



ScottsMiracle-Gro CEO Expresses Support for President's Cannabis Rescheduling Executive Order

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CEO says move enhances company's broader growth strategy

MARYSVILLE, Ohio, Dec. 18, 2025 (GLOBE NEWSWIRE) -- The Scotts Miracle-Gro Company (NYSE: SMG), the leading marketer of branded consumer lawn and garden products in North America, today expressed support for President Trump's executive order to reschedule cannabis from a Schedule I to Schedule III drug.

"With 39 states already legalizing cannabis in some form, rescheduling to a lower level drug on the federal level has been long overdue," said Chairman and CEO Jim Hagedorn. "President Trump deserves credit and praise for taking this bold action, as it reflects the will of the people and sets the stage for much-needed research into the medical use of cannabis."

"Just as importantly, this will help deliver a blow to the illicit cannabis market by strengthening the financial viability of the legal and regulated industry that employs over 425,000 people and contributes \$100 billion to the economy."

Hagedorn said it is important to note that rescheduling does not legalize cannabis on a federal level but rather removes undue financial constraints on cannabis companies and makes it easier for medical research to be conducted on the use of cannabis in treating PTSD, cancer and other health conditions. Under Schedule I, research is limited and cannabis companies have been subjected to the 280E tax penalty, which prohibits the deduction of business expenses and results in tax rates of 70 percent or higher compared to the general corporate tax rate of 21 percent.

"The 280E tax penalty has hindered the profitability of legal cannabis companies and forced many to go under," Hagedorn said. "Rescheduling eliminates the penalty, bringing their tax rate in line with other American businesses and enabling them to shift more financial resources into capital investment and growth opportunities."

Increased capital investments by cannabis companies could positively impact ScottsMiracle-Gro's Hawthorne Gardening Company subsidiary, which provides nutrients, lighting and other supplies to legal cannabis growing operations. Hawthorne has seen the level of capital spending on its products decline in recent years as cannabis companies have faced financial struggles.

Rescheduling does not alter ScottsMiracle-Gro's plan to strategically move Hawthorne into a cannabis-dedicated company as part of the broader strategy to focus on the growth of its core consumer lawn and garden business. The company expects to combine Hawthorne with a cannabis company early in fiscal 2026.

"Reclassifying cannabis will set Hawthorne up for greater growth opportunities moving forward and make it a more attractive partner to a cannabis-dedicated company," Hagedorn said.

As a Schedule I drug, cannabis is on the same level as heroin and other drugs that have no medical benefit and demonstrate a high degree of physical dependence. Under Schedule III, cannabis will be classified with Tylenol with codeine, Vicodin, anabolic steroids, ketamine and other drugs that have accepted medical uses and low potential for physical dependence.

About ScottsMiracle-Gro

With approximately \$3.4 billion in sales, the Company is the leading marketer of branded consumer lawn and garden products in North America. The Company's brands are among the most recognized in the industry. The Company's Scotts®, Miracle-Gro®, Ortho® and Tomcat® brands are market-leading in their categories. For additional information, visit us at www.scottsmiraclegro.com.

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