



Third Quarter ended June 28, 2025 Quarterly Earnings Report

Supplemental Financial Presentation
July 30, 2025

Please view this presentation in conjunction with our Q3 2025 earnings release, which is furnished 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 and
Chief Executive Officer



Mark Scheiwer
Chief Financial Officer and
Chief Accounting Officer

Q&A

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



Jim Hagedorn
Chairman & CEO



Nate Baxter
President & COO



Mark Scheiwer
CFO & CAO



Chris Hagedorn
EVP, Chief of Staff

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.

Q3 2025 Business Update

PRESENTED BY

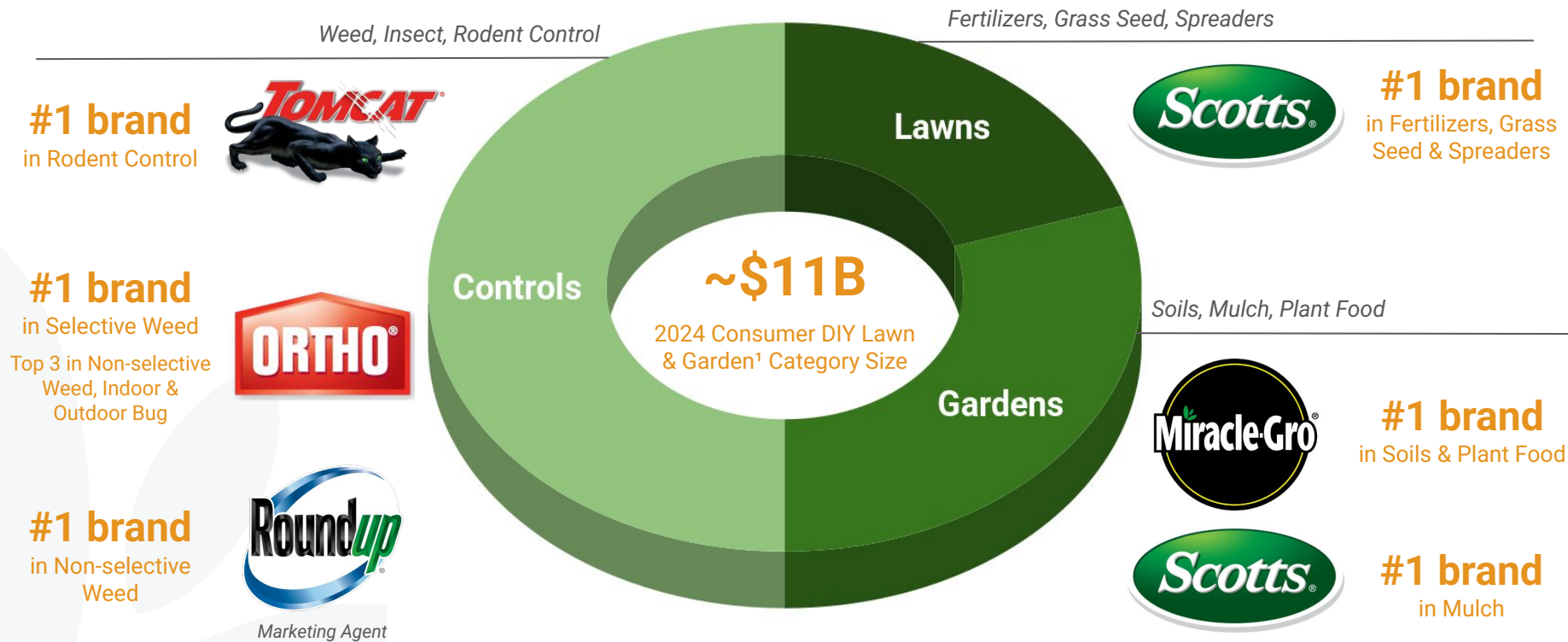
Jim Hagedorn

Chairman and Chief Executive Officer

Internal and external transformation initiatives will drive cost advantages and propel growth



Our brand portfolio has the leading position in \$11 billion Consumer DIY Lawn & Garden



Our Super Powers give us competitive advantages

Brands/Marketing

Most powerful brands with low private label pressure

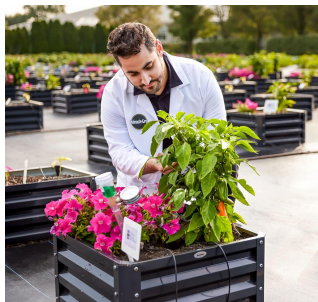


Marketing Agent

50% ownership in joint venture
with Alabama Farmers
Cooperative, Inc.

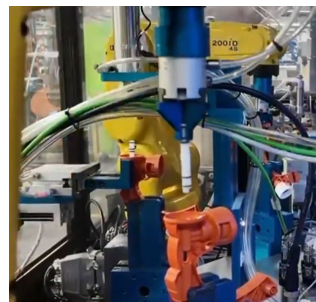
Innovation

Industry-leading R&D with
science-backed product
development



Supply Chain

Integrated manufacturing and
distribution network within 150
miles on average of customers



Sales

Unparalleled in-store activation
coupled with ecomm expansion



Transformation includes investments in our brands

Supported by incremental investments in our brands and more than 10% of net sales going to consumer activation & other programs run by our retail partners

Listings & Share of Shelf



New Innovation



Channel Expansion

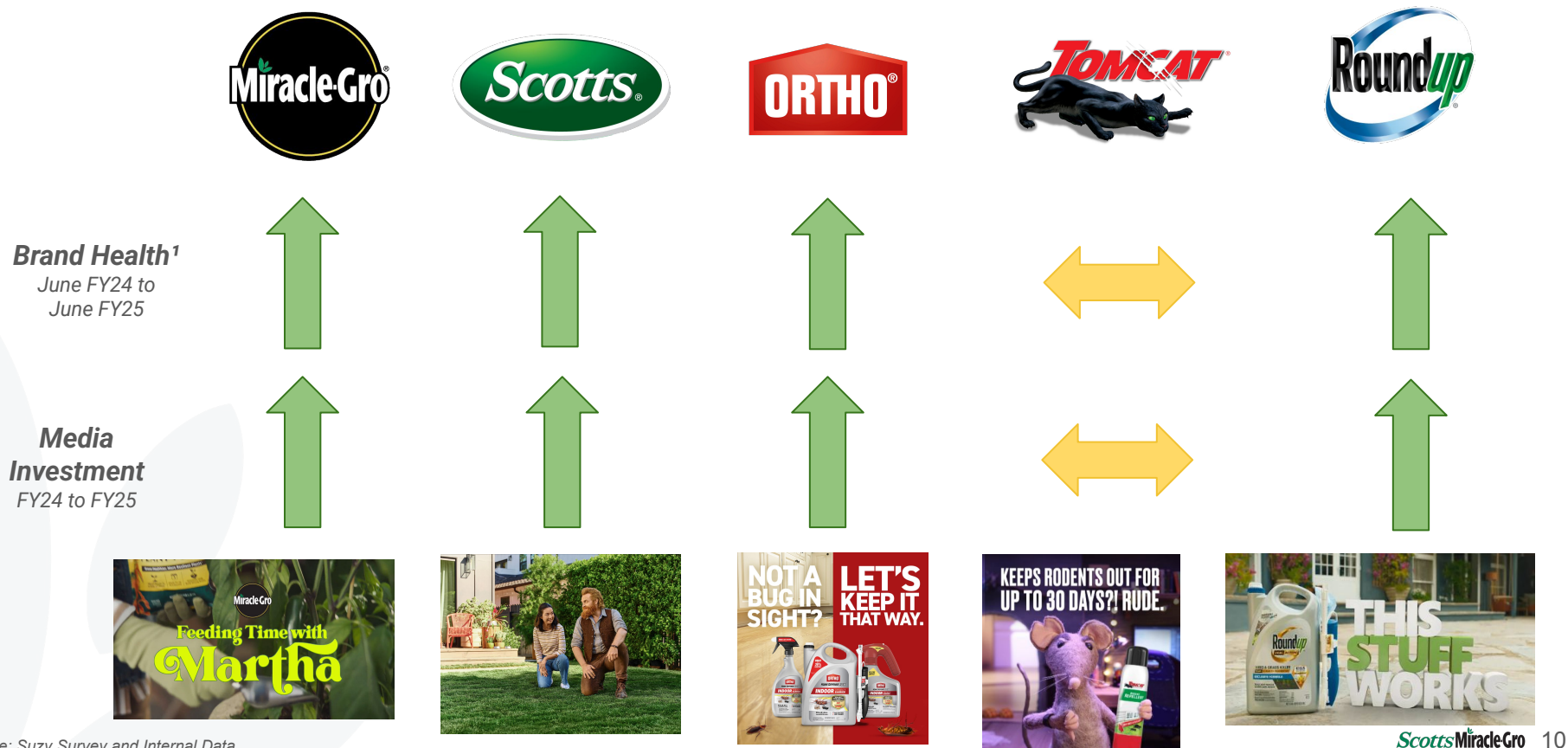
Retail.com



Media & Consumer Education



Higher investments lead to positive gains in consumer brand health



Consumer activation programs drive strong consumer takeaway

Lawn and garden consumer is healthy as shown by our year-to-date POS unit growth of 8%

Controls
+3%

Soils
+12%

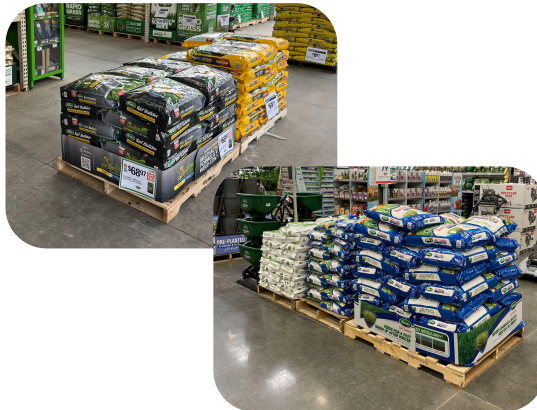
Branded Fertilizer
+1%

Grass Seed
+16%

Listings and
Share of Shelf



Consumer Activation



Media and Advertising
Investments



Lawn category POS gains deserve special callout

Year-to-date branded lawn fertilizers POS units were up 1% representing a shift from the declines experienced in recent years

FROM:
Single-bag solutions
to treat specific problems



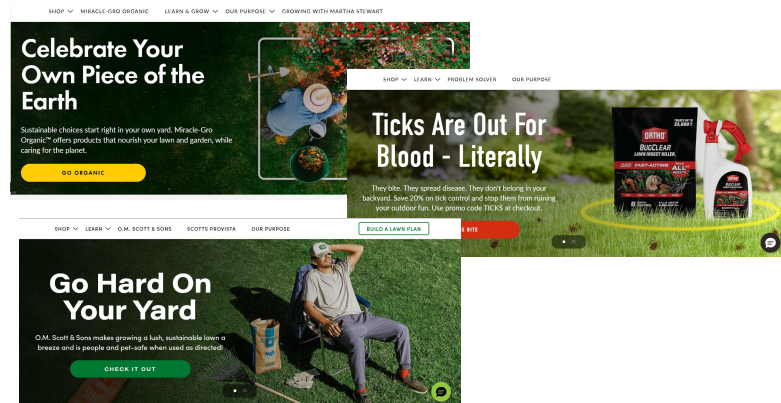
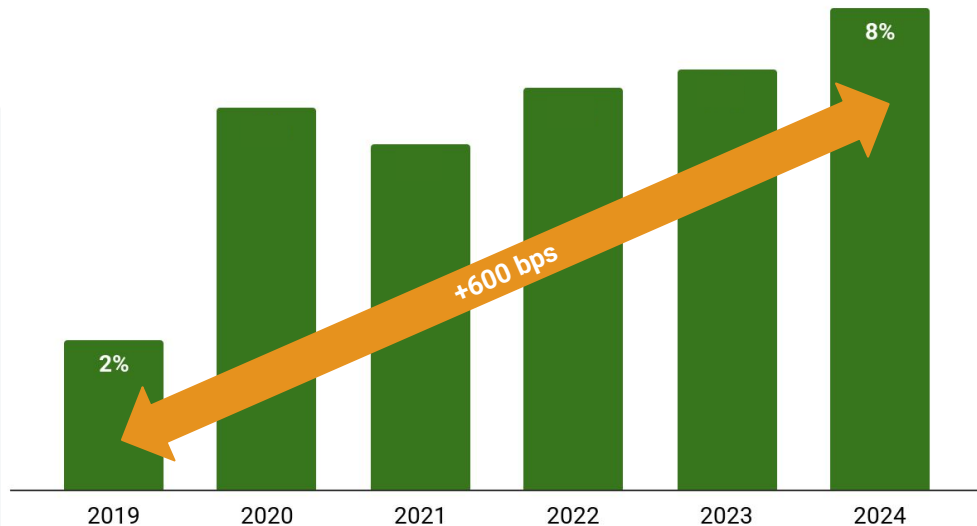
TO:
All-season feeding and
multiple-bag solutions
for healthy lawns



Expansion in e-commerce is a key focus area for growth

Continued growth in e-commerce¹ with year to date penetration of POS dollars² at ~10%

E-commerce¹ Penetration of POS Dollars²



Transformation includes further enhancing best-in-class supply chain

Historically, delivered
average net supply chain
savings of

**~1% of total
COGS**

“

Our supply chain team is doing an outstanding job **delivering on cost savings initiatives...\$75 million of cost savings [in FY25].** And we have **another \$75 million to go over '26 & '27.**

- Mark Scheiwer, CFO & CAO
2Q25 Earnings Call

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Over the past 18 months, we've **harnessed the power of technology to optimize processes** with IoT, advanced robotics, automation and real-time data analytics - including AI - for more informed decision-making and operational efficiency. **This transformation is ongoing.**

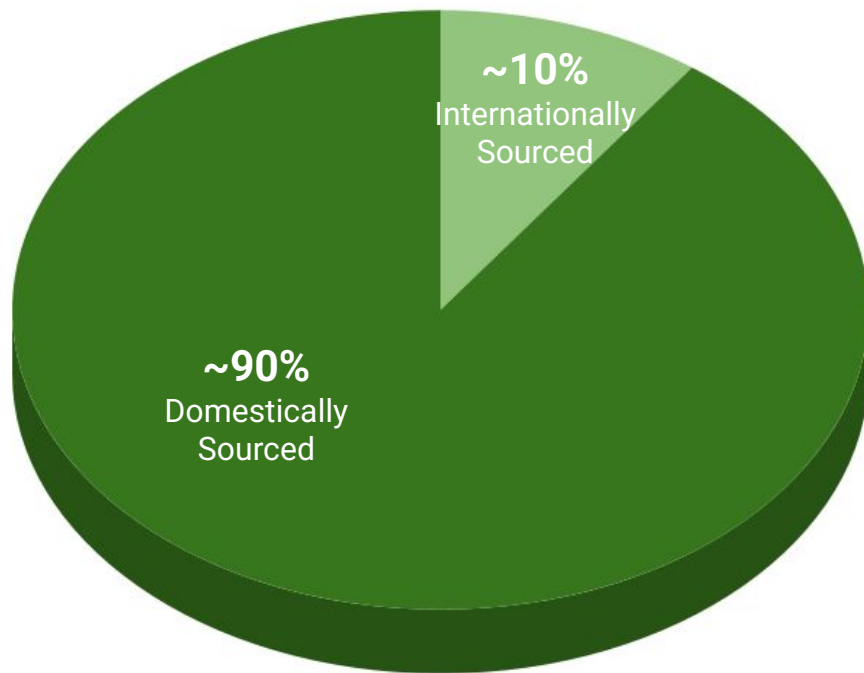
- Nate Baxter, President & COO
March '25 American Manufacturing Summit

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Domestic sourcing and locked COGs limit tariff exposure

Percent of Total FY25 COGS



Full Year Expectations

- Limited exposure in FY25 given roughly all commodities are locked at close of 3Q25
- Of the ~10% total COGS internationally sourced, ~1/2 are currently exempt from tariffs under existing agricultural trade agreements
- ~90% of FY25 total COGS domestically sourced and not exposed directly to tariffs which include key raw materials such as urea, grass seed and inputs to growing media products

Q3 2025 Financial Update

PRESENTED BY

Mark Scheiwer

Chief Financial Officer and Chief Accounting Officer

3Q 2025 - 3 Months ended June 28, 2025

Third Quarter Performance Summary

Total Company Non-GAAP Results vs. Q3 2024

Net Sales	\$1.19 billion	-1%
Adjusted Gross Margin Rate	32.1%	+290 bps
SG&A	\$153.4 million	+4%
Adjusted Net Income	\$151.5 million	vs. \$133.8M
Interest Expense	\$31.8 million	-18%
Adjusted Effective Tax Rate	29%	+350 bps
Adjusted Diluted EPS	\$2.59	vs. \$2.31
Adjusted EBITDA	\$256.1 million	vs. \$236.8M
Leverage	4.15x	vs. 5x maximum



Non-GAAP Measures. Comparisons are to Q3 2024 unless otherwise indicated.

Financial objectives for fiscal 2025 are on track

Invest Behind Our Brands

- Maintain and build upon the additional listings and gains achieved in FY24 to drive low single-digit organic sales growth in FY25
- Additional investment into our own consumer advertising, brand support and ecommerce activities to drive long-term brand health
- Introduce new innovation in Miracle-Gro Organic, O.M. Scott & Sons lawn care, and Controls

Drive Margin Recovery

- \$150 million of supply chain cost savings over 3 years; approximately half to be achieved in FY25 inclusive of material cost deflation and fixed cost leverage
- Limited exposure to tariffs; high visibility of FY25 input costs with roughly all commodity spend locked at the end of 3Q25
- Non-GAAP adjusted gross margin rate of approx. 30 percent in FY25; targeting mid-30 percents by FY27

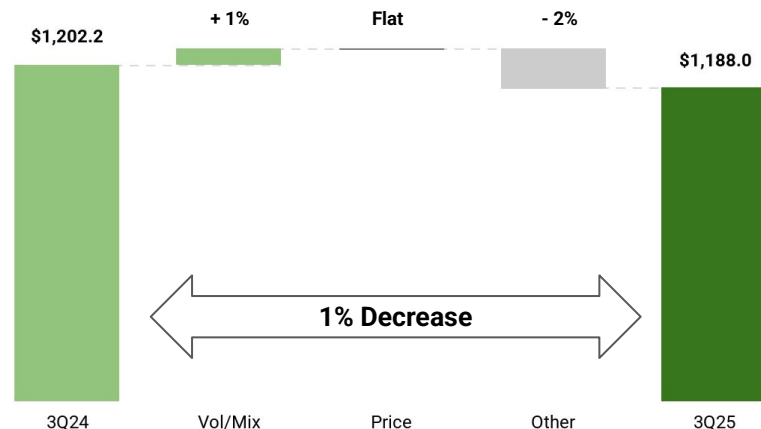
Strengthen Balance Sheet

- \$250 million expected free cash flow
- Strategic utilization of our accounts receivable sale facility
- Maintain quarterly dividend with remainder of free cash flow targeted to debt paydown
- Leverage ratio in low 4's by end of FY25; below 3.5x by end of FY27 positioning us for more balanced capital allocation thereafter

Net sales performance for the quarter and year-to-date

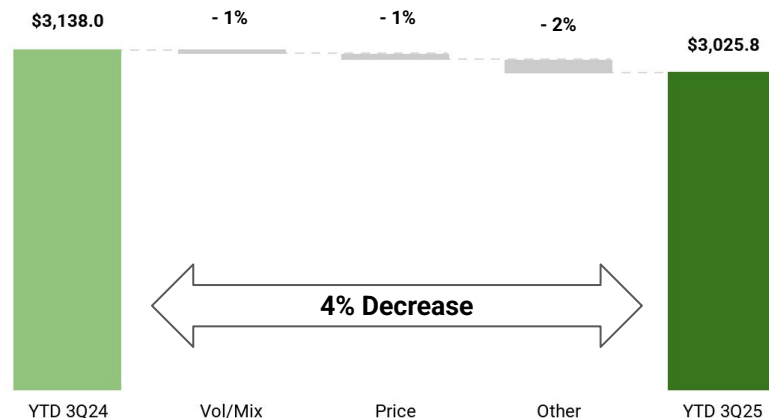
Total Company 3Q25 Net Sales

In millions



Total Company YTD 3Q25 Net Sales

In millions



Quarter Drivers

- **Vol/Mix** - Organic volume growth in U.S. Consumer segment and Canada partially offset by Hawthorne
- **Price** - Reflects the impact of market-wide price increases on targeted U.S. Consumer SKUs offset by investments in consumer activation & other programs to drive volume
- **Other** - Non-repeating FY24 North American sales of AeroGarden products, U.S. Consumer bulk raw materials and Hawthorne's exit of distributed brand sales

Full Year Drivers

- **Vol/Mix** - Organic volume growth in U.S. Consumer segment and Canada more than offset by Hawthorne
- **Price** - Reflects the impact of market-wide price increases on targeted U.S. Consumer SKUs offset by investments in consumer activation & other programs to drive volume
- **Other** - Non-repeating FY24 North American sales of AeroGarden products, U.S. Consumer bulk raw materials and Hawthorne's exit of distributed brand sales

Net sales performance for the quarter and year-to-date by segment

Fiscal Third Quarter (April - June 2025)

Net Sales Drivers ⁽¹⁾	Volume & Mix	Foreign Exchange	Price ⁽²⁾	Other ⁽³⁾	Net Sales
U.S. Consumer	2%	–%	–%	(1)%	1%
Hawthorne	(42)%	–%	(3)%	(9)%	(54)%
Other	9%	(1)%	–%	–%	8%
Total SMG	1%	–%	–%	(2)%	(1)%

Fiscal Year-to-Date (October 2024 - June 2025)

Net Sales Drivers ⁽¹⁾	Volume & Mix	Foreign Exchange	Price ⁽²⁾	Other ⁽³⁾	Net Sales
U.S. Consumer	1%	–%	–%	(2)%	(1)%
Hawthorne	(30)%	–%	(2)%	(14)%	(46)%
Other	6%	(3)%	–%	–%	3%
Total SMG	(1)%	–%	(1)%	(2)%	(4)%

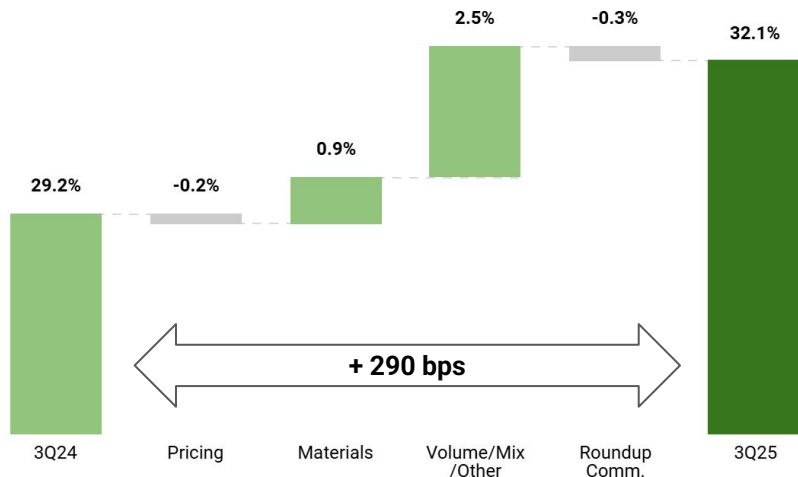
(1) Net Sales percentage changes are approximations based on quantitative formulas that are consistently applied.

(2) Price represents changes to the invoiced price charged to customers, net of investment in customer promotional activities such as seasonal and yearly promotions, customer incentives and rebate programs.

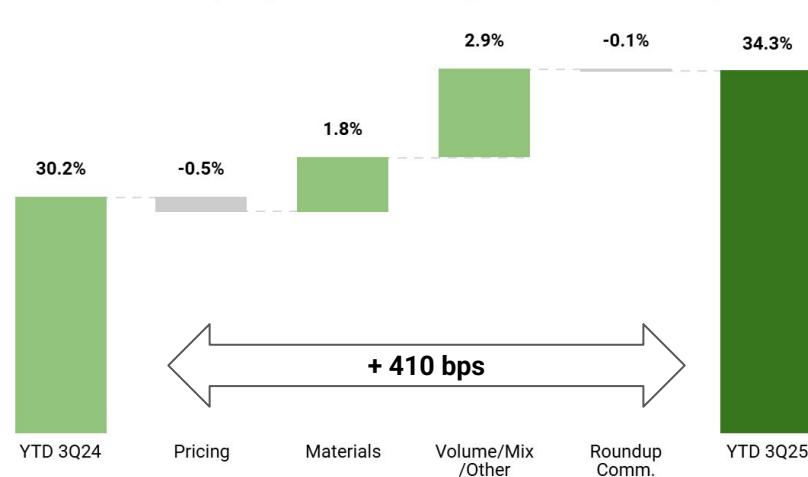
(3) Other represents the impact of rounding and nonrecurring sales from the prior year which mainly include U.S. Consumer's bulk raw material and AeroGarden sales, Hawthorne's third party distributed sales, and Canada's AeroGarden sales.

Drive margin recovery through cost savings and material cost deflation

Total Company 3Q25 Adjusted Gross Margin Rate



Total Company YTD 3Q25 Adjusted Gross Margin Rate



Quarter and Full Year Drivers

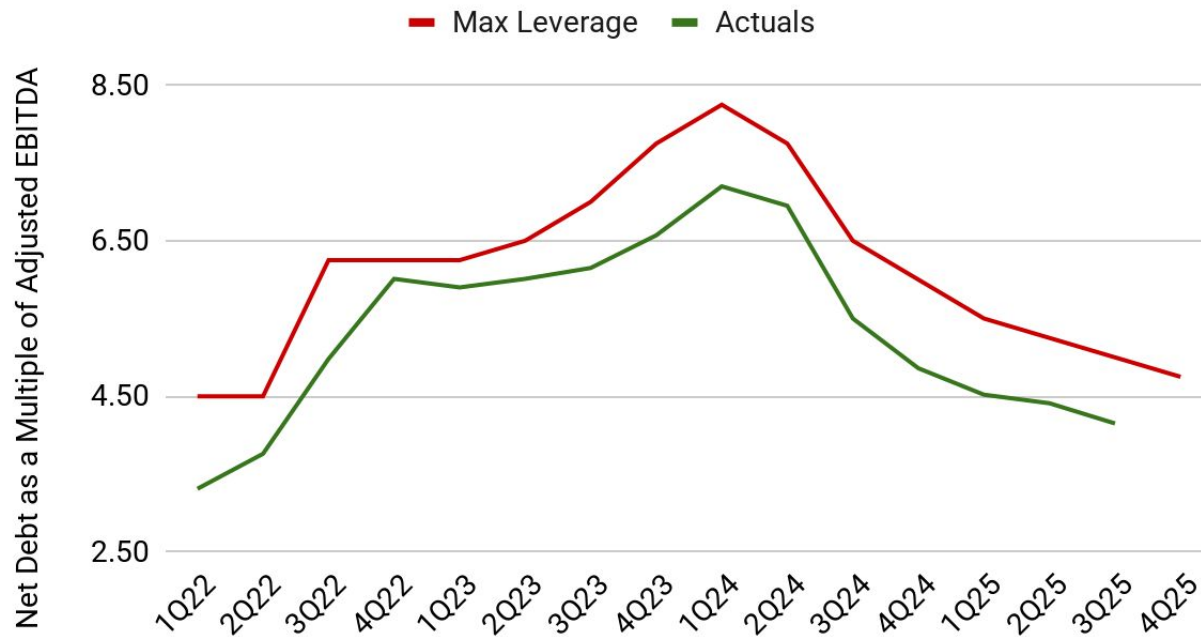
Fully delivered on the ~\$75M of U.S. Consumer supply chain savings as of the end of 3Q25; ~1/3 is related to material cost deflation most of which was realized in 1H25

Distribution savings related to network optimization efforts in both segments

Favorable mix from Hawthorne's exit of distributed brand sales and U.S. Consumer non-repeating bulk raw material & AeroGarden sales

Strengthen Balance Sheet through further leverage improvement

Covenant Compliance - Leverage Ratio



Our Fiscal 2025 Guidance

Net Sales	<ul style="list-style-type: none"> US Consumer: Low single-digit growth (excluding impact of non-repeat sales from FY24 for AeroGarden and other bulk raw material sales)
Adjusted Gross Margin Rate	<ul style="list-style-type: none"> ~30%
SG&A	<ul style="list-style-type: none"> ~17% of Total Company net sales
Other Expense	<ul style="list-style-type: none"> ~\$5 million increase
Interest Expense	<ul style="list-style-type: none"> ~\$30 million decrease
Adjusted Effective Tax Rate	<ul style="list-style-type: none"> 27% to 29%
Adjusted EBITDA	<ul style="list-style-type: none"> \$570 million to \$590 million Depreciation, Amortization, and Share-Based Compensation Adjustments ~\$15 million decrease
Adjusted EPS	<ul style="list-style-type: none"> At least \$3.50/share
Diluted Share Count Increase	<ul style="list-style-type: none"> ~1 million shares
Free Cash Flow	<ul style="list-style-type: none"> ~\$250 million
Capital Expenditures	<ul style="list-style-type: none"> ~\$100 million

Non-GAAP Measures.



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 tables above. 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 income (loss) before income taxes: Income (loss) before income taxes excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items.
- 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.

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

(In millions, except per share data)
(Unaudited)

	Three Months Ended June 28, 2025			Three Months Ended June 29, 2024		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)
Gross margin	\$ 378.0	\$ (3.7)	\$ 381.7	\$ 354.1	\$ 2.5	\$ 351.6
Gross margin as a % of sales	31.8%		32.1%	29.5%		29.2%
Income before income taxes	207.3	(6.1)	213.4	183.0	3.3	179.6
Income tax expense	58.2	(3.7)	61.9	50.9	5.1	45.8
Effective tax rate	28.1%		29.0%	27.8%		25.5%
Net income	149.1	(2.5)	151.5	132.1	(1.8)	133.8
Diluted net income per common share	2.54	(0.04)	2.59	2.28	(0.03)	2.31

Calculation of Adjusted EBITDA:

	Three Months Ended June 28, 2025	Three Months Ended June 29, 2024
Net income (GAAP)	\$ 149.1	\$ 132.1
Income tax expense	58.2	50.9
Interest expense	31.8	38.8
Depreciation	15.5	16.4
Amortization	3.2	3.9
Impairment, restructuring and other charges (recoveries)	6.1	(3.3)
Equity in income of unconsolidated affiliates	(25.3)	(23.0)
Interest income	0.0	(0.1)
Share-based compensation	17.5	21.1
Adjusted EBITDA (Non-GAAP)	\$ 256.1	\$ 236.8

Note: See accompanying footnotes.

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

Reconciliation of Non-GAAP Financial Measures

(In millions, except per share data)
(Unaudited)

	Nine Months Ended June 28, 2025			Nine Months Ended June 29, 2024		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)
Gross margin	\$ 1,020.7	\$ (16.1)	\$ 1,036.8	\$ 880.0	\$ (66.6)	\$ 946.6
Gross margin as a % of sales	33.7%		34.3%	28.0%		30.2%

Reconciliation of Non-GAAP Financial Measures

For the three and nine months ended June 28, 2025, the following items were adjusted, in accordance with the definitions above, to arrive at the non-GAAP financial measures:

- During the three and nine months ended June 28, 2025, the Company incurred employee and executive severance charges of \$2.6 million and \$6.2 million, respectively, in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations and \$1.4 million and \$16.2 million, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations.
- During the three and nine months ended June 28, 2025, the Company incurred a non-cash loss of \$0.0 million and \$7.0 million, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations related to the exchange of its convertible debt investment in RIV Capital Inc. for non-voting exchangeable shares of Fluent Corp. (formerly Cansortium Inc.).
- 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 initiative, the Company reduced the size of the supply chain network, reduced staffing levels and implemented other cost-reduction initiatives. During the three and nine months ended June 28, 2025, the Company incurred costs of \$1.1 million and \$9.9 million, respectively, in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative.

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. 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.

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.