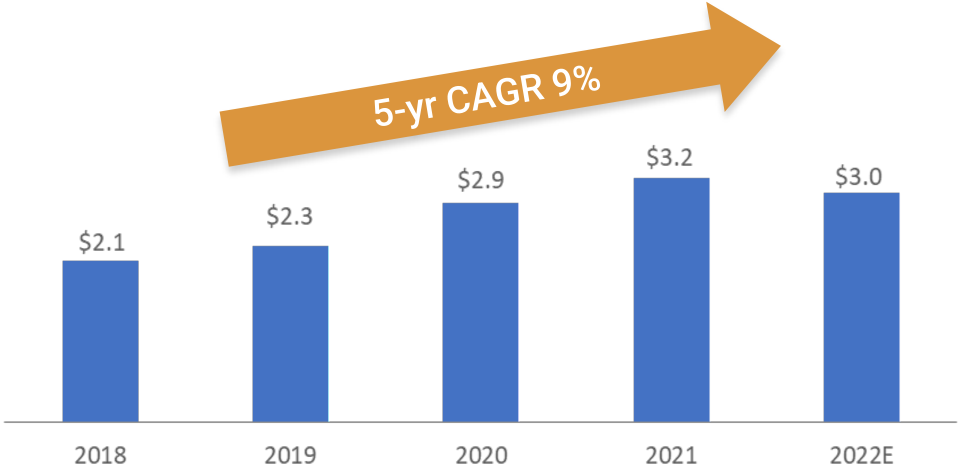
The U.S. Consumer segment remains poised for growth in a post-COVID environment

Deliverables

- Sustained 2 to 4% growth
- Improved operating leverage
- Re-focus on free cash flow

Majority of COVID benefit expected to remain in place establishing a higher permanent base from which to grow

US Consumer Net Sales ($ in billions)



During 2021, the Company changed its internal organization structure such that AeroGrow is now managed by and reported within the U.S. Consumer segment. AeroGrow was previously managed by and reported within the Hawthorne segment. Fiscal 2020 and 2019 have been reclassified to conform with the new organization structure. Years prior to 2019 have not been adjusted.

The millennial home ownership push creates a larger consumer base that is more engaged in lawn and garden than previous generations

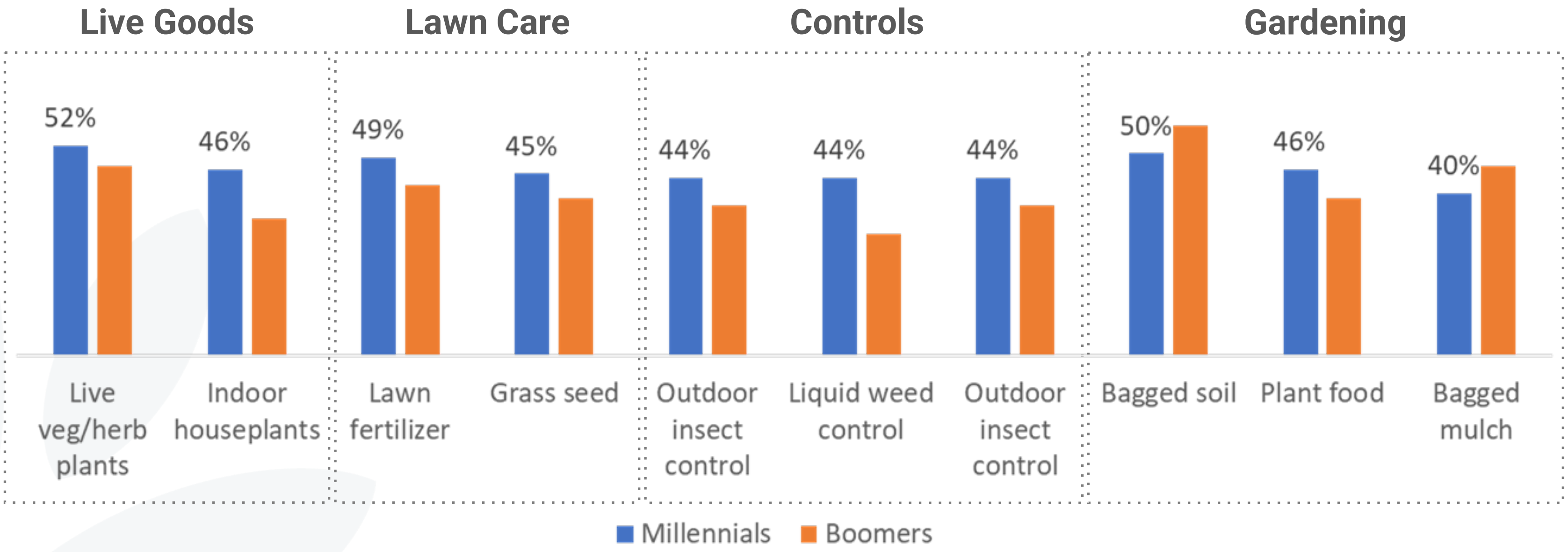
Key trends

- Millennials made up the largest segment of home buyers in 2021; yet only 50% of the group are homeowners today leaving a runway for future growth
- Once becoming homeowners, Millennials are participating in L&G at higher rates than older generations across many categories
- Millennials have stronger trust in SMG brands than competitors in the category

Sources: National Association of Realtors Mar. 2021, Burke Brand Tracking 2020/2021, ORC Engine Jan. 2021

Participation rates of incoming Millennials are higher than older Baby Boomers who have begun to exit the category

2021 Household Purchase Incidence
(Among single-family homeowners)

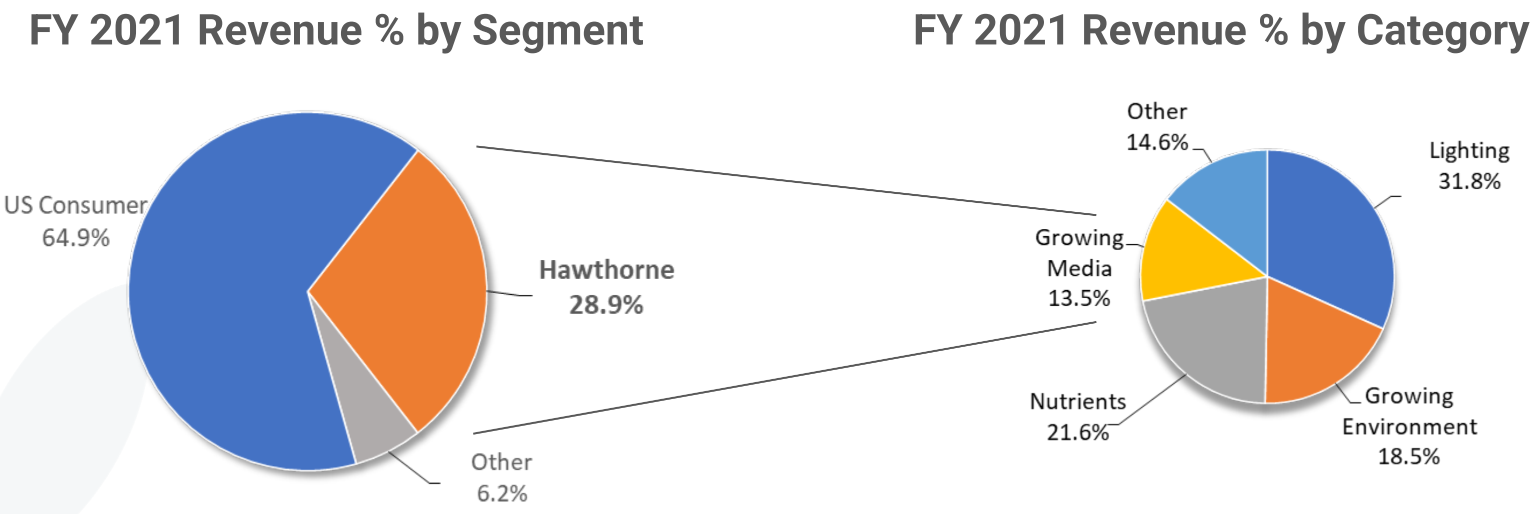


Source: ORC Engine, January 2022

Hawthorne

Runway to capture growth as cannabis supply normalizes

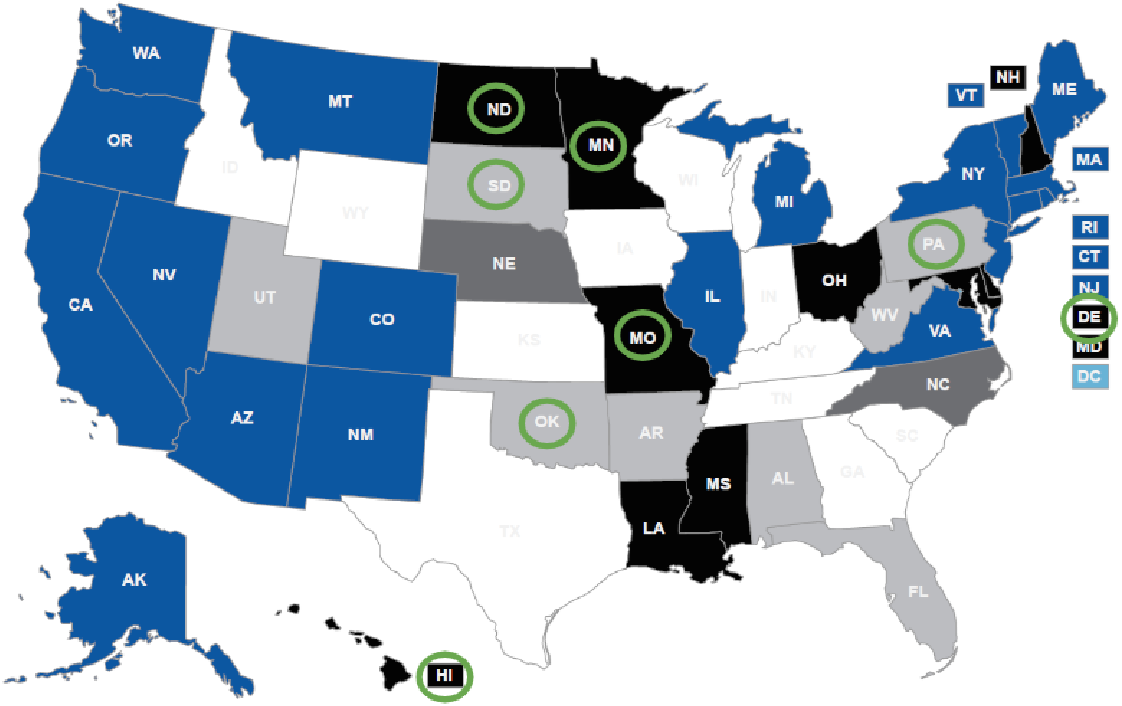
A diverse market-leading portfolio and focus on technical selling creates a one-stop solution for commercial growers



HAWTHORNE 360

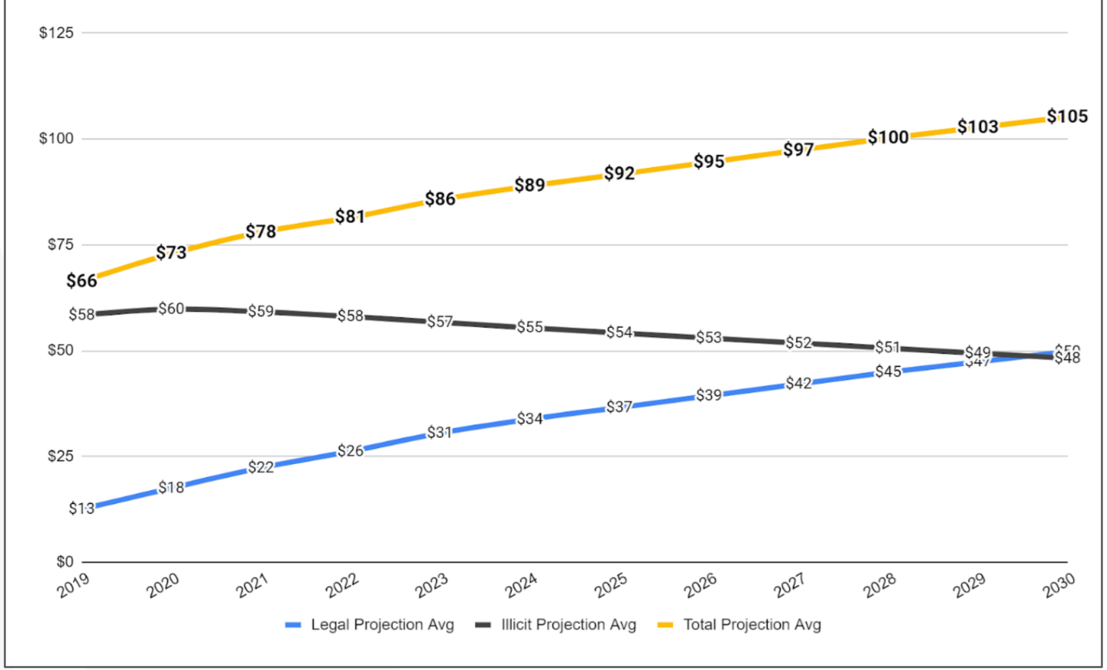
Roughly 75% of Americans live in states where cannabis use is legal in some form with significant growth still on the horizon

- Fully Legalized
- Med legalized & decriminalized
- Med Legalized
- Decriminalized
- Contemplating Rec in 2022/2023



Despite recent disruption from cannabis oversupply, consumer consumption continues to grow, a trend expected to continue

Market Projection Composite*



Key Considerations

- Consumption has grown roughly 7% annually since legalization
- The total cannabis market is expected to exceed $100B in sales by 2028
- While overall growth will slow in future years, the legal market will grow faster, resulting in a **shift from outdoor to indoor cultivation which should benefit Hawthorne**

*Source: New Frontier, Statista, Cowen, BDSA

Despite near-term disruption for industry over-supply, the long-term growth opportunities for Hawthorne remain strong

Long-term deliverables

- First-mover benefits in fast-growing categories
- Expanded market leadership
- Improved operating leverage

The Hawthorne portfolio includes the leading brands of nearly every category of controlled environment growing.

Hawthorne remains focused on long-term opportunities and further improving its leadership position in the industry

OUR PLANS

Products that serve all market segments

- Commercial growers are the No. 1 target
- At-home growers represent less than 10% of market
- Breadth of portfolio appeals to both

Investing for long-term growth and success

- Significant investment in R&D at four separate sites
- Supply chain that is evolving with marketplace
- Engaged in impactful government dialogue

Unmatched technical expertise

- Decades of expertise in supporting specialty crops
- Deep understanding of indoor growing environment
- Industry's best technically trained sales team

ScottsMiracle-Gro: A strong long-term opportunity

Why SMG

- Lawn & Garden poised to benefit from favorable long-term demographic trends
- Favorable long-term trends regarding cannabis have Hawthorne well-positioned
- Focus on cash flow improvement as CapEx & inventory investment cycle subsides
- A disciplined focus on capital deployment
- Long-term commitment to margin improvement in both major segments

Appendix

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 reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the table 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 and determine incentive compensation 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, we have determined that it is appropriate to make this data available to all investors. Non-GAAP financial measures exclude the impact of certain items (as further described below) 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 and are utilized by management in evaluating the performance of the business, engaging in financial and operational planning, determining incentive compensation and determining the amount of cash available for dividends and discretionary investments, and by investors and analysts in evaluating performance of the business:

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 its outlook for fiscal 2022 non-GAAP adjusted EPS. The Company does not provide a GAAP EPS outlook, which is the most directly comparable GAAP measure to non-GAAP adjusted EPS, because changes in the items that the Company excludes from GAAP EPS to calculate non-GAAP adjusted EPS, 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. Additional, due to their unpredictability, management does not forecast the excluded items for internal use and therefore cannot create or rely on a GAAP EPS outlook without unreasonable efforts. The timing and amount of any of the excluded items could significantly impact the Company's GAAP EPS. As a result, the Company does not provide a reconciliation of guidance for non-GAAP adjusted EPS to GAAP EPS, 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

Free Cash Flow:	Year Ended September 30, 2021	2020	2019	2018
	(In millions, except per share data)			
Net cash provided by operating activities (GAAP)	$271.5	$558.0	$226.8	$342.5
Investments in property, plant and equipment	(106.9)	(62.7)	(42.4)	(68.2)
Free cash flow (Non-GAAP)	$164.6	$495.3	$184.4	$274.3

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