

Scotts Miracle-Gro

Investor Day 2026

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Brad Chelton



Vice President Treasury,
Tax and Investor Relations



Presentation Speakers



Nate Baxter
President & CEO



Mark Scheiwer
EVP, CFO & CAO



Nick Miaritis
EVP, Chief Brand Officer



Josh Meihls
SVP, Chief Growth
Officer



Dr. Paula Powell
SVP, R&D



John Sass
SVP & GM,
North America



David Huskisson
SVP, Operations
& Technology



Sadie Oldham
VP & GM, Gardens

Today

- 1 SMG 2.0 Purpose, Vision, Blueprint
- 2 Define the Lawn & Garden Opportunity
- 3 Reimagining the Consumer Connection
- 4 Channel Expansion & Differentiation
- 5 Innovation & Portfolio Optimization
- 6 Operational Excellence
- 7 Roadmap to Long-term Value Creation
- 8 Q&A



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.

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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. Financial measures reported in this presentation for historical periods prior to FY24, are inclusive of the Hawthorne segment.





Nate Baxter



President & Chief Executive Officer



Who are we,
and what do
we stand for?

The shift we're making



We used to think about...

Lawn & garden products →

Seasonal maintenance →

Functional problem solving →

Chores →

Selling products →

Now we think about...

Living spaces (indoors & outdoors)

Year-round care

Life enrichment

Rituals & enjoyment

Helping people create better lives





We care for
the living spaces
that take care of us





The places we care for shape the lives we live

This isn't about products. It never was.
It's about what those products make possible —
the birthday parties, the Sunday mornings,
the first tomatoes your kid ever grew.



What is SMG 2.0?

For generations, SMG has been the **trusted name** in lawns, gardens and controls consumer products—known for reliable, results-oriented products, massive retail reach and deep brand loyalty.

What's Changing Around Us:

- Brick & Mortar retailer environment, declining footsteps
- Generational shifts in consumer preferences and behavior
- Digital tools evolving rapidly
- Safety and environmental concerns

Being Challenged By:

- Stalled conventional growth algorithm
- DTC wellness/lifestyle brands
- Competition from established CPG and retailer private labels
- Rise of service and tech solutions



SMG 2.0 pillars

Brands

Consumer First
Belief and Purpose
Modernize Portfolio

Culture

People First
Startup Mentality
High Performing
Tech Enabled

Innovation

Speed to Market
Safe and Effective
Breakthrough
Solutions
Naturals and Organics

Diversify

Channel Expansion
and Differentiation
Demand Creation
Brand Reach

Digital

Influence and
Inspiration
Trust and Loyalty
Branded House

Every day, we ask ourselves **what a good company would do**, and then we set out and do it.

Refreshed executive team with diverse capabilities



Nate Baxter
President & CEO



Mark Scheiwer
EVP, CFO & CAO



Nick Miaritis
EVP, Chief Brand Officer



Chris Hagedorn
EVP, Chief Strategy Officer



Dimiter Todorov
EVP, Chief Legal Officer



Amanda Rico
SVP, Chief HR Officer



Josh Meihls
SVP, Chief Growth Officer



Dr. Paula Powell
SVP, R&D



John Sass
SVP & GM, North America



David Huskisson
SVP, Operations & Technology



Tom Matthews
VP, Chief Communications Officer



Sadie Oldham
VP & GM, Gardens



Mike Davitt
VP & GM, Controls



Brian Herrington
VP, External Affairs



Fausto Fleites
VP, Chief Data & AI Officer



Powered by our people

At SMG our growth is powered by a simple truth: **when you care for your people, they build a business they truly love.**

Our greatest pride is the longevity of our associates. We don't just measure their tenure in years, but in generations.



We are consistently delivering results

Financial Commitments

Consistently delivering on our external financial commitments in FY25 and FY26.

Margin Expansion

+790 bps gross margin rate improvement over 2 years via cost outs, automation, AI and emphasis on branded products.

Deleveraging Progress

Leverage reduced below 4x and on track to further reduction in FY26 and beyond.

Sales Growth

~+2% annual net sales growth over the last 3 years driven by innovation, eCommerce and natural/organic focus.

Lawn & Garden Focus

Streamlining operations through the successful divestiture of our Hawthorne business.

Partnerships & Reinvestment

Executing partnerships like Black Kow and scaling advertising, R&D and capex for long-term growth.



Transforming for future growth



SMG 2.0 building blocks

- Portfolio Optimization & Innovation:**
1 Revitalizing core product lineups to drive premium growth
- Omnichannel & Retail Expansion:**
2 Meeting consumers everywhere through digital scale and retail partnerships
- Category Growth & Market Expansion:**
3 Accelerating household penetration to grow our addressable market
- Tech-Driven Operational Excellence:**
4 Expanding margins through targeted AI, automation and supply chain efficiencies

SMG 2.0 mid-term growth algorithm

FY27-FY29

Net Sales **+2-4%**

Adjusted Gross Margin Rate **+50-100 bps**

Adjusted EPS **+5-8%**

Free Cash Flow **>\$275M**

Leverage Target **3.0-3.5x**

Long-term
leverage target
below

3.0x





- 1 Category Foundation
- 2 Evolving Consumer
- 3 Channel Diversification
- 4 Winning Innovation
- 5 Operational Efficiency



Lawn & Garden category growth

John Sass

SVP & GM, North America



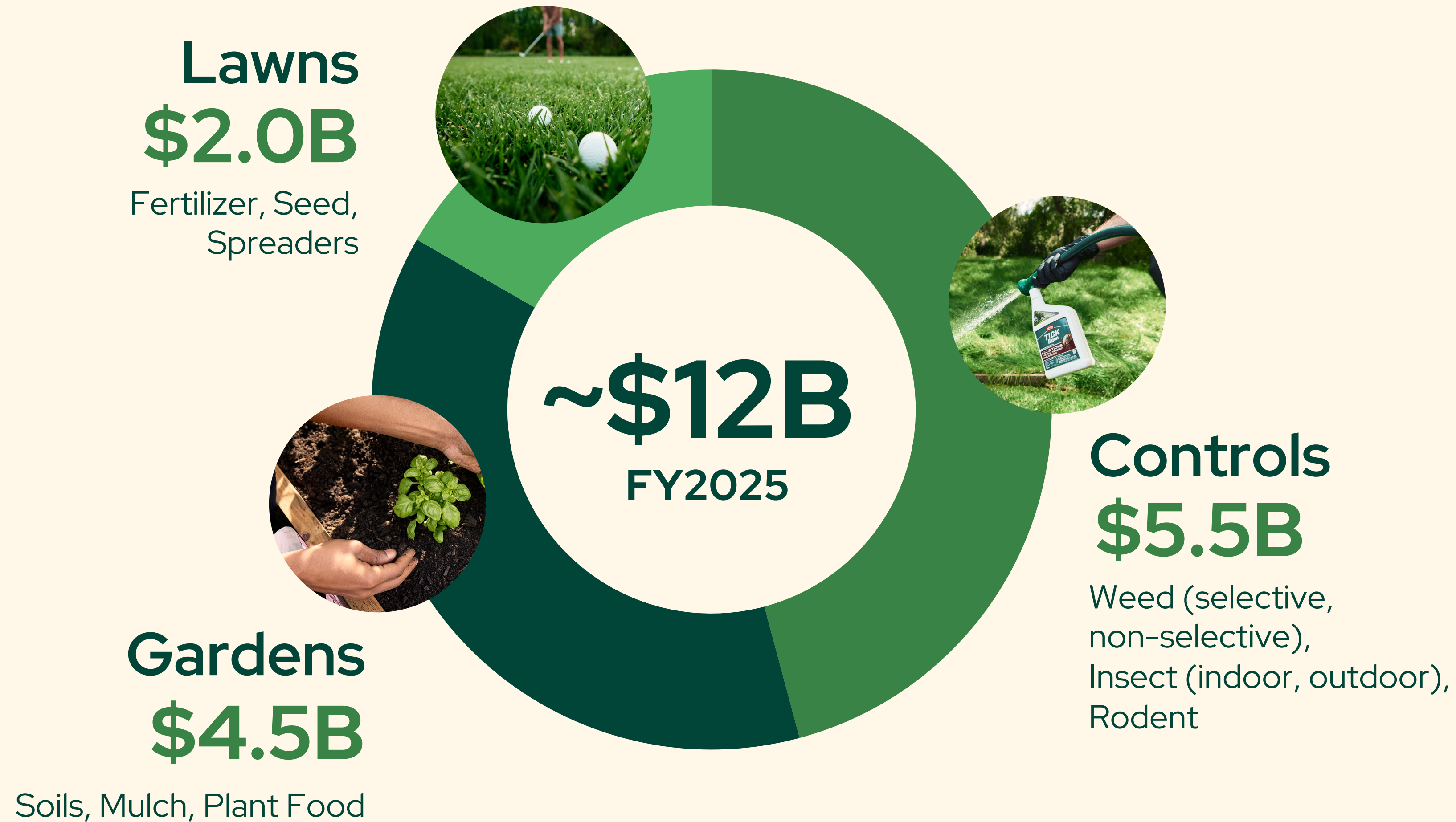


Total Lawn & Garden = ~\$100B business



Estimated total U.S. lawn & garden category and close adjacencies (Mintel).

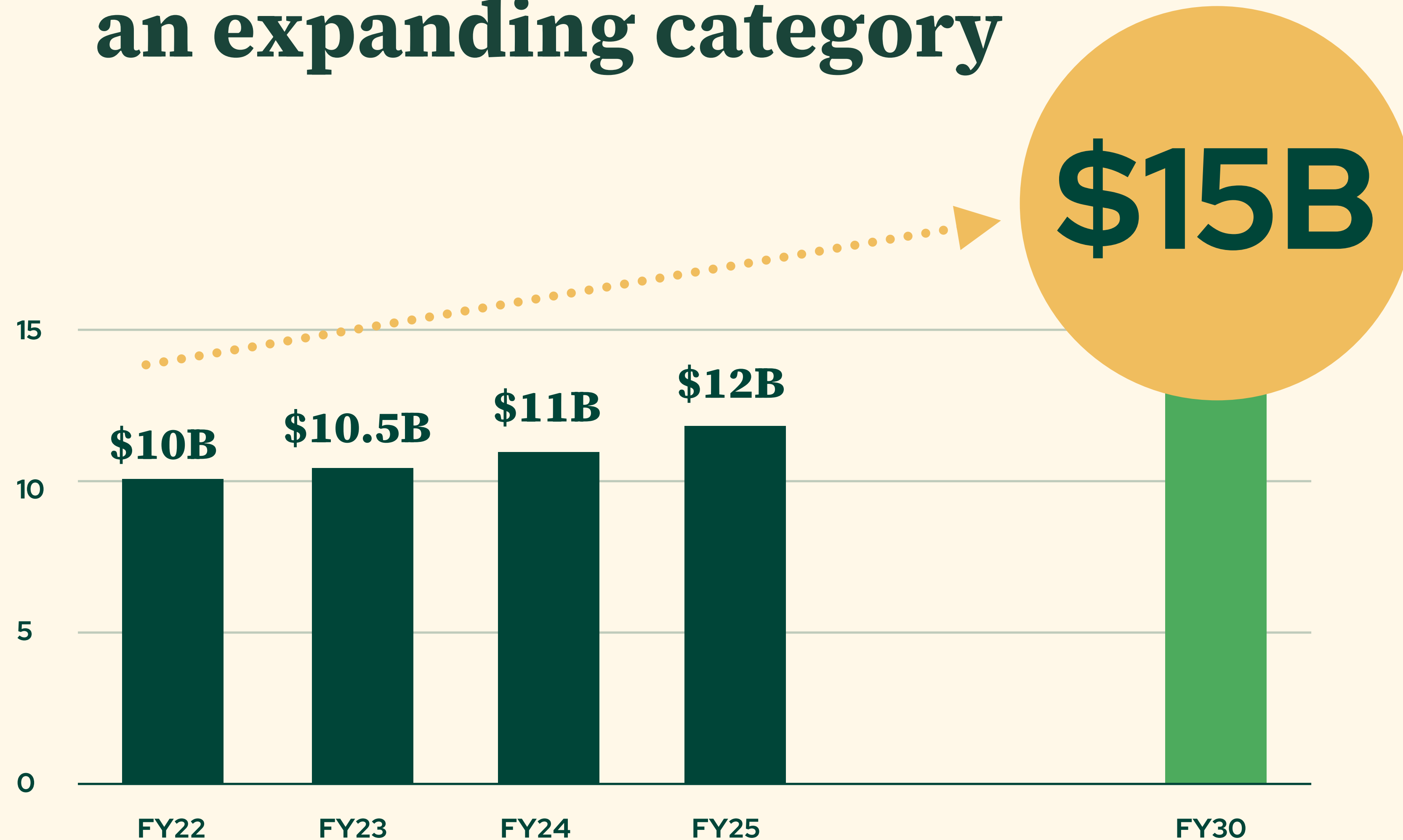
Our addressable market: a ~\$12B DIY category



Source: Yipit and internal data. Includes retailers HD, LO, WM, Ace, Amz, Menards, Costco, Sam's, TSC, Target, Meijer, Dollar General for FY2025. Includes Lawns, Gardens and Controls POS dollars. Excludes categories that SMG doesn't participate in.



DIY Lawn & Garden is an expanding category



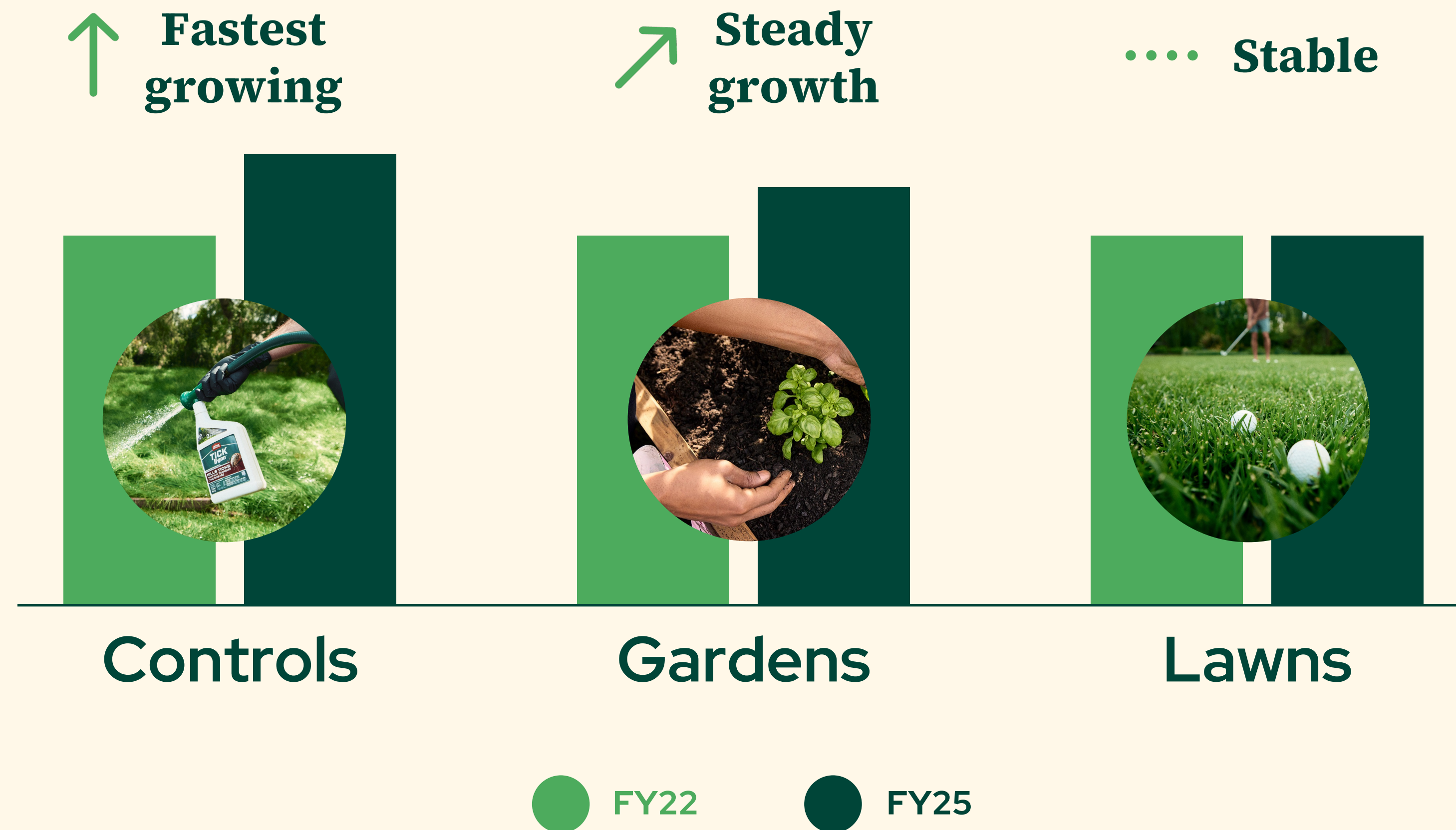
Historical: internal tracking (YipitData+POS).

Source: Yipit and internal data. Includes retailers HD, LO, WM, Ace, Amz, Menards, Costco, Sam's, TSC, Target, Meijer, Dollar General for FY2025. Includes Lawns, Gardens and Controls POS dollars. Excludes categories that SMG doesn't participate in.



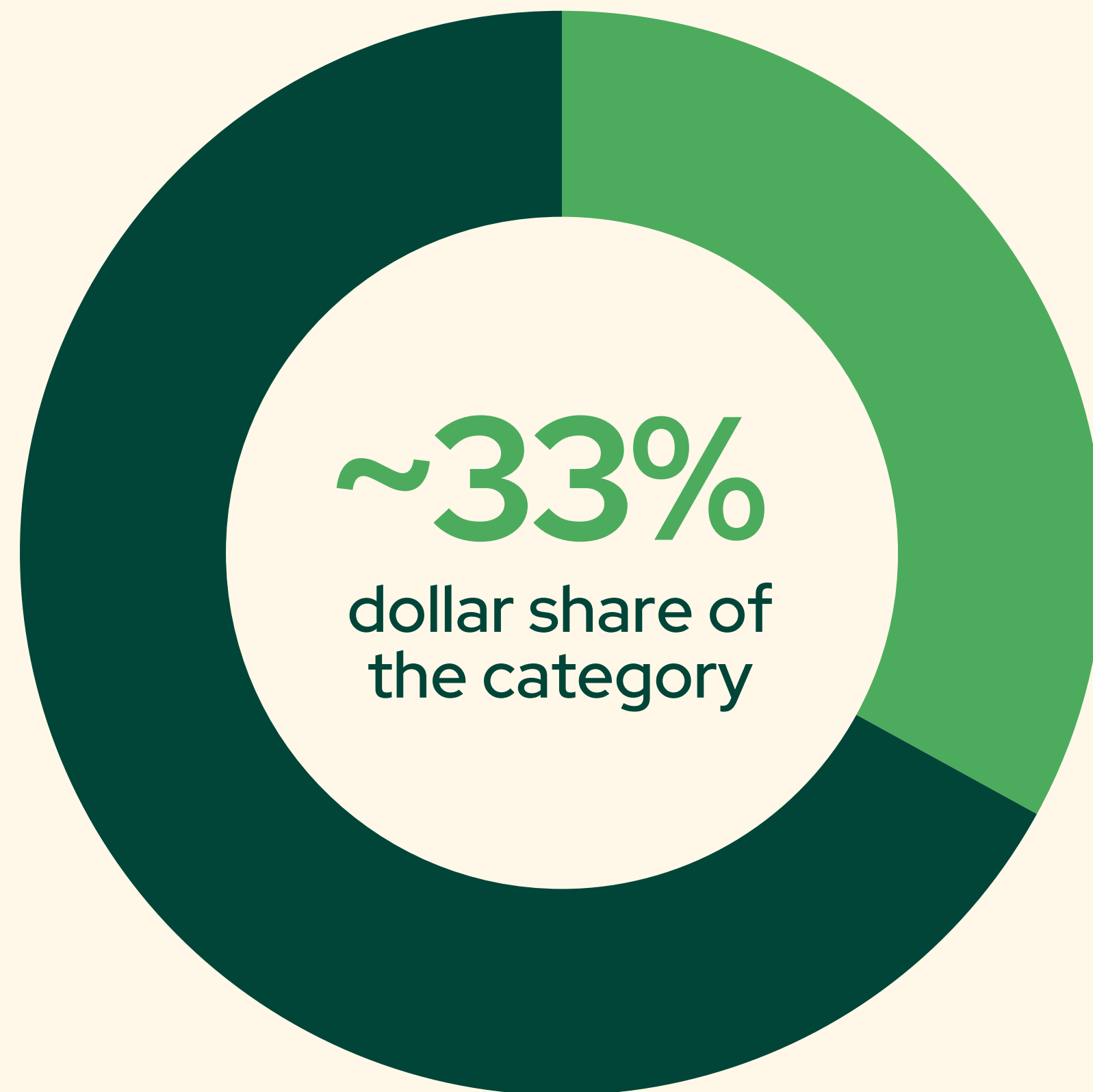


A closer look at the category trends





We are the #1 branded company in the space



Scotts **Miracle-Gro**

#1 in 8 of 11 business segments

Only company with category-leading positions across Lawns, Gardens and Controls

Room to capture more!



Our brands and partnerships lead the way

Our Brands



**#1
Brand**

in Fertilizers, Grass Seed,
Spreaders and Mulch



**#1
Brand**

in Soils and
Plant Food



**#1
Brand**

in Rodent Control



**#2
Brand**

in Selective Weed,
Indoor Insect

Partnerships



**#1
Brand**

in Non-selective Weed



**#1
Brand**

in Veggie & Herb



**#1
Brand**

in Soil Amendments



**Top 10
Brand**

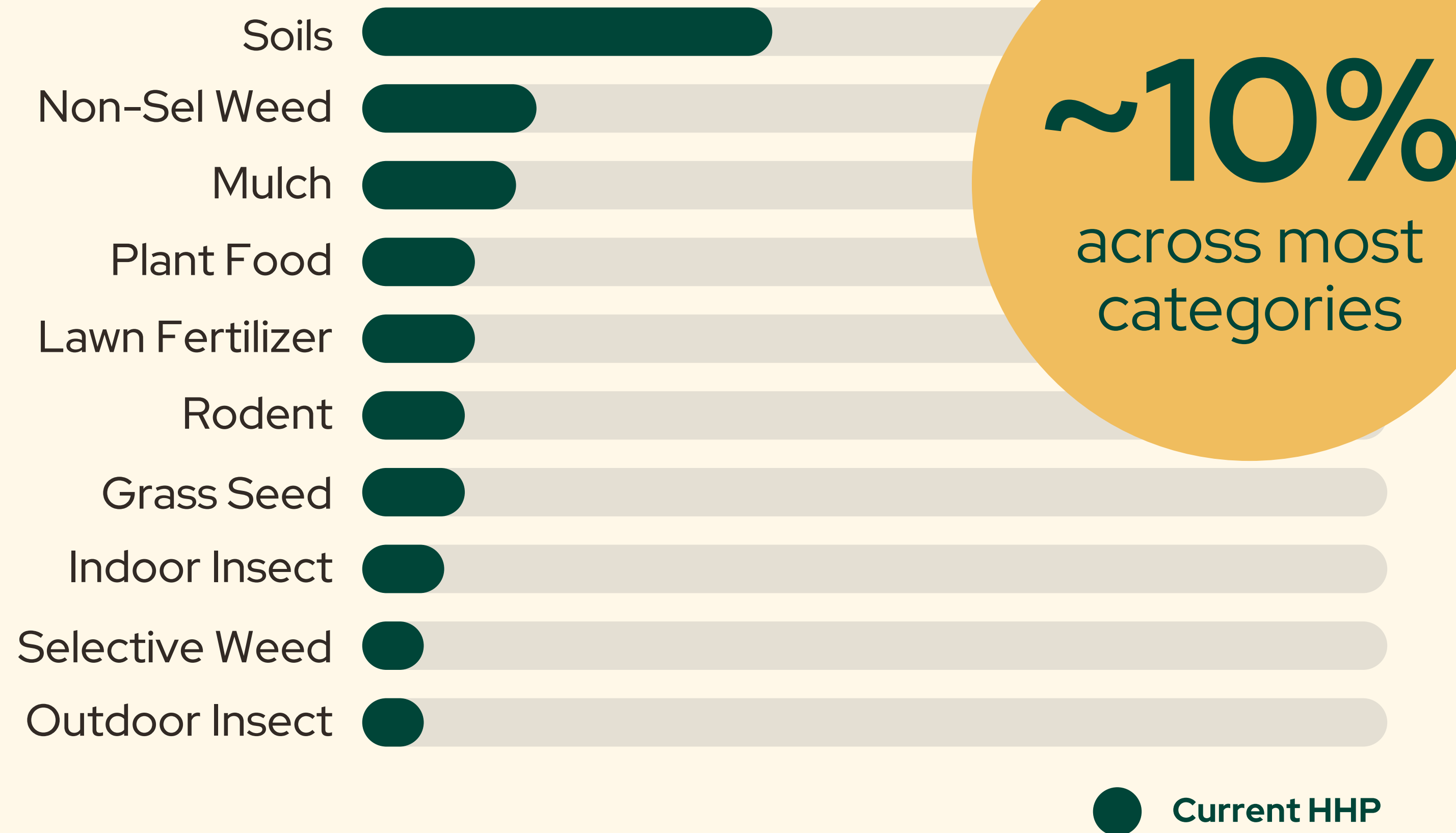
in Mosquito Repellents

Source: Yipit and internal data. Includes retailers HD, LO, WM, Ace, Amz, Menards, Costco, Sam's, TSC, Target, Meijer, Dollar General for FY 2025. Includes Lawns, Gardens and Controls POS dollars. Excludes categories that SMG doesn't participate in and is subject to change based on evolving market conditions and participants.



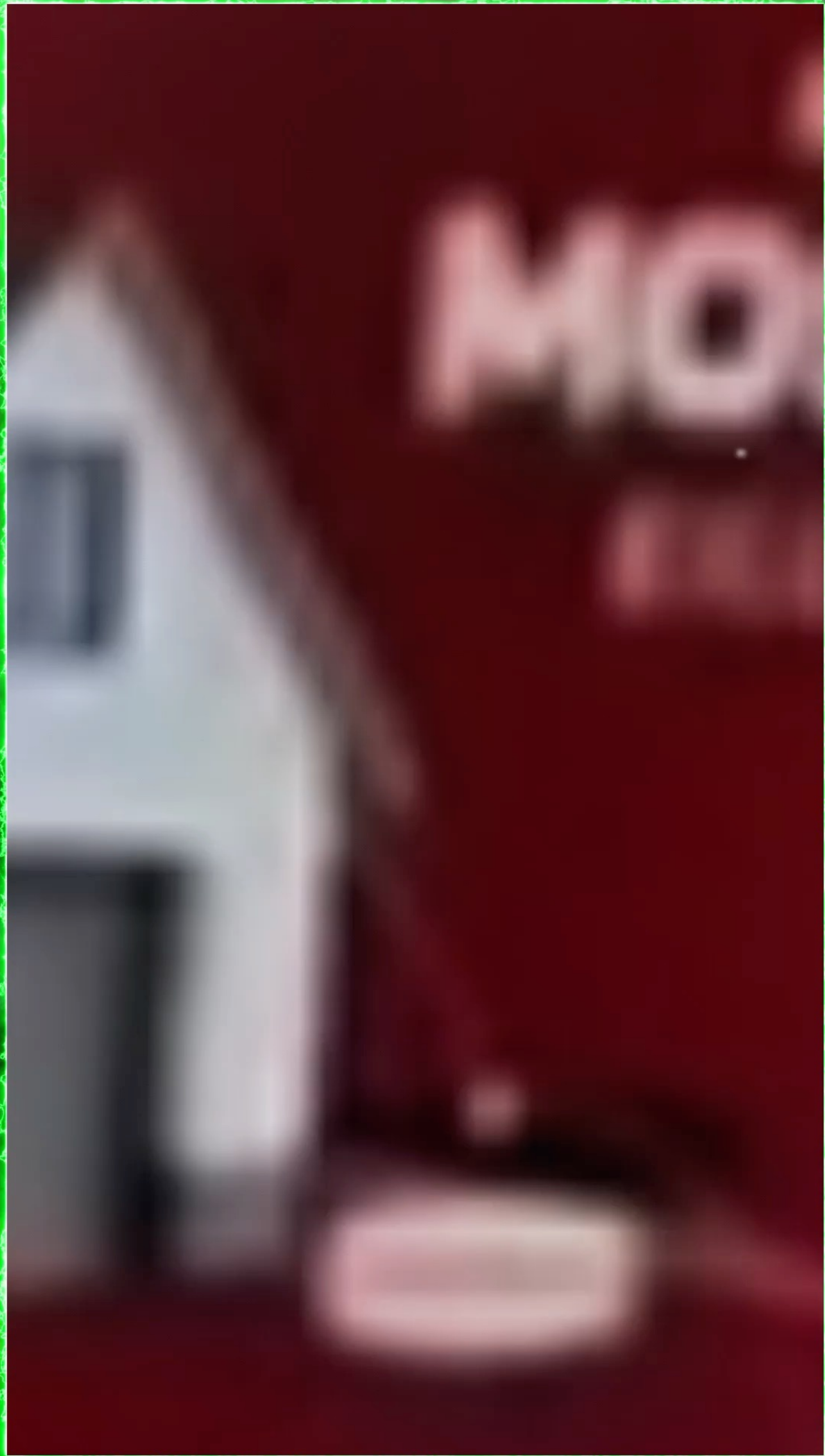
Significant opportunity to grow household penetration

SMG HHP





- 
- A man in a white t-shirt is watering a large bush of white and pink hydrangeas with a green garden hose. The background shows a dark grey building and more greenery.
- 1 Category Foundation
 - 2 Evolving Consumer
 - 3 Channel Diversification
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Reimagining the consumer connection

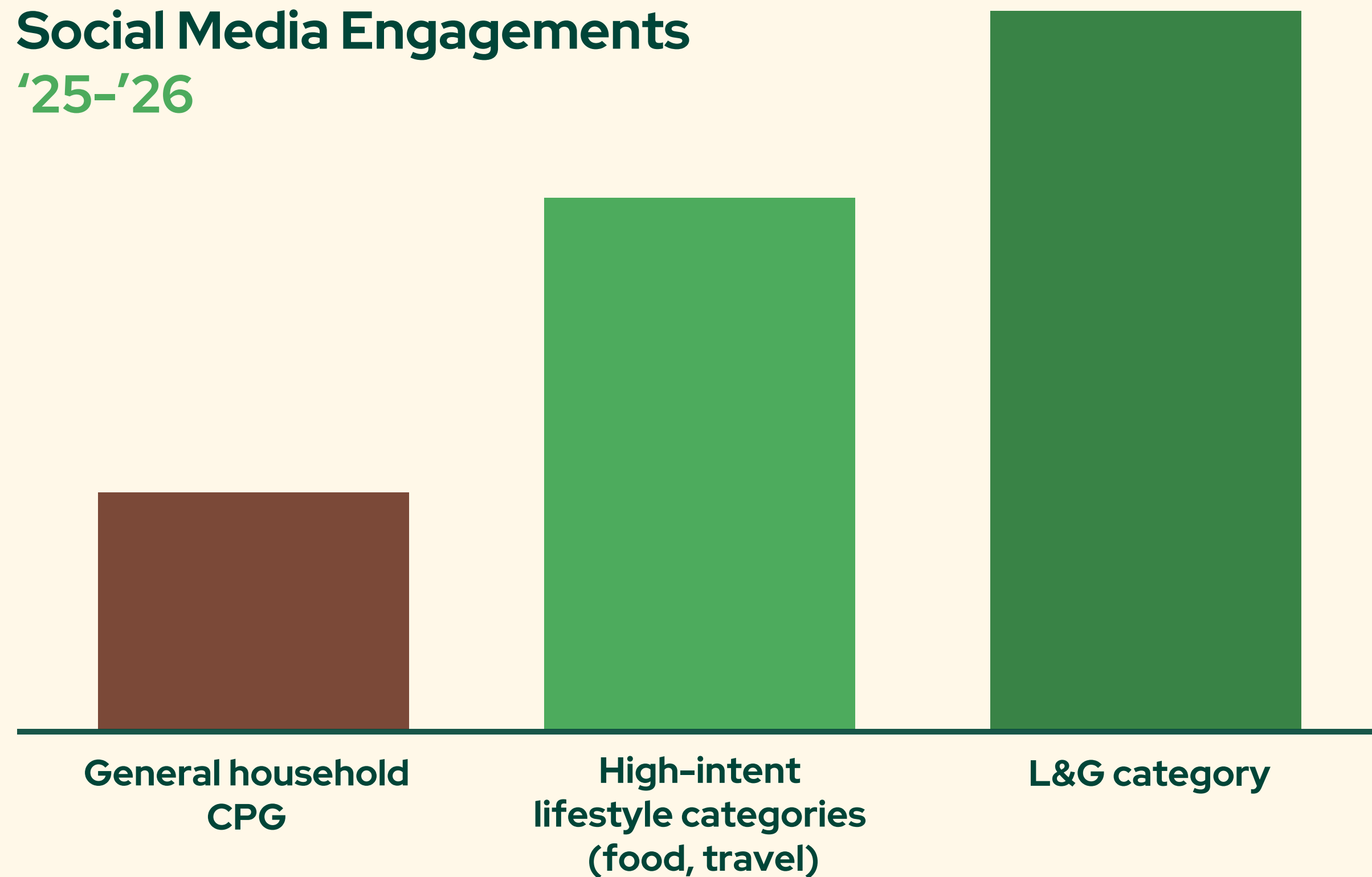
Nick Miaritis

EVP, Chief Brand Officer



Lawn & Garden is a high-engagement category

Social Media Engagements
'25-'26

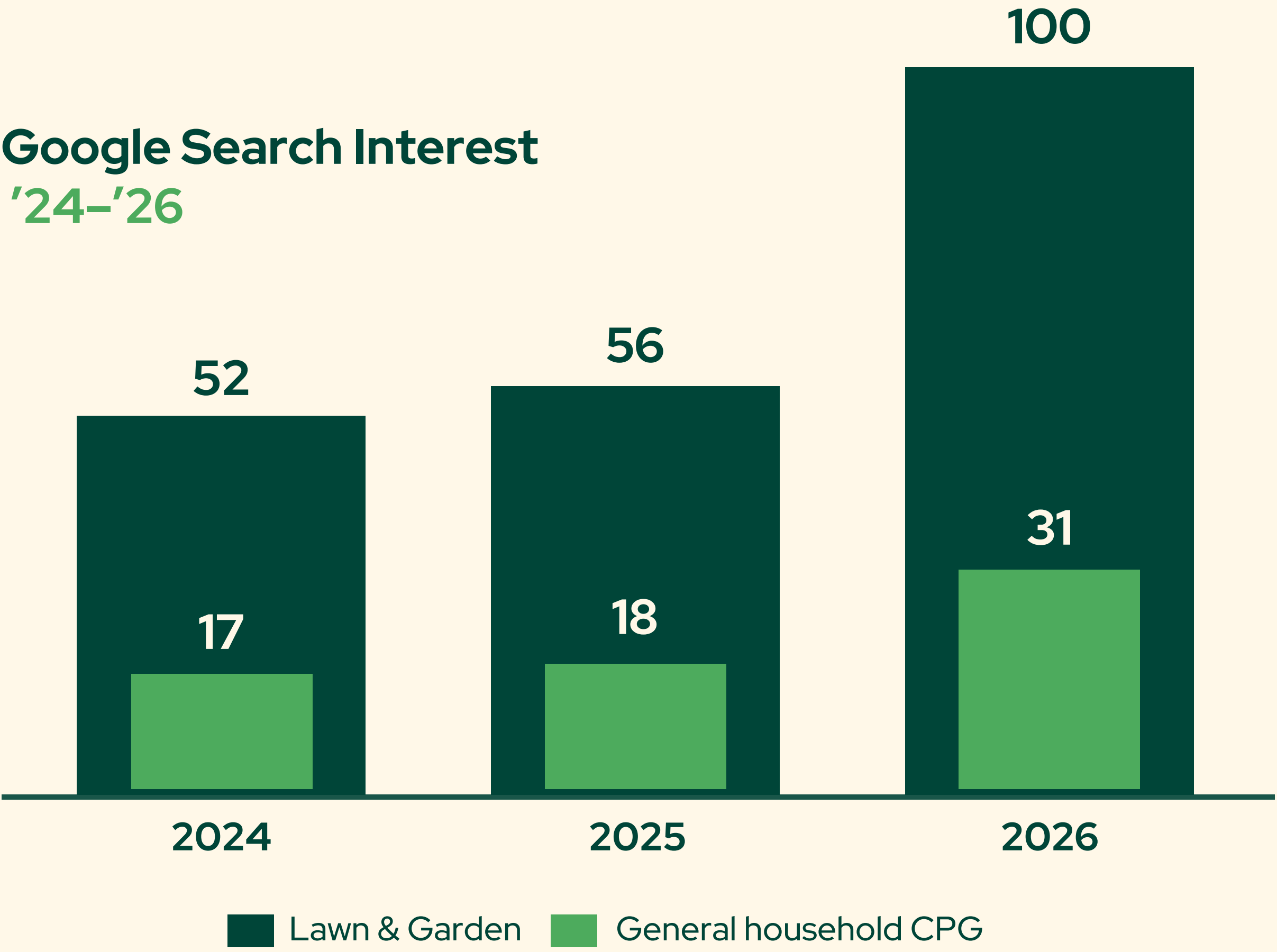


2.5x

L&G engagement
rate vs. general
household CPG

Lawn & Garden is a high-interest category

Google Search Interest
'24-'26



3x

L&G search interest
vs. general
household CPG



The consumer opportunity



26_{pt}

awareness
gap on SMG
brands



LEGACY CONSUMER

- Older homeowners, mostly single-family, lean DIY
- Brand-loyal, already using SMG brands



EMERGING CONSUMER

- First-time home buyers, renters
- Over-index Hispanic



Why consumers are drawn to our category



MENTAL

HEALTH

Tending a garden is the antidote to a stressful day.



PHYSICAL

WELLNESS

Caring for a lawn or garden is a workout in disguise.



FAMILY & KIDS

GROW

Kids who care for something growing learn to care for something bigger.



PLANET

PROTECT

Caring for pollinators and soil, through organic innovation.



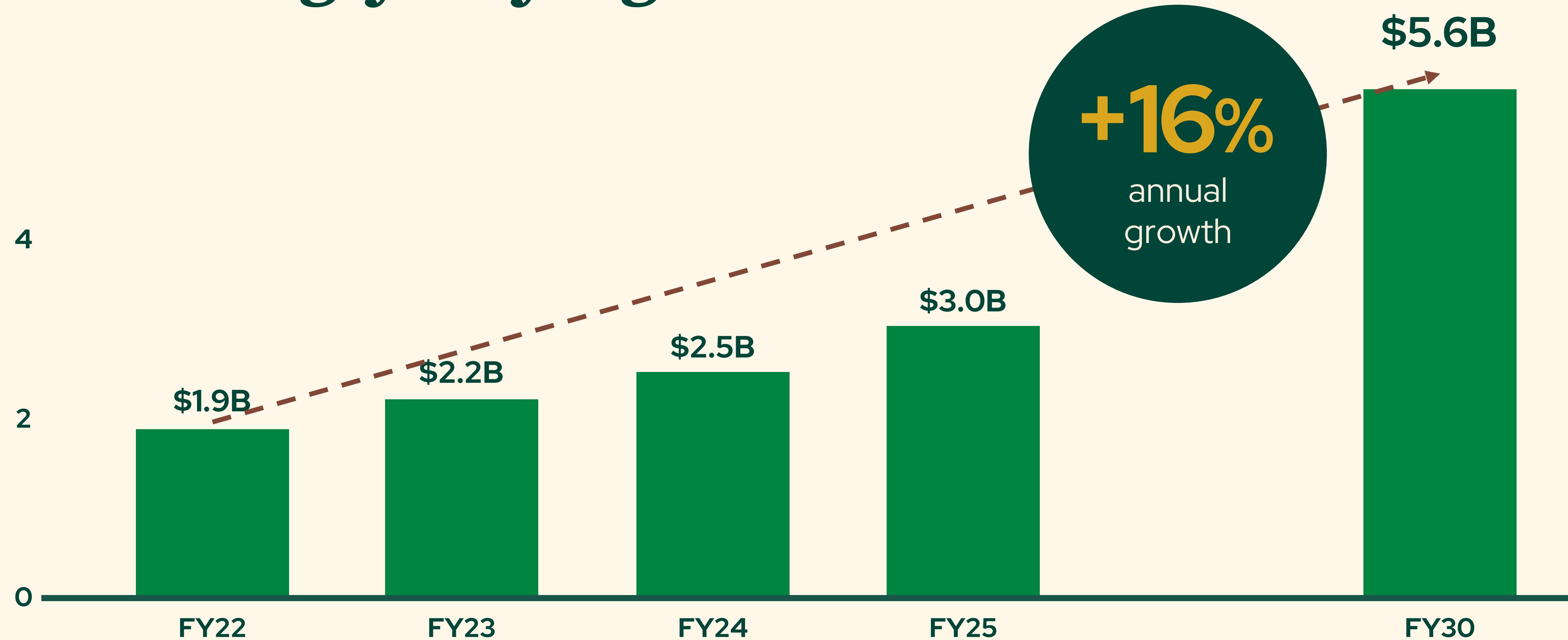
PETS

PLAY

A cared-for yard is a pet's favorite room; safety and joy underfoot.



L&G consumers are increasingly buying online





The consumer is leaning in year round



40%

of house plant care sales happen outside our core season (Sep - Feb)



70%

of pest control users participate in the Controls category year round



How we're evolving to meet the consumer's needs

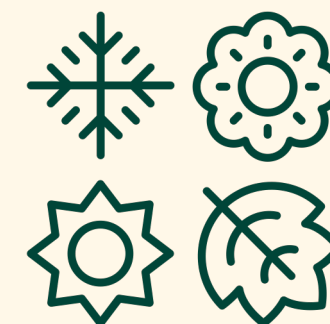
1 Transforming from CPG to Lifestyle Business



2 Social & AI-First Brand Building



3 Expanding Beyond the Core Season





How we're evolving to meet the consumer's needs

1

Transforming from CPG to Lifestyle Business



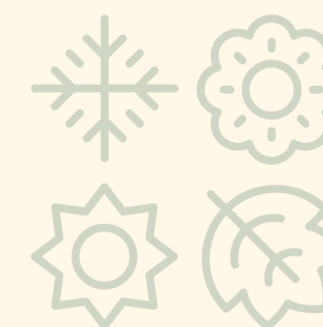
2

Social & AI-First Brand Building



3

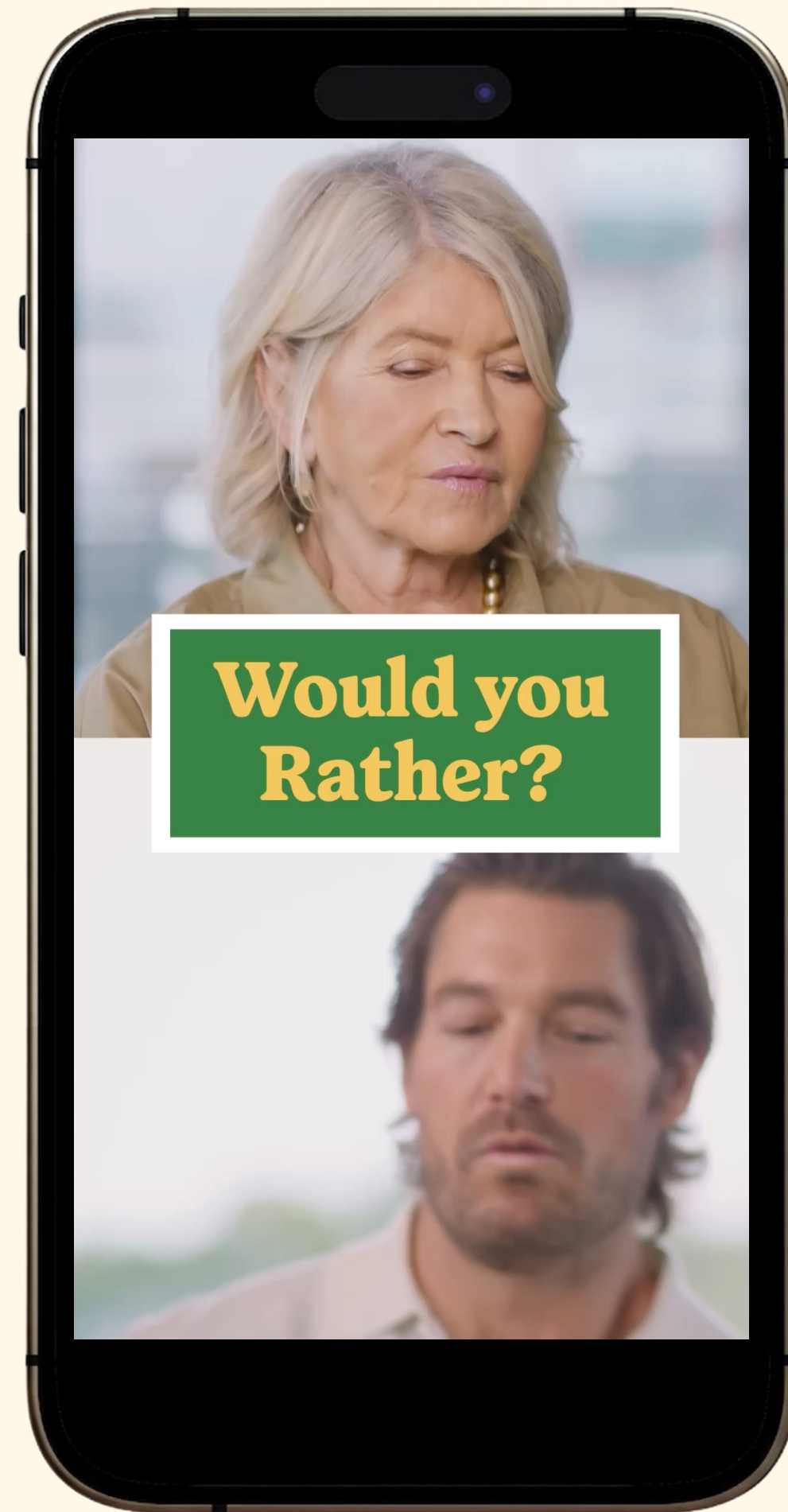
Expanding Beyond the Core Season







Cultivating the lifestyle





Cultivating the lifestyle



200%

YoY increase
in L&G lifestyle
conversations





Reaching Hispanic households in new ways



How we're evolving to meet the consumer's needs



1

Transforming from CPG to Lifestyle Business



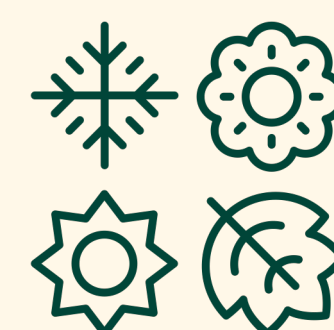
2

Social & AI-First Brand Building



3

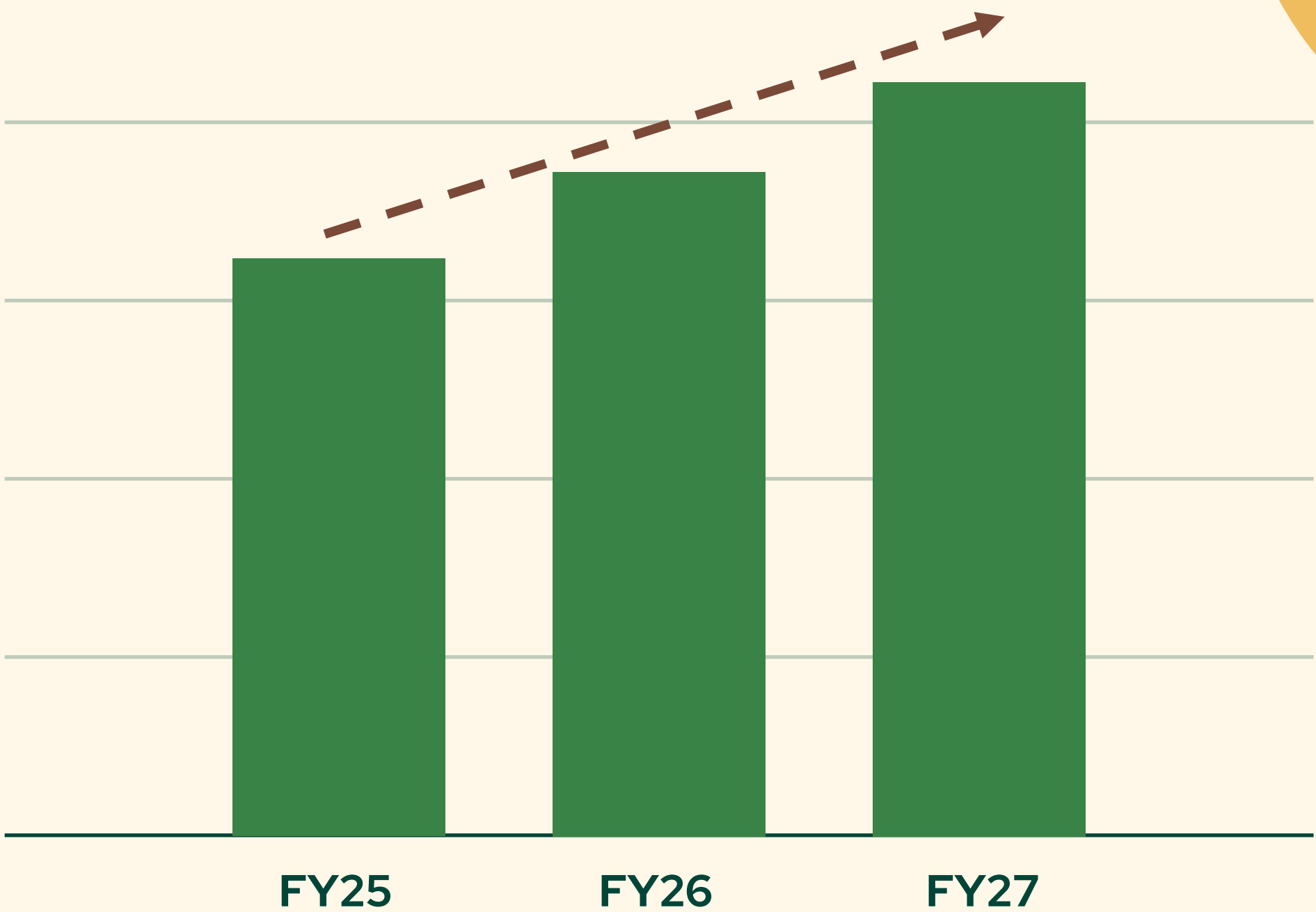
Expanding Beyond the Core Season



Our media evolution

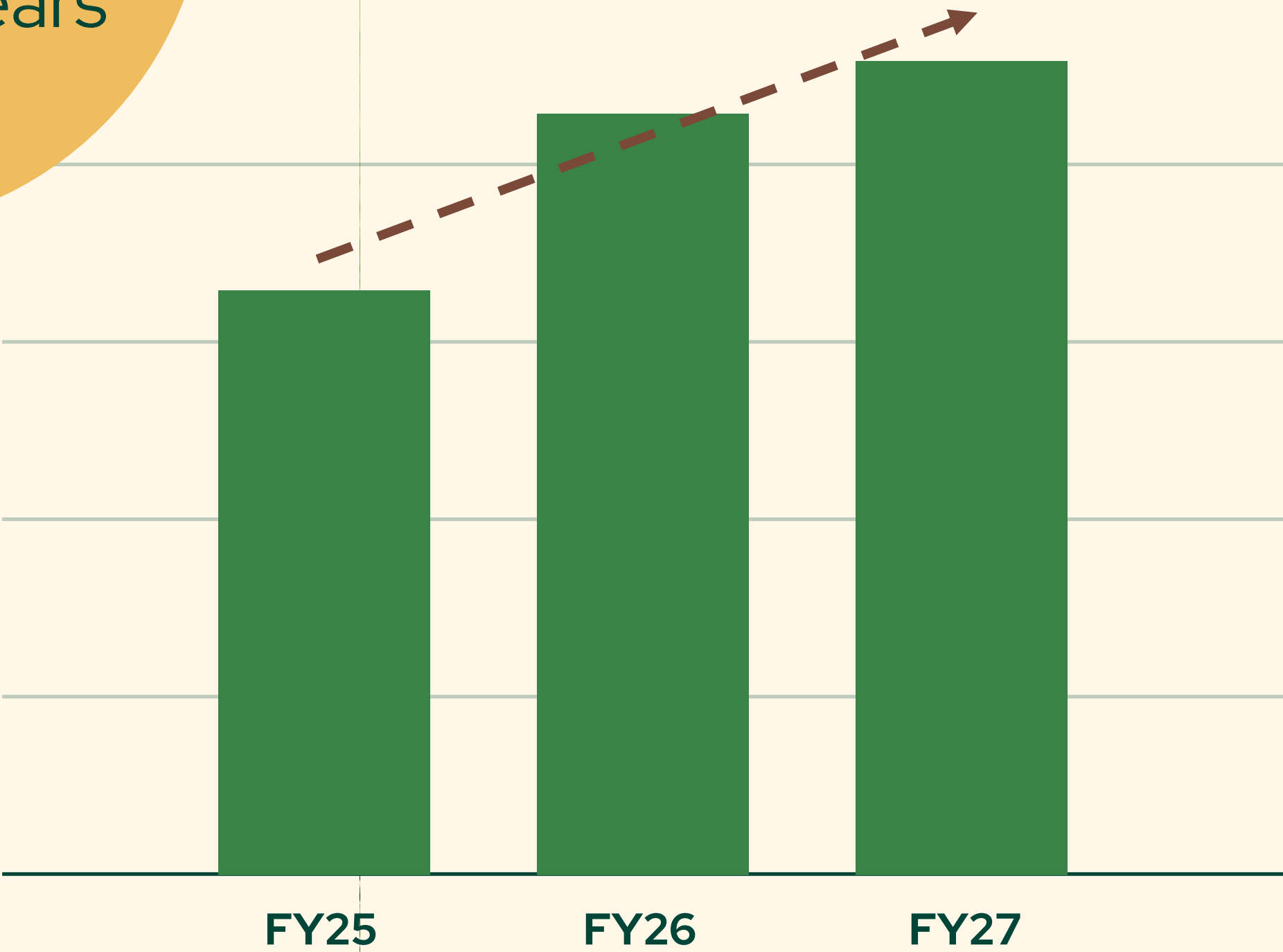


Increasing Advertising Investment



Double-digit improvement in media ROI over the past 3 years

Expanding Use of Digital/Social





A composite image illustrating how a single video scene is adapted for different screen formats. The scene, from the movie 'The Big Sick', shows three people outdoors: a woman, a man, and a bearded man with a microphone. The scene is shown on three devices: a large monitor at the top, a laptop on the left, and a smartphone on the right. Each device displays the scene in its native aspect ratio, with the content being cropped or letterboxed to fit the screen. A large yellow semi-circle with the number '6' is overlaid at the bottom of the image.

6

traditional
seasonal
campaigns

Orthene
All-Purpose
Insecticide

30 DAY MONEY BACK GUARANTEE

amazon

LET'S GROWWWW

Transform your turf with BIG Spring savings

Shop Now

254 Comments 108 Shares

everytipsof.org
Level the Playing Field

Donate now

Skip the sickness.
Grow your own lettuce.

AeroGarden®

SHOULD GARDENING BE ADDED TO WORKOUT TRACKERS

miraclegro • Follow

miraclegro • 2w
We're gonna go ahead and say y
Which wearable is onboard? We help.

gretchgardens 2w
"Functional Strength Training"

em.shipman 2w
Yes!!!

that.woman.ki 2w
1 like

Lowes.com
Get \$3 off this weekend
Feed your plants.

Shop Now

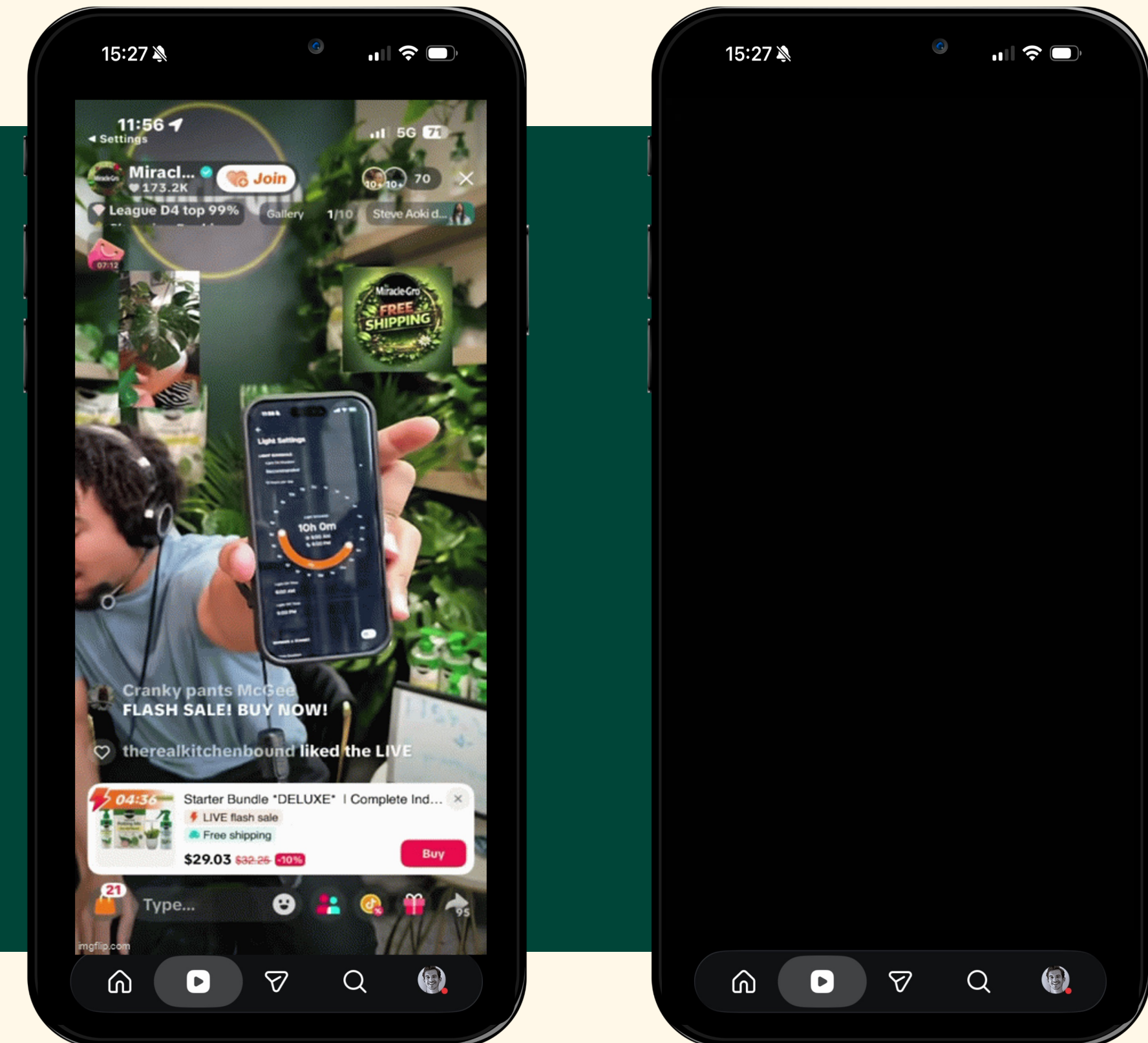
Scott's
TURF BUILDER

17K
pieces
of content



Leading in social commerce

- ✓ First major L&G brands to launch TikTok Shops
- ✓ 35x more impressions than TikTok Shop average
- ✓ 157% over our revenue goal



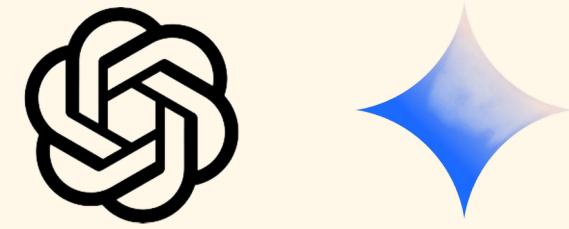


Winning in AI search and discovery

Google

70%

Organic share of voice vs. all other L&G brands



#1

Ranked brands for AI search in all major L&G categories



amazon

24%

of SMG Amazon consumers are new to our brands

* Based on Brand AI Index from Evertune; Proprietary score based on frequency of appearing in results and placement in the result.



How we're evolving to meet the consumer's needs

1

Transforming from CPG to Lifestyle Business



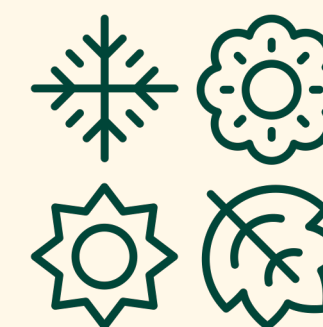
2

Social & AI-First Brand Building



3

Expanding Beyond the Core Season



Tomcat is killing it!

'25 and '26 were the
biggest Tomcat years ever

365 selling season

eCommerce **acceleration**





- 1 Category Foundation
- 2 Evolving Consumer
- 3 Channel Diversification
- 4 Winning Innovation
- 5 Operational Efficiency



Channel expansion & differentiation

Josh Meihls

SVP, Chief Growth Officer



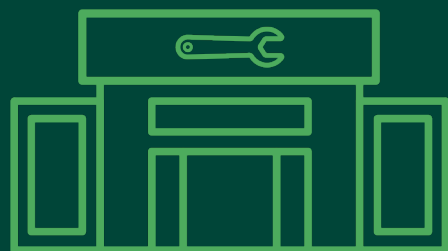
Deeply rooted partnerships built on superpowers



Home Centers



Mass Retailers



Hardware

Sales & Supply Chain Service



Brands



Partnerships



Retail Activation



Expanding our roots and creating new growth



Home Centers



Mass Retailers



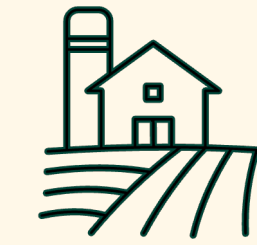
Hardware



Expanding our Roots into New Channels



eCommerce



Farm & Fleet

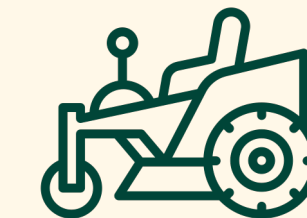
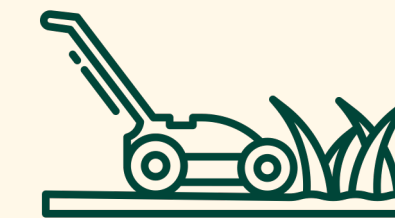


Club



Grocery

Creating a New Channel



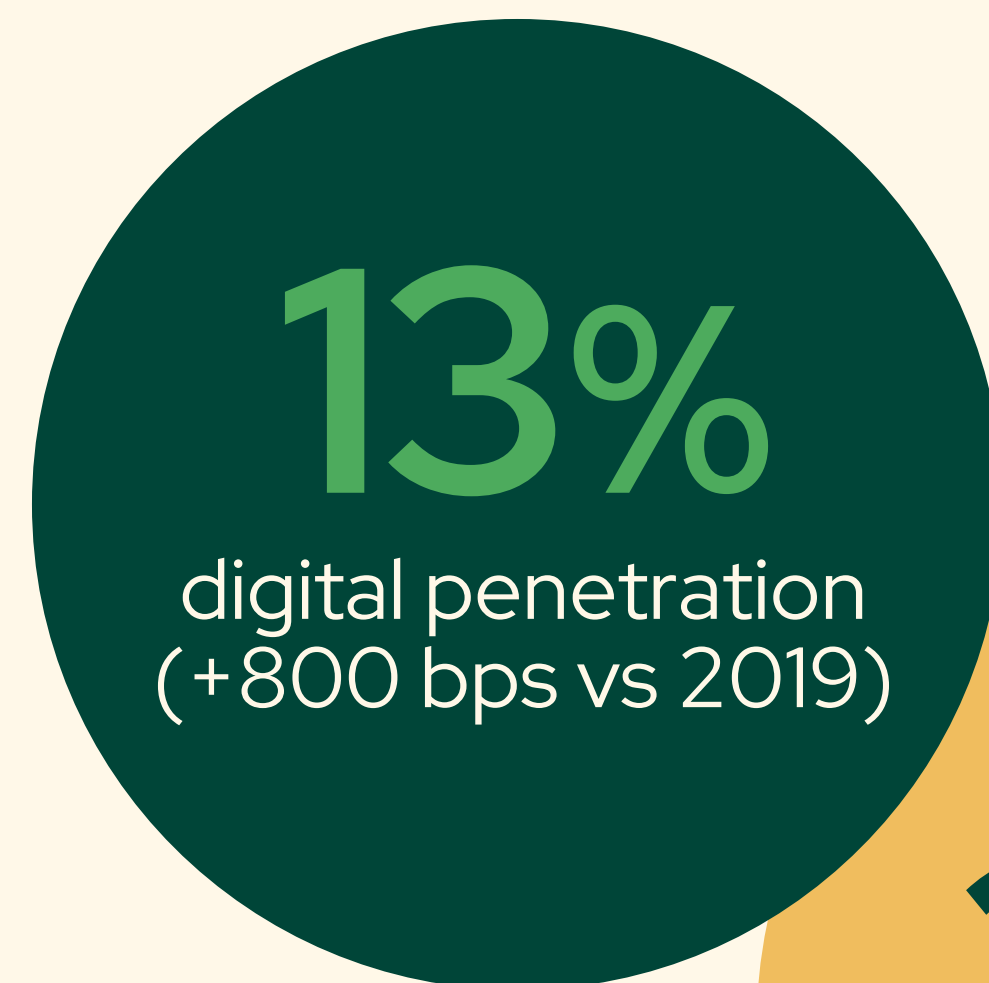
DIFM - Small/Medium Pro

Creating New Partnerships





Moving to a more balanced approach to support omni-channel growth



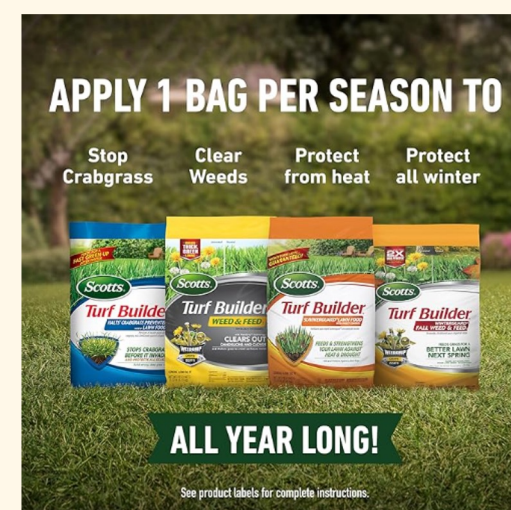
eCommerce
Focused
Teams



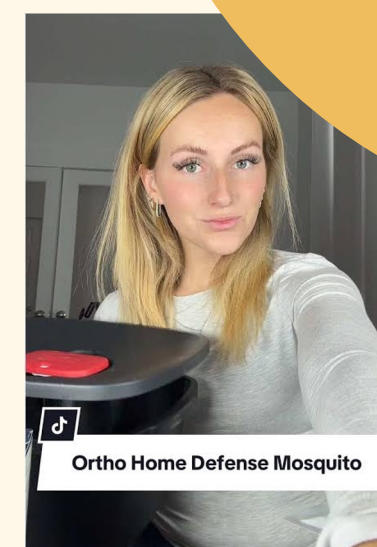
eCommerce
Specific
Assortment



Media that
Drives Online
Conversion



Online Only
Promotions



Always On
Innovation



We expect growth momentum throughout Club, Farm & Fleet and Grocery channels



New Store
Openings



Traffic &
Membership



Assortment



Events

2x

Growth across
these channels has
more than doubled
since 2019





Capturing a new channel opportunity with Pro



- Dedicated Team
- Pro Council
- Pro Assortment
- Retailer Partnerships
- Pro Rewards Program

DIFM is
~2X
DIY



\$100M+

opportunity with small to medium-sized Pros





Scotts Pro testimonials



“
I really like the
Pro line of grass
seed. I have
already had
success!”

**Jordan
Heppard**

Huntsville, OH



“
I have been using some of
these Scotts products on
my lawns and been happy
with the results. Everything
is nice and green.
Everything is thick and lush.
Super excited about some
of the new products!”

**Georgia
Roth**

Bellefontaine, OH

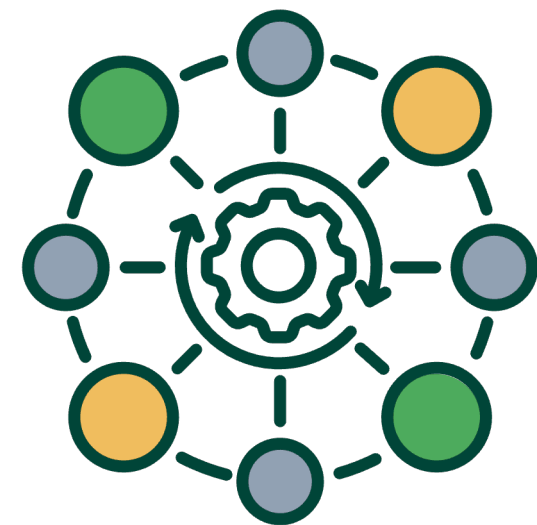


SMG selling everywhere the consumer engages — in store, digitally and expanding to include the Pro

1

Omni Channel Growth

From 13% to 20%+ Digital Penetration



2

Channel Momentum

Club, Farm & Fleet, Grocery



3

SMG Pro

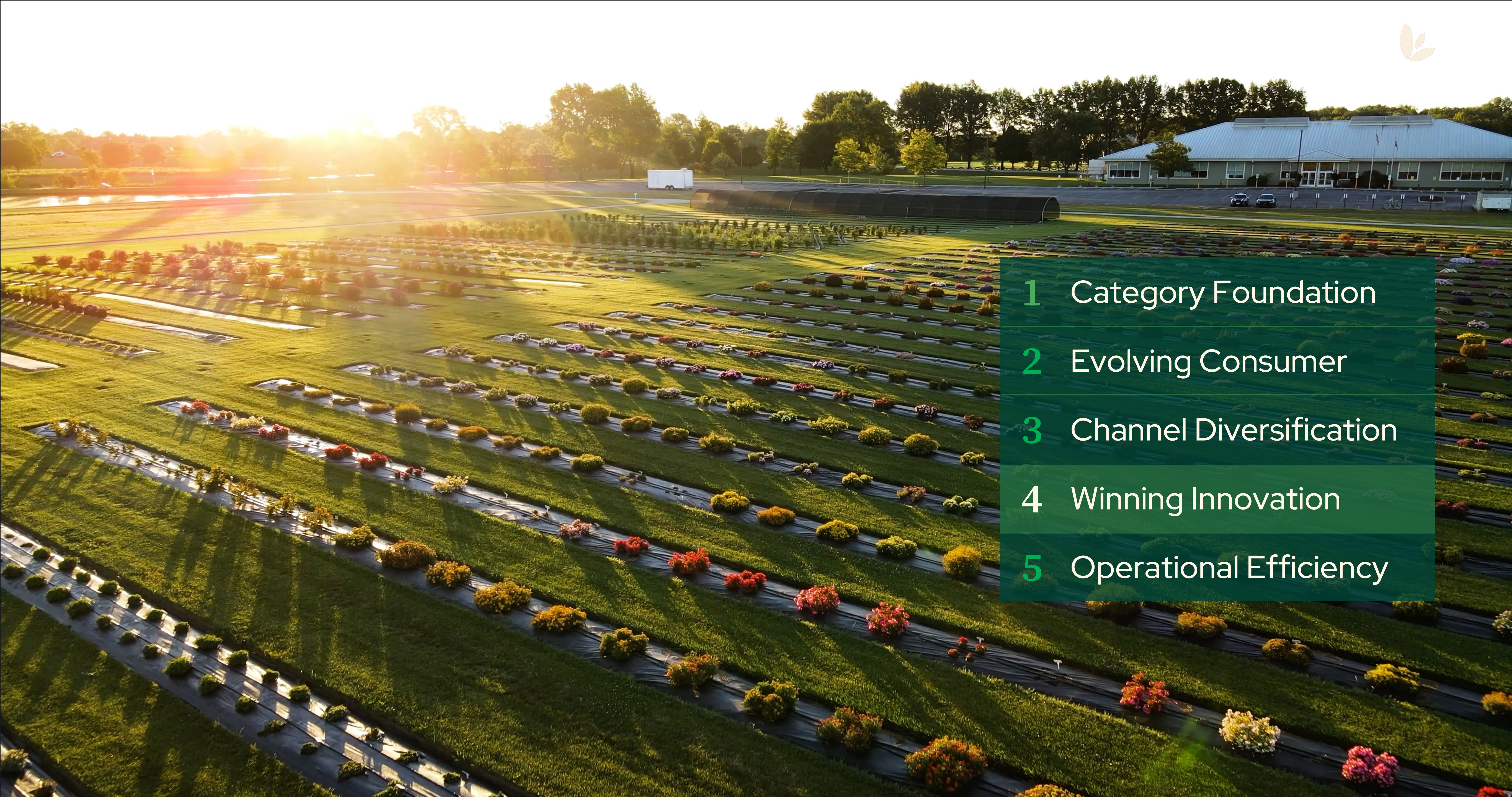
Small to Medium Sized Pros



Expanding our Roots into New Channels





- 
- An aerial photograph of a large-scale commercial flower nursery during the golden hour of sunrise. The nursery is organized into long, straight rows of plants, each covered with black plastic mulch. The plants are in various stages of growth, with some showing vibrant red, yellow, and pink blossoms. In the background, a large, modern building with a light blue metal roof and several windows is visible, along with a parking lot and a line of trees. The sun is low on the horizon, creating a warm, golden glow and long shadows across the nursery beds.
- 1 Category Foundation
 - 2 Evolving Consumer
 - 3 Channel Diversification
 - 4 Winning Innovation
 - 5 Operational Efficiency



Innovation taking root

Dr. Paula Powell

SVP, R&D



Sadie Oldham

VP & GM, Gardens



A legacy of product development

Largest R&D Program in Consumer Lawn & Garden



1868

First
Innovation

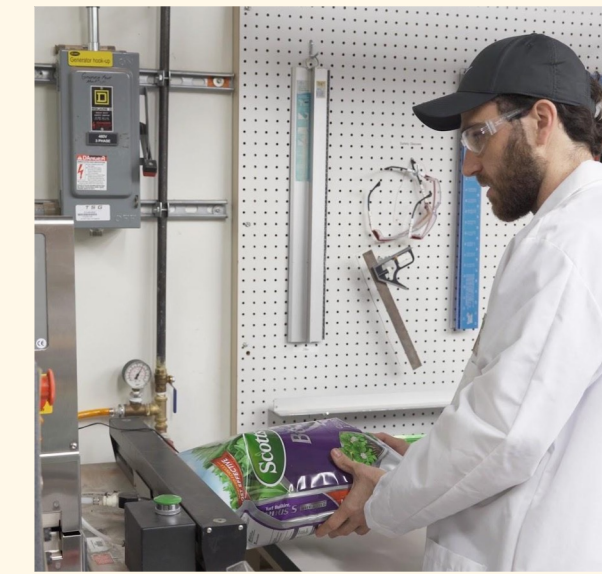
800+

Issued
Patents

70

Applications
Pending

Broad Technical Experience



Robust Technical Capabilities



★
Gervais, OR



★
Marysville, OH



★
Apopka, FL

Extensive Research Network



UC DAVIS
UNIVERSITY OF CALIFORNIA



Agile innovation strategy

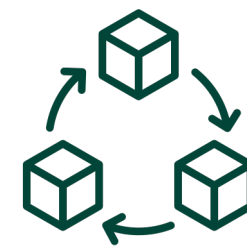
Enhancing Portfolio Resilience



Future-proofing



Cost Effectiveness



Supply Chain FTO

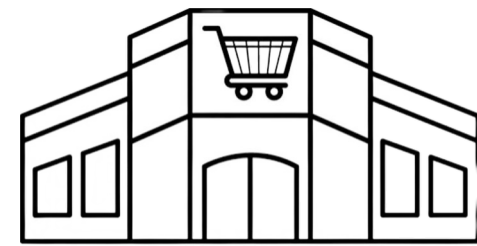


30% SKU Reduction

Fund Growth

Cultivating Future Growth

Legacy Consumer



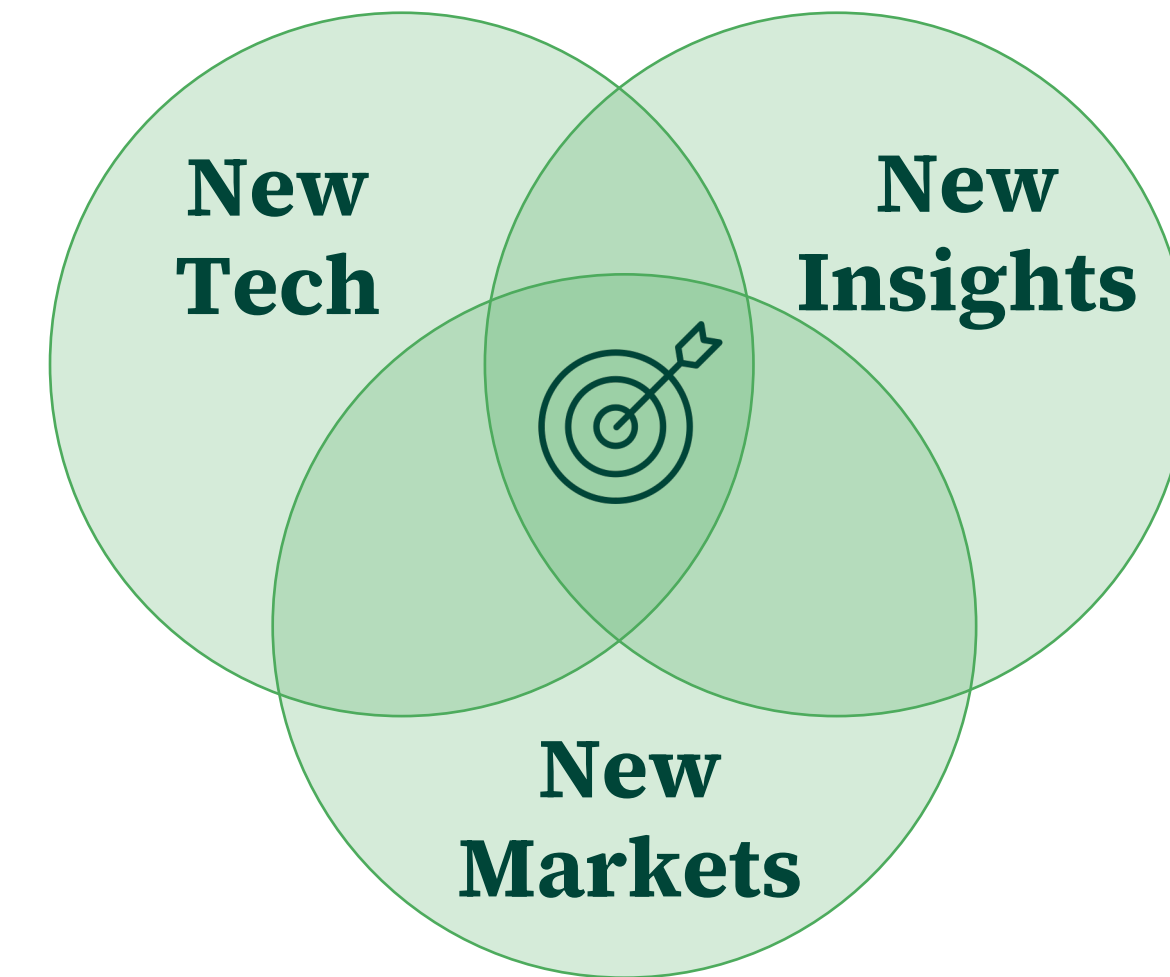
Emerging Consumer



New Channels Alt Products

Meet Consumers Where They Are

Creating Disruptive Innovation



R&D Funding

Investment Drives Innovation

Innovation rooted in consumer preferences

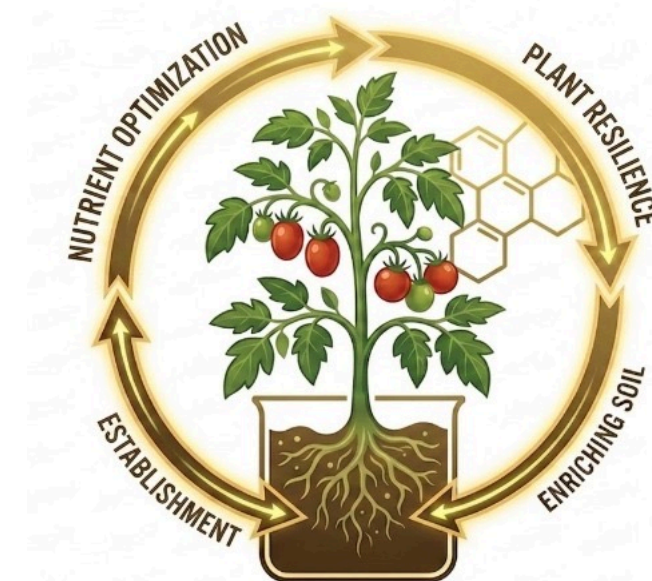
01 / Deliver results to improve the consumer experience

02 / Improve value proposition and stewardship through responsible design

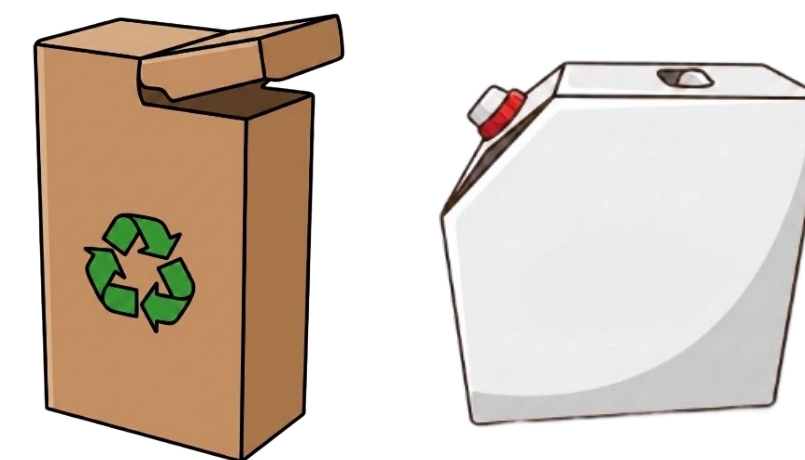
Safe and Effective



Effective Targeted
Biobased, Organic
Ingredients



Plant and Soil
Health Resilience
Nutrition



Sustainable
eCommerce Ready
Products & Packaging



Product Formats
& Advanced
Dispensing



Enterprise superpowers + speed of innovation = our competitive edge

Mainstreaming next-gen categories to solve consumer frictions

1

Miracle-Gro Organics:
Zero trade off
organic gardening

2

Ortho Organics:
Breaking efficacy barriers



Accelerating next-gen growth through speed and scale



MACRO TREND

Non-Negotiable Organics

- **50% of gardeners** rank organic & natural as a top-3 purchase driver
- Organic lawn & garden segment is growing roughly **3x faster than the conventional category**

1

Expanded Organic Offering



2

Variety-Specific Plant Foods



3

eCommerce Shippable Formats



Accelerating next-gen growth through speed and scale



PLATFORM OPPORTUNITY

Zero Compromise Natural Controls

Alternative products growing almost 2X the rate of traditional chemistry

- New consumers coming in drawn to organic and safety callouts
- Biggest hurdle is performance – Expect these products to work

 **Performance**
15-minute visible results – fastest in the market

 **Safer Formulas**
Prominent 'people and pet' claims

Cultivating strategic alliances



Complimentary Categories & Brand



Scotts Miracle-Gro



Academic Powerhouses



UC DAVIS
Innovation Institute
for Food and Health

Industry Titans





- 1 Category Foundation
- 2 Evolving Consumer
- 3 Channel Diversification
- 4 Winning Innovation
- 5 Operational Efficiency



Operational excellence

David Huskisson

SVP, Operations & Technology



Delivering on our commitments

\$150M Cost Savings over 3 years (FY25-FY27)

On track to outpace our cost savings target by the end FY27, with continued runway

- 1 Network Optimization & Logistics
- 2 Manufacturing Automation & Efficiency
- 3 Product Cost Savings
- 4 Strategic Sourcing

\$135M

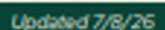
of savings achieved
through FY26

Going forward
we plan to deliver
cost savings of
**~1% of net sales
annually**





North American Supply Chain Operations



A family business



Logan & Lionel



John & Lily



Zuriel & Clarita



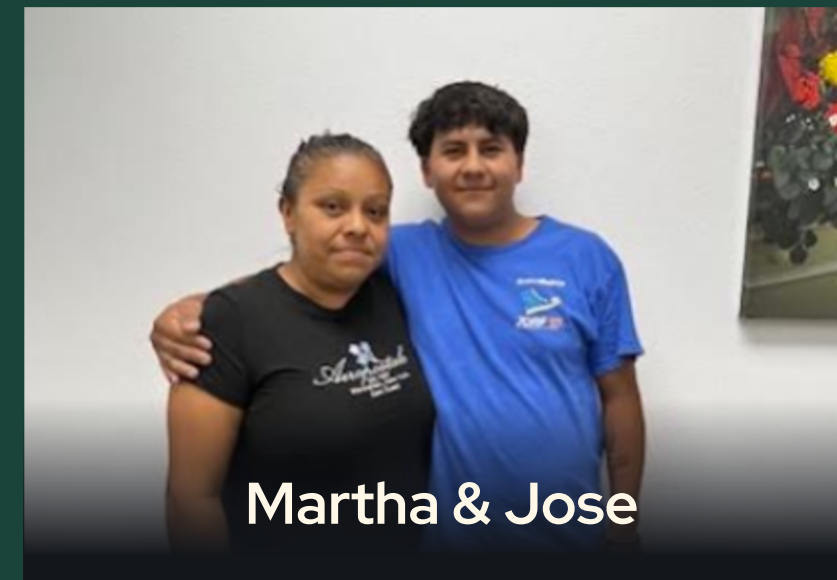
Bill & Tristyn



Betzy & Jezmin



Alberto Sr & Jr



Martha & Jose



Rosario, German, & Carlitos



Hailey & David

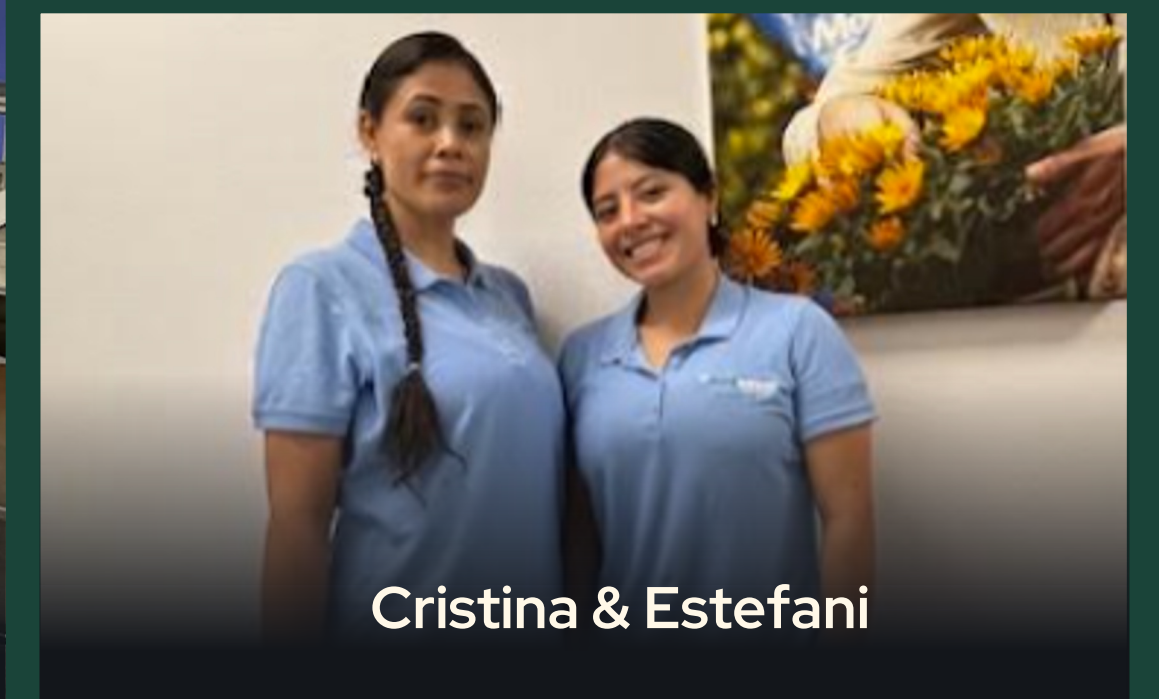
"We don't measure our tenure in years;
we measure in generations."



Jeremy & Dontavious

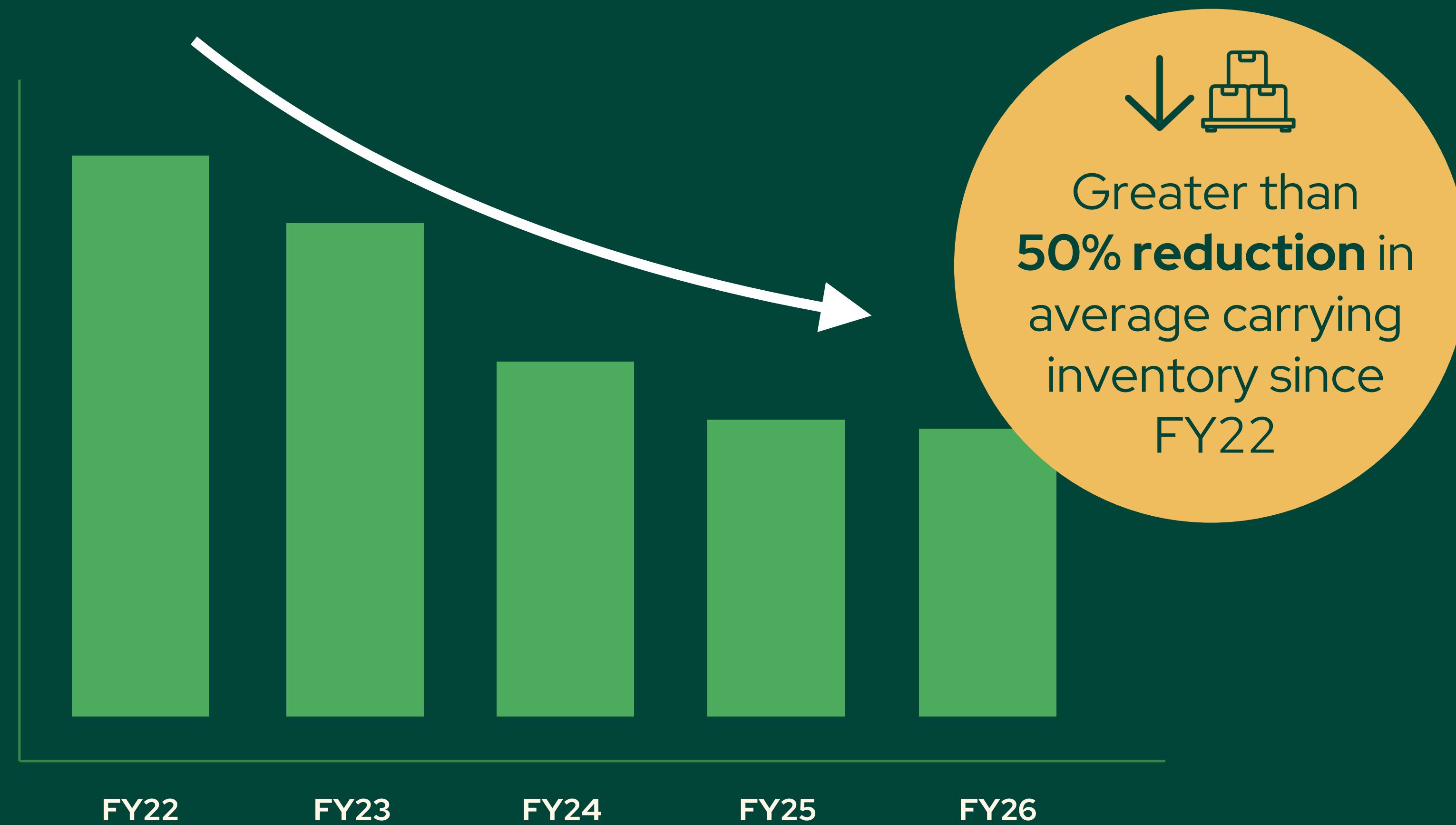


Jose & Maria



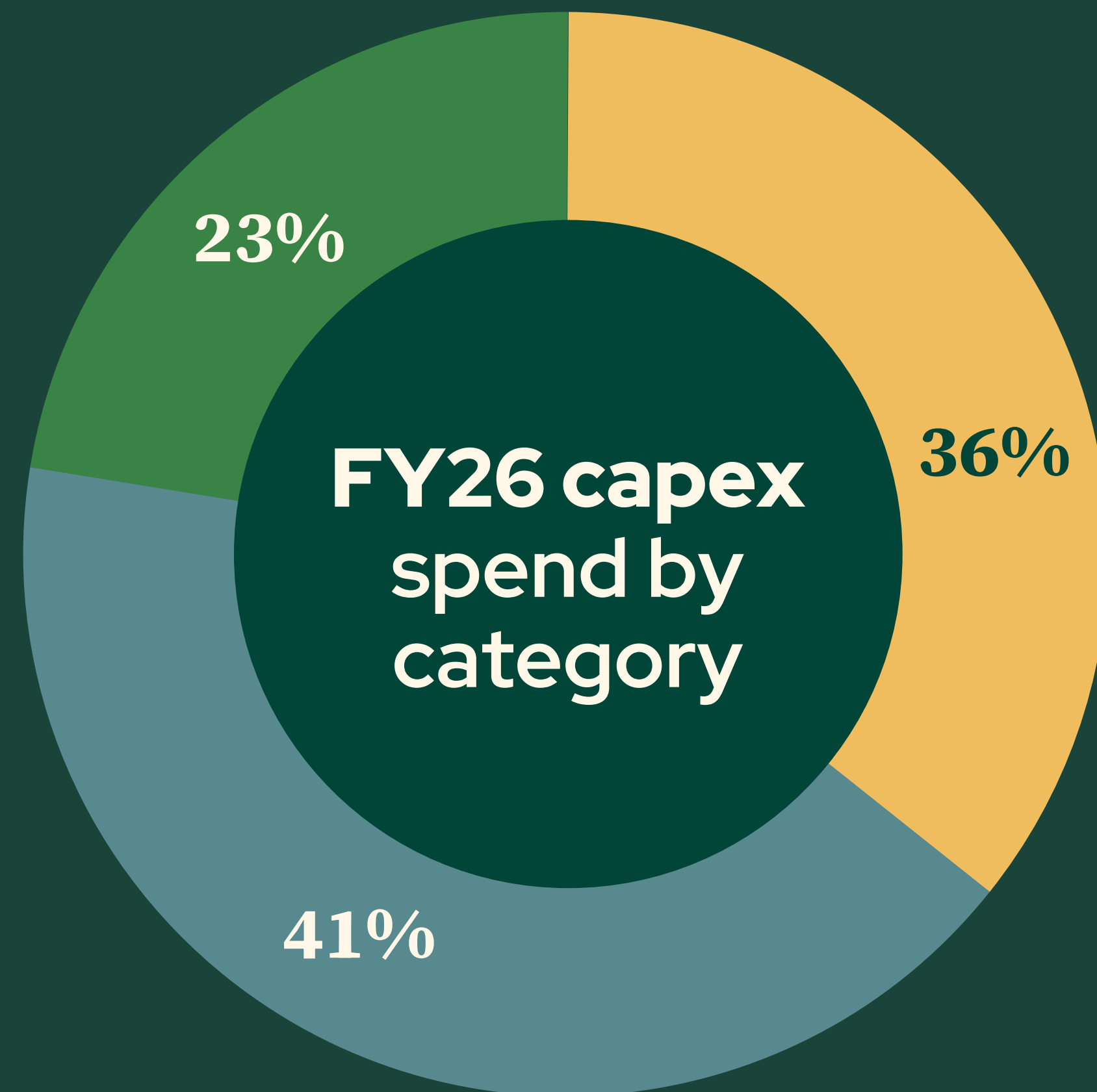
Cristina & Estefani

Significant reduction in inventory since FY22





Capex FY26



● Asset Maintenance ● Cost Reduction ● Tech Investment



Capital investments geared towards automation and technology



1

S4 HANA ERP Transformation



3-year investment in SAP S/4HANA to transform our business

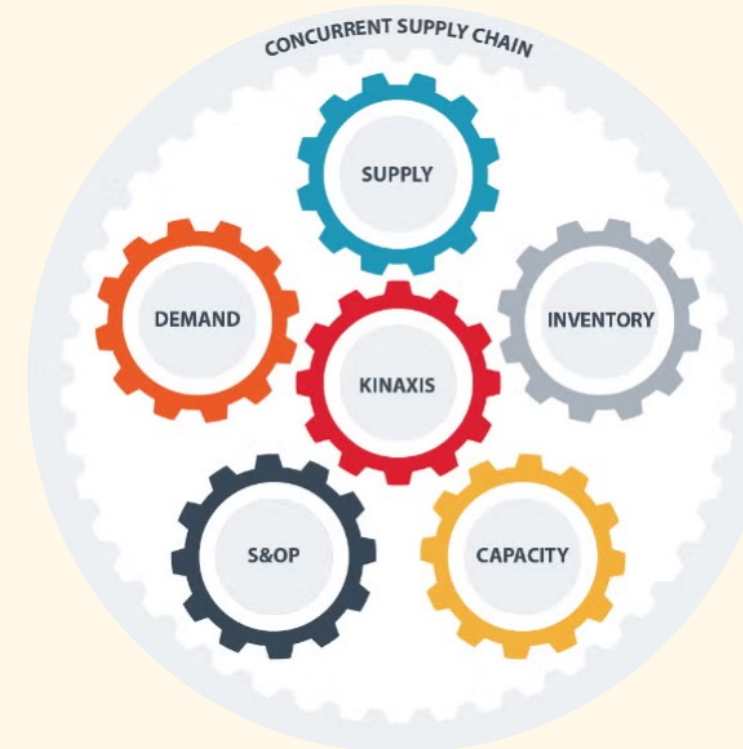
Adopted a “clean core” mindset which will:

- Optimize business processes
- Enable process automation,
- Drive business velocity (E.g. M&A)

2

Kinaxis Supply Chain Planning

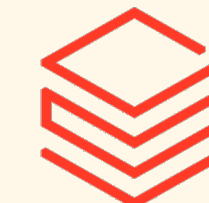
KINAXIS®



“Always on” supply chain planning to enable agility, orchestration, and operational efficiency

3

Unified Data Platform



databricks

Multi-year journey, in parallel with our SAP investment, to:

- Improve data visibility
- Increase decision velocity
- Expand consumer insights

The Foundation Enabling AI



Where we're scaling AI

AI is already at work across the enterprise – **now focused on five value-creating priorities.**

1

AI for the Consumer

Service, personalization and content that convert demand

2

Self-Service Analytics

Plain-language data questions answered in minutes

3

Pricing & Promo Optimization

Pricing and promo scenarios that expand margin

4

Demand Intelligence

Sharper forecasting; lower input costs

5

Intelligent Automation

Automate tasks; redeploy people to strategic work

Scotts Miracle-Gro

Investor Day 2026

NEW YORK STOCK EXCHANGE 08.04.26





Roadmap to **long-term value creation**

Mark Scheiwer

EVP, Chief Financial Officer
and Chief Accounting Officer



Why invest in The Scotts Miracle-Gro Company?



Market Leadership

We are the undisputed leader in the North American consumer Lawn & Garden market, driving industry standards and customer loyalty.



Core Superpowers

Our distinct competitive advantages are anchored in our powerhouse capabilities: world-class brand strength, high-impact marketing, elite sales force, cutting-edge R&D and an optimized supply chain network.



Financial Growth

We are at an exciting point in our financial journey post-Covid including a return to consistent sales growth, long-term gross margin expansion and financial deleveraging driving future valuation creation.



We are consistently delivering results

Financial Commitments

Consistently delivering on our external financial commitments in FY25 and FY26.

Margin Expansion

+790 bps gross margin rate improvement over 2 years via cost outs, automation, AI and emphasis on branded products.

Deleveraging Progress

Leverage reduced below 4x and on track to further reduction in FY26 and beyond.

Sales Growth

~+2% annual net sales growth over the last 3 years driven by innovation, eCommerce and natural/organic focus.

Lawn & Garden Focus

Streamlining operations through the successful divestiture of our Hawthorne business.

Partnerships & Reinvestment

Executing partnerships like Black Kow and scaling advertising, R&D and capex for long-term growth.



How SMG 2.0 will create sustainable, long-term shareholder value

Tenaciously executing and delivering on our mid-term (FY27-FY29) growth algorithm

Dependable

**Net Sales
Growth**

NET SALES
GROWTH +2-4%

Consistent

**Profitability
Expansion**

ADJUSTED GROSS
MARGIN RATE +50-100 bps

ADJUSTED EPS +5-8%

Disciplined

**Capital
Allocation**

FREE CASH
FLOW >\$275M

LEVERAGE 3.0-3.5x

Long-term
leverage target
below

3.0x

SMG 2.0 mid-term growth algorithm

Dependable **Net Sales Growth**

+2-4%

Mid-term
Net Sales
Growth

Category Expansion &
Consumer Engagement

~3%

8-year
Average Annual
Growth Rate

Innovation



Channel Expansion

- 1 eCommerce
- 2 Expanded channels
- 3 Pro/DIFM

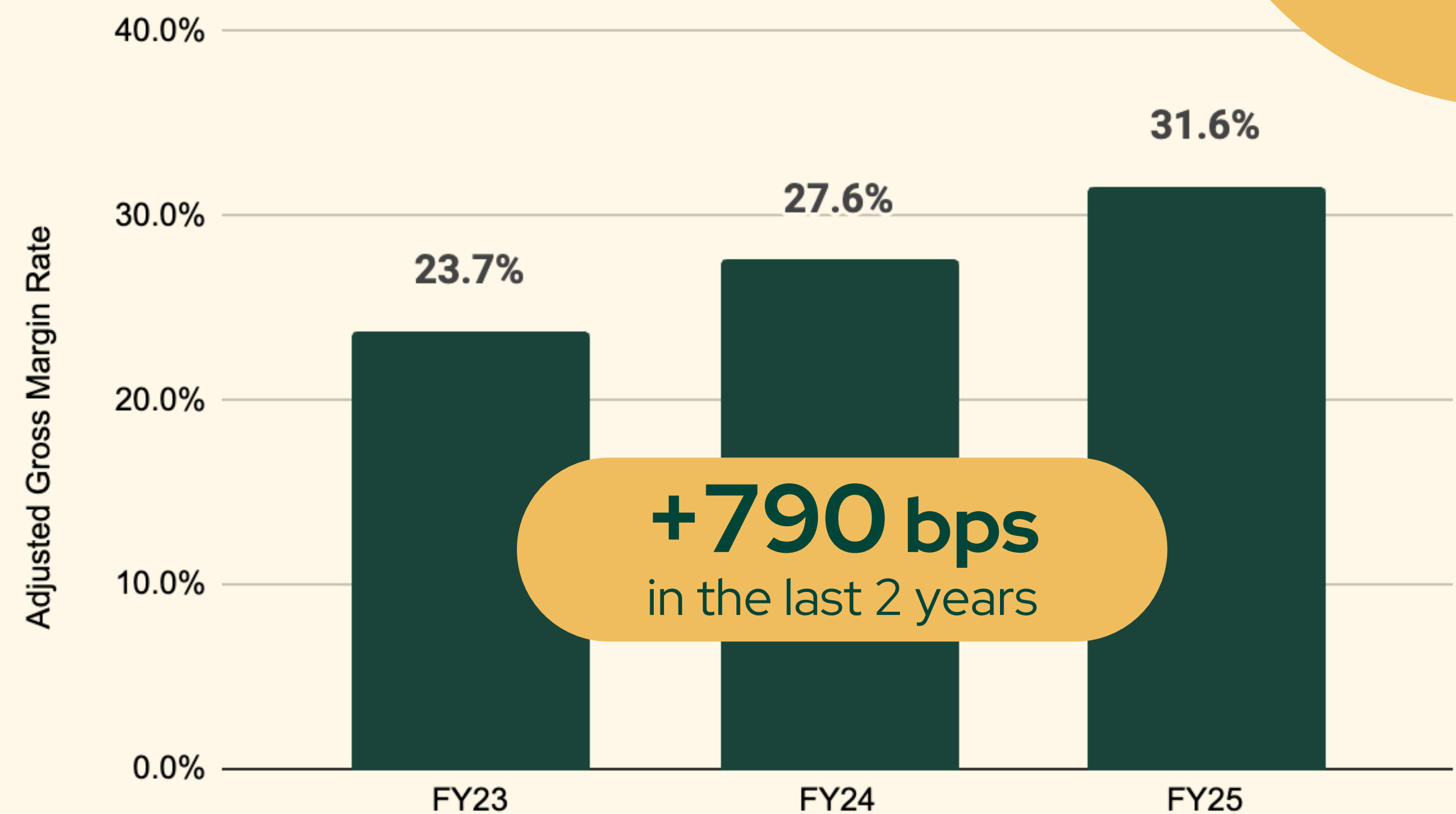
M&A and Partnership



SMG 2.0 mid-term growth algorithm

Consistent Profitability Expansion

Adjusted Gross Margin Rate



Improvement driven by focus on higher-margin branded sales, increased capex spend to \$130M annually and annual supply chain cost savings initiatives of ~1% of net sales

Long-term Gross Margin Rate Goal of ~40%

At least 32%

FY26 Adjusted Gross Margin

+50 to 100 bps Annual Growth

Mid-term Algorithm

SMG 2.0 mid-term growth algorithm

Consistent Profitability Expansion

Adjusted EPS Growth driven by SMG 2.0 growth initiatives, our Bonnie JV and a balanced Capital Allocation strategy



**\$4.30
to
\$4.45**

**FY26
Adjusted EPS**

**+5-8%
Annual
Growth**

**Mid-term
Algorithm**

SMG 2.0 mid-term growth algorithm

Disciplined **Capital Allocation**

>**\$275M**
of Free Cash
Flow Annually

SG&A Reinvestment

Consistent and incremental technology, advertising and R&D spend and SG&A spend ratio ~17-18% of net sales

Capital Investments

Capex spend of 2.5-3.5% of net sales driving focused on automation

Consistent Dividend

Maintain high-quality quarterly dividend

Share Repurchases

Anti-dilutive and opportunistic repurchases

Strong Balance Sheet

Mid-term target leverage 3x to 3.5x and free cash flow productivity ~80 to 100%

Strategic Acquisitions

Accretive, tuck-in acquisitions

Long-term leverage target below

3.0x

SMG 2.0 mid-term growth algorithm

Disciplined **Capital Allocation**

Strategic tuck-in and financially accretive acquisitions and partnerships

- ✓ Lawn & Garden Core or Adjacent
- ✓ Synergistic with Low Execution Risk
- ✓ Strong Returns and Financially Accretive
- ✓ Neutral to Positive on Leverage

TOMCAT



SMG 2.0 mid-term growth algorithm

FY27-FY29

Net Sales **+2-4%**

Adjusted Gross Margin Rate **+50-100 bps**

Adjusted EPS **+5-8%**

Free Cash Flow **>\$275M**

Leverage Target **3.0-3.5x**

Long-term
leverage target
below
3.0x



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Scotts Miracle-Gro

Reconciliation of Non-GAAP Financial 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 following tables. 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 (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:

- **Adjusted gross margin:** Gross margin excluding impairment, restructuring and other charges / recoveries.
- **Adjusted net income (loss) from continuing operations:** Net income (loss) from continuing operations 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 from continuing operations:** Diluted net income (loss) per common share from continuing operations excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items, each net of tax.

Forward Looking Non-GAAP

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)

Year Ended September 30,

	2025		2024		2023	
	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales
As reported (GAAP)	\$ 1,019.6	31.3%	\$ 888.8	27.2%	\$ 657.3	18.5%
Impairment, restructuring and other	10.1		11.7		185.6	
Adjusted (Non-GAAP)	<u>\$ 1,029.7</u>	31.6%	<u>\$ 900.5</u>	27.6%	<u>\$ 842.9</u>	23.7%

Year Ended September 30,

	2025		2024		2023	
	Net income (loss) from continuing operations	Diluted net income (loss) per common share	Net income (loss) from continuing operations	Diluted net income (loss) per common share	Net income (loss) from continuing operations	Diluted net income (loss) per common share
As reported (GAAP)	\$ 182.1	\$ 3.10	\$ 27.3	\$ 0.47	\$ (380.1)	\$ (6.79)
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Impairment, restructuring and other	40.9	0.70	117.6	2.04	448.1	7.95
Other non-operating	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted (Non-GAAP)	<u>\$ 223.0</u>	<u>\$ 3.80</u>	<u>\$ 144.9</u>	<u>\$ 2.51</u>	<u>\$ 68.1</u>	<u>\$ 1.21</u>

The sum of the components may not equal due to rounding.

Scotts Miracle-Gro

Thank you

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