

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 28, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the transition period from to
Commission File Number: 001-11593**

The Scotts Miracle-Gro Company

(Exact name of registrant as specified in its charter)

Ohio
**(State or other jurisdiction of
incorporation or organization)**

31-1414921
**(I.R.S. Employer
Identification No.)**

14111 Scottslawn Road, Marysville, Ohio 43041
(Address of principal executive offices) (Zip Code)

(937) 644-0011
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, \$0.01 stated value	SMG	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2026, there were 58,181,937 Common Shares outstanding.

THE SCOTTS MIRACLE-GRO COMPANY
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SCOTTS MIRACLE-GRO COMPANY
Condensed Consolidated Statements of Operations
(In millions, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net sales	\$ 1,459.5	\$ 1,389.7	\$ 1,814.0	\$ 1,756.3
Cost of sales	849.0	842.3	1,113.5	1,119.0
Cost of sales—impairment, restructuring and other	—	5.3	1.3	6.7
Gross margin	610.5	542.1	699.2	630.6
Operating expenses:				
Selling, general and administrative	199.2	177.8	305.1	291.3
Impairment, restructuring and other	2.2	10.4	3.9	27.0
Other expense, net	7.3	4.2	10.2	8.4
Income from operations	401.8	349.7	380.0	303.9
Equity in loss of unconsolidated affiliates	4.5	5.9	17.6	15.8
Interest expense	31.3	36.6	58.5	70.5
Other non-operating expense, net	1.1	1.2	2.3	2.5
Income from continuing operations before income taxes	364.9	306.0	301.6	215.1
Income tax expense from continuing operations	101.6	85.3	86.0	60.4
Net income from continuing operations	263.3	220.7	215.6	154.7
Loss from discontinued operations, net of tax	(24.7)	(3.2)	(102.0)	(6.7)
Net income	<u>\$ 238.6</u>	<u>\$ 217.5</u>	<u>\$ 113.6</u>	<u>\$ 148.0</u>
Basic net income (loss) per common share:				
Continuing operations	\$ 4.53	\$ 3.83	\$ 3.72	\$ 2.69
Discontinued operations	(0.42)	(0.05)	(1.76)	(0.12)
Basic net income per common share	<u>\$ 4.11</u>	<u>\$ 3.78</u>	<u>\$ 1.96</u>	<u>\$ 2.57</u>
Diluted net income (loss) per common share:				
Continuing operations	\$ 4.46	\$ 3.78	\$ 3.65	\$ 2.64
Discontinued operations	(0.42)	(0.06)	(1.72)	(0.11)
Diluted net income per common share	<u>\$ 4.04</u>	<u>\$ 3.72</u>	<u>\$ 1.93</u>	<u>\$ 2.53</u>
Weighted-average common shares outstanding during the period	58.1	57.6	58.0	57.5
Weighted-average common shares outstanding during the period plus dilutive potential common shares	59.1	58.4	59.0	58.6

See Notes to Condensed Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net income	\$ 238.6	\$ 217.5	\$ 113.6	\$ 148.0
Other comprehensive income (loss):				
Net foreign currency translation adjustment	(2.0)	1.0	0.3	(4.9)
Net unrealized gain (loss) on derivative instruments, net of tax	1.4	(1.4)	2.2	4.3
Reclassification of net unrealized (gain) loss on derivative instruments to net income, net of tax	0.5	(2.2)	(1.5)	(3.8)
Net unrealized loss on securities, net of tax	(0.4)	—	(0.4)	—
Pension and other post-retirement benefit adjustments, net of tax	1.7	(1.4)	3.9	2.9
Total other comprehensive income (loss)	1.2	(4.0)	4.5	(1.5)
Comprehensive income	<u>\$ 239.8</u>	<u>\$ 213.5</u>	<u>\$ 118.1</u>	<u>\$ 146.5</u>

See Notes to Condensed Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Six Months Ended	
	March 28, 2026	March 29, 2025
OPERATING ACTIVITIES		
Net income	\$ 113.6	\$ 148.0
Adjustments to reconcile net income to net cash used in operating activities:		
Impairment, restructuring and other	0.8	16.0
Share-based compensation expense	26.3	38.1
Depreciation	31.0	31.6
Amortization	3.5	6.3
Deferred taxes	(29.8)	39.8
Loss on measurement of held for sale assets	134.4	—
Equity in loss of unconsolidated affiliates	17.6	15.8
Changes in assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	(603.9)	(624.3)
Inventories	(150.5)	(189.4)
Prepaid and other current assets	(5.4)	(7.9)
Accounts payable	161.3	153.8
Other current liabilities	132.6	123.6
Other non-current items	20.9	(7.3)
Other, net	(2.8)	(1.3)
Net cash used in operating activities	<u>(150.4)</u>	<u>(257.2)</u>
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(38.6)	(37.6)
Other investing, net	(6.8)	2.9
Net cash used in investing activities	<u>(45.4)</u>	<u>(34.7)</u>
FINANCING ACTIVITIES		
Borrowings under revolving and bank lines of credit and term loans	1,179.9	641.9
Repayments under revolving and bank lines of credit and term loans	(938.9)	(320.7)
Financing and issuance fees	(8.7)	—
Dividends paid	(77.8)	(78.0)
Purchase of Common Shares	(11.6)	(18.3)
Cash received from exercise of stock options	3.3	10.0
Other financing, net	22.0	3.0
Net cash provided by financing activities	<u>168.2</u>	<u>237.9</u>
Effect of exchange rate changes on cash	0.1	(0.7)
Net decrease in cash and cash equivalents, including cash and cash equivalents classified within current assets held for sale	(27.5)	(54.7)
Less: Net decrease in cash and cash equivalents classified within current assets held for sale	(0.9)	(1.0)
Net decrease in cash and cash equivalents	(26.6)	(53.7)
Cash and cash equivalents at beginning of period	32.8	62.4
Cash and cash equivalents at end of period	<u>\$ 6.2</u>	<u>\$ 8.7</u>

See Notes to Condensed Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY
Condensed Consolidated Balance Sheets
(In millions, except per share data)
(Unaudited)

	March 28, 2026	March 29, 2025	September 30, 2025
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6.2	\$ 8.7	\$ 32.8
Accounts receivable, less allowances of \$19.8, \$18.1 and \$10.5, respectively	766.7	767.8	160.8
Inventories	696.0	709.6	542.7
Current assets held for sale	28.5	118.0	84.8
Prepaid and other current assets	124.5	124.5	119.2
Total current assets	<u>1,621.9</u>	<u>1,728.6</u>	<u>940.3</u>
Investment in unconsolidated affiliates	36.0	40.6	53.6
Property, plant and equipment, net of accumulated depreciation of \$850.6, \$800.4 and \$819.7, respectively	627.4	571.3	607.6
Goodwill	243.9	243.9	243.9
Intangible assets, net	350.9	353.0	352.0
Noncurrent assets held for sale	—	103.7	91.9
Other assets	531.9	495.6	452.7
Total assets	<u>\$ 3,412.0</u>	<u>\$ 3,536.7</u>	<u>\$ 2,742.0</u>
LIABILITIES AND EQUITY (DEFICIT)			
Current liabilities:			
Current portion of debt	\$ 279.4	\$ 54.6	\$ 57.2
Accounts payable	385.8	382.6	221.4
Current liabilities held for sale	29.1	36.7	24.3
Other current liabilities	581.3	538.6	436.8
Total current liabilities	<u>1,275.6</u>	<u>1,012.5</u>	<u>739.7</u>
Long-term debt	2,068.4	2,493.2	2,049.2
Noncurrent liabilities held for sale	—	3.8	9.6
Other liabilities	354.5	317.3	301.0
Total liabilities	<u>3,698.5</u>	<u>3,826.8</u>	<u>3,099.5</u>
Commitments and contingencies (Note 11)			
Equity (deficit):			
Common shares and capital in excess of \$0.01 stated value per share; shares outstanding of 58.2, 57.7 and 57.8, respectively	346.3	343.4	351.6
Retained earnings	331.0	373.7	294.7
Treasury shares, at cost; 10.0, 10.5 and 10.4 shares, respectively	(858.8)	(898.4)	(894.1)
Accumulated other comprehensive loss	(105.0)	(108.8)	(109.7)
Total equity (deficit)	<u>(286.5)</u>	<u>(290.1)</u>	<u>(357.5)</u>
Total liabilities and equity (deficit)	<u>\$ 3,412.0</u>	<u>\$ 3,536.7</u>	<u>\$ 2,742.0</u>

See Notes to Condensed Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Scotts Miracle-Gro Company (“Scotts Miracle-Gro”) and its subsidiaries (collectively, with Scotts Miracle-Gro, the “Company”) are engaged in the manufacturing, marketing and sale of products for lawn and garden care and indoor and hydroponic gardening. The Company’s products are primarily sold in North America. The Company’s North America consumer lawn and garden business is highly seasonal, with more than 75% of its annual net sales occurring in the second and third fiscal quarters.

Prior to April 8, 2026, the Company operated the Hawthorne segment, which provided nutrients, lighting and other materials used for indoor and hydroponic gardening. The Company completed the divestitures of its Hawthorne business in North America on April 8, 2026 and its Hawthorne business based in the Netherlands on September 30, 2025. During the three months ended December 27, 2025, the Company determined that the Hawthorne business met the criteria to be classified as held for sale, and classified the related assets and liabilities as held for sale on the Condensed Consolidated Balance Sheets for all periods presented. The Company determined this represents a strategic shift, and therefore, effective in the first quarter of fiscal 2026, the Company classified its results of operations for all periods presented to reflect the Hawthorne business as a discontinued operation. See “NOTE 2. DISCONTINUED OPERATIONS” for further details.

Organization and Basis of Presentation

The Company’s unaudited condensed consolidated financial statements for the three and six months ended March 28, 2026 and March 29, 2025 are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The condensed consolidated financial statements include the accounts of Scotts Miracle-Gro and its consolidated subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation. The Company consolidates all majority-owned subsidiaries and variable interest entities where the Company has been determined to be the primary beneficiary. The results of businesses acquired or disposed of are included in the condensed consolidated financial statements from the date of each acquisition or up to the date of disposal, respectively. In the opinion of management, interim results reflect all normal and recurring adjustments and are not necessarily indicative of results for a full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted or condensed pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, this Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2026 (this “Form 10-Q”) should be read in conjunction with Scotts Miracle-Gro’s Annual Report on Form 10-K for the fiscal year ended September 30, 2025 (the “2025 Annual Report”), which includes a complete set of footnote disclosures, including the Company’s significant accounting policies.

The Company’s Condensed Consolidated Balance Sheet at September 30, 2025 has been derived from the Company’s audited Consolidated Balance Sheet at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

THE SCOTTS MIRACLE-GRO COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — (Continued)
(Dollars in millions, except per share data)

On March 14, 2025, the Company sold all of the issued and outstanding shares of capital stock of its formerly wholly-owned subsidiary The Hawthorne Collective, Inc. (“THC”) to Bad Dog Holdings LLC (“BDH”) in exchange for a promissory note with a principal amount of \$39.0. BDH was formed to hold and manage the investments held by THC and is owned and controlled by a strategic partner of the Company. At the time of the sale, THC held non-voting exchangeable shares of FLUENT Corp. (formerly Consortium Inc.) (“FLUENT”) (CSE: FNT.U) (OTCQB: CNTMF), a vertically-integrated, multi-state cannabis company, and other minority non-equity investments, with a total book value of \$39.0. BDH granted the Company a call option that enables the Company to reacquire all of the issued and outstanding shares of capital stock of THC in exchange for canceling the principal amount of the promissory note and making an additional payment to BDH equal to 5% of any appreciation in the fair value of THC. The Company may, subject to certain restrictions, exercise the call option in its sole and absolute discretion until the earlier of (i) March 14, 2035 and (ii) the date of the consummation of a merger, change in control or consolidation of BDH or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of BDH. The Company also granted BDH a put option providing BDH with the right to cause the Company to reacquire all the issued and outstanding shares of capital stock of THC in exchange for canceling the principal amount of the promissory note. The Company has determined that it has a variable interest in BDH and that BDH is a variable interest entity. Additionally, based on its assessment of the characteristics of its variable interest in BDH, including the involvement of its de facto agents, the Company has determined it is the primary beneficiary of BDH and, as a result, is required to consolidate BDH in its condensed consolidated financial statements. As of March 28, 2026, BDH had assets of \$24.3 that were recorded in the “Other assets” line in the Condensed Consolidated Balance Sheets as a result of consolidating BDH. BDH also had a \$41.0 liability as of March 28, 2026 related to the promissory note due to the Company, which was eliminated in consolidation.

Assets and Liabilities Held for Sale

Assets and liabilities related to a business classified as held for sale are segregated in the Condensed Consolidated Balance Sheets for all periods presented. Upon classification as held for sale, the Company ceases depreciation and amortization and measures the assets (or disposal group) at the lower of carrying amount or fair value less cost to sell. Any resulting loss is recognized in the period in which the held for sale criteria are met. This valuation adjustment (allowance) is adjusted based on subsequent changes in estimates of fair value less cost to sell. During the three months ended December 27, 2025, the Company determined that the Hawthorne business met the criteria to be classified as held for sale, and classified the related assets and liabilities as held for sale on the Condensed Consolidated Balance Sheets for all periods presented.

Accounts Receivable

The Company is party to a Master Receivables Purchase Agreement, which is uncommitted and expires on September 1, 2026, under which the Company may sell up to \$750.0 of available and eligible outstanding customer accounts receivable generated by sales to five specified customers. The receivable sales are non-recourse to the Company, other than with respect to (i) repurchase obligations and indemnification obligations for any violations by the Company of its respective representations or obligations as seller or servicer and (ii) certain repurchase and payment obligations arising from any dilution of, or dispute with respect to, any purchased receivables that arise after the sale of such purchased receivables to the purchaser not contemplated in the applicable purchase price of such purchased receivable. The recourse obligations of the Company that may arise from time to time are supported by standby letters of credit of \$75.0. Transactions under the Master Receivables Purchase Agreement are accounted for as sales of accounts receivable, and the receivables sold are removed from the Condensed Consolidated Balance Sheets at the time of the sales transaction. Proceeds received from the sales of accounts receivable are classified as operating cash flows and collections of previously sold accounts receivable not yet submitted to the buyer are classified as financing cash flows in the Condensed Consolidated Statements of Cash Flows. The Company records the discount on sales in the “Other expense, net” line in the Condensed Consolidated Statements of Operations. At March 28, 2026, March 29, 2025 and September 30, 2025, net receivables derecognized were \$654.1, \$598.2 and \$163.3, respectively. During the three months ended March 28, 2026 and March 29, 2025, proceeds from the sale of receivables under the Master Receivables Purchase Agreement totaled \$813.8 and \$748.2, respectively, and the total discount recorded on sales was \$8.5 and \$7.9, respectively. During the six months ended March 28, 2026 and March 29, 2025, proceeds from the sale of receivables under the Master Receivables Purchase Agreement totaled \$1,068.5 and \$1,022.2, respectively, and the total discount recorded on sales was \$11.4 and \$11.2, respectively.

THE SCOTTS MIRACLE-GRO COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — (Continued)
(Dollars in millions, except per share data)

Supplier Finance Program

The Company has an agreement to provide a supplier finance program which facilitates participating suppliers' ability to finance payment obligations of the Company with a designated third-party financial institution. Participating suppliers may, at their sole discretion, elect to finance payment obligations of the Company prior to their scheduled due dates at a discounted price to the participating financial institution. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under this arrangement. The payment terms that the Company negotiates with its suppliers are consistent, regardless of whether a supplier participates in the program. The Company's current payment terms with a majority of its suppliers generally range from 30 to 60 days, which the Company deems to be commercially reasonable. The Company's outstanding payment obligations under its supplier finance program were \$42.9, \$32.1 and \$13.9 at March 28, 2026, March 29, 2025 and September 30, 2025, respectively, and are recorded within accounts payable in the Condensed Consolidated Balance Sheets. The associated payments were \$154.7 and \$153.1 for the six months ended March 28, 2026 and March 29, 2025, respectively, and are classified as operating activities in the Condensed Consolidated Statements of Cash Flows.

Long-Lived Assets

The Company had non-cash investing activities of \$10.8 and \$6.2 during the six months ended March 28, 2026 and March 29, 2025, respectively, representing unpaid liabilities to acquire property, plant and equipment.

Statements of Cash Flows

Supplemental cash flow information was as follows:

	Six Months Ended	
	March 28, 2026	March 29, 2025
Interest paid	\$ 58.0	\$ 68.1
Income taxes paid (refunded), net	4.2	(4.2)

Cash and cash equivalents held by the Hawthorne business of \$2.9, \$8.2 and \$3.8 at March 28, 2026, March 29, 2025 and September 30, 2025, respectively, are classified as held for sale and are not included in cash and cash equivalents in the Condensed Consolidated Balance Sheets.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU primarily requires enhanced disclosures and disaggregation of income tax information by jurisdiction in the annual income tax reconciliation and quantitative and qualitative disclosures regarding income taxes paid. The new disclosure requirements are to be applied prospectively, with the option to apply retrospectively, and will be included in the Company's Annual Report on Form 10-K for the fiscal year ending September 30, 2026. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." This ASU requires disaggregated disclosures on an annual and interim basis, in the notes to the financial statements, of certain categories of expenses that are included in expense line items on the face of the statement of operations. ASU No. 2024-03 is to be applied prospectively, with the option to apply the standard retrospectively, effective for the Company's fiscal year ending September 30, 2028, and interim periods within the fiscal year ending September 30, 2029. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's disclosures.

In September 2025, the FASB issued ASU No. 2025-06, "Intangibles — Goodwill and Other — Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software." This ASU amends the accounting for and disclosure of software costs. ASU No. 2025-06 is effective for the Company's fiscal year ending September 30, 2029 and interim periods within that fiscal year, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's consolidated financial statements and disclosures.

THE SCOTTS MIRACLE-GRO COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — (Continued)
(Dollars in millions, except per share data)

NOTE 2. DISCONTINUED OPERATIONS

The Company completed the divestitures of its Hawthorne business in North America on April 8, 2026 and its Hawthorne business based in the Netherlands on September 30, 2025. During the three months ended December 27, 2025, the Company determined that the Hawthorne business met the criteria to be classified as held for sale, and classified the related assets and liabilities as held for sale on the Condensed Consolidated Balance Sheets for all periods presented. The Company determined this represents a strategic shift, and therefore, effective in the first quarter of fiscal 2026, the Company classified its results of operations for all periods presented to reflect the Hawthorne business as a discontinued operation.

On April 8, 2026, the Company completed the sale of its Hawthorne business in North America to Vireo Growth Inc. (“Vireo”) (CSE: VREO; OTCQX: VREOF) in exchange for 213.0 million common shares of Vireo, which represented approximately 14% of Vireo’s total outstanding common shares as of the closing date, and a warrant with a five year term to acquire 80.0 million additional common shares of Vireo at a strike price of \$0.85 per share. The sale proceeds are subject to post-closing adjustments that are expected to be finalized during fiscal 2026. On the closing date, the Hawthorne business held cash and cash equivalents of \$35.0 that was transferred to Vireo as part of the sale. Additionally, in connection with the transaction, the Company entered into a contract manufacturing agreement and agreed to provide Vireo with \$20.0 of manufacturing services over a two-year period for no cost. Pursuant to an agreement executed on April 8, 2026, the Company transferred the sale consideration received to Good Dog Holdings LLC (“GDH”) in exchange for a promissory note. GDH was formed to hold and manage the investments transferred to it by the Company and is owned and controlled by a strategic partner of the Company. GDH granted the Company a call option that enables the Company to reacquire all of the investments held by GDH in exchange for canceling the principal amount of the promissory note. The Company may, subject to certain restrictions, exercise the call option in its sole and absolute discretion until April 8, 2036. The Company also granted GDH a put option providing GDH with the right to cause the Company to reacquire the investments held by GDH in exchange for canceling the principal amount of the promissory note. The Company has determined that it has a variable interest in GDH and that GDH is a variable interest entity. Additionally, based on its assessment of the characteristics of its variable interest in GDH, including the involvement of its de facto agents, the Company has determined it is the primary beneficiary of GDH and, as a result, will be required to consolidate GDH in its condensed consolidated financial statements.

GDH and Vireo are also parties to an investor rights agreement executed on April 8, 2026 which allows GDH to nominate one member to the Vireo board of directors. Pursuant to this right, Christopher J. Hagedorn, Executive Vice President & Chief of Staff of the Company, has been nominated for election to Vireo’s board of directors.

For the three and six months ended March 28, 2026, the Company incurred pre-tax charges of \$29.6 and \$134.4, respectively, related to valuation adjustments to recognize the carrying amount of the Hawthorne business at fair value less estimated costs to sell in the “Loss from discontinued operations, net of tax” line on the Condensed Consolidated Statements of Operations.

The following represents the major components of the financial results of the Hawthorne business for each of the periods presented:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net sales	\$ 26.5	\$ 32.7	\$ 49.6	\$ 84.7
Cost of sales	(18.8)	(24.8)	(37.7)	(66.9)
Cost of sales — impairment, restructuring and other	(0.2)	(2.0)	—	(5.7)
Selling, general and administrative	(4.2)	(10.5)	(10.5)	(21.7)
Impairment, restructuring and other	(3.9)	(0.3)	(4.5)	(0.3)
Other income (expense), net	0.1	0.2	(0.1)	—
Loss from discontinued operations before income taxes	(0.5)	(4.7)	(3.2)	(9.9)
Loss on measurement of held for sale assets	(29.6)	—	(134.4)	—
Income tax benefit from discontinued operations	5.4	1.5	35.6	3.2
Loss from discontinued operations, net of tax	\$ (24.7)	\$ (3.2)	\$ (102.0)	\$ (6.7)

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The following represents the major classes of assets and liabilities that have been classified as held for sale on the Condensed Consolidated Balance Sheets for each of the periods presented:

	March 28, 2026	March 29, 2025	September 30, 2025
Cash and cash equivalents	\$ 2.9	\$ 8.2	\$ 3.8
Accounts receivable, net	23.7	31.5	26.1
Inventories	47.3	63.6	50.1
Prepaid and other current assets	4.1	14.6	4.8
Property, plant and equipment, net	21.1	31.2	24.0
Intangible assets, net	47.3	59.0	49.8
Other assets	16.5	13.6	18.1
Valuation adjustment (allowance) on disposal group	(134.4)	—	—
Total assets held for sale	\$ 28.5	\$ 221.7	\$ 176.7
Accounts payable	\$ 7.2	\$ 13.7	\$ 7.8
Other current liabilities	14.8	23.0	16.5
Other liabilities	7.1	3.8	9.6
Total liabilities held for sale	\$ 29.1	\$ 40.5	\$ 33.9

As of March 28, 2026, the assets and liabilities held for sale are classified as current in the Condensed Consolidated Balance Sheets.

The Condensed Consolidated Statements of Cash Flows do not present the cash flows from discontinued operations separately from cash flows from continuing operations. Cash provided by (used in) operating activities related to discontinued operations totaled \$1.3 and \$(17.3) for the six months ended March 28, 2026 and March 29, 2025, respectively. Cash provided by (used in) investing activities related to discontinued operations was not material for the six months ended March 28, 2026 and March 29, 2025.

NOTE 3. INVESTMENT IN UNCONSOLIDATED AFFILIATES

Bonnie Plants

The Company holds a 50% equity interest in Bonnie Plants, LLC, a joint venture with Alabama Farmers Cooperative, Inc. (“AFC”) focused on planting, growing, developing, distributing, marketing and selling live plants. The Company’s interest is accounted for using the equity method of accounting, with the Company’s proportionate share of Bonnie Plants, LLC earnings reflected in the Condensed Consolidated Statements of Operations. During the three and six months ended March 28, 2026, the Company recorded equity in loss of unconsolidated affiliates associated with Bonnie Plants, LLC of \$4.5 and \$15.1, respectively, compared to \$5.9 and \$15.8 during the three and six months ended March 29, 2025, respectively.

FLUENT

During the three months ended December 28, 2024, THC exchanged its existing convertible debt investment in RIV Capital Inc. (“RIV Capital”) for an investment in FLUENT. This exchange, a non-cash investing and financing activity, resulted in a loss of \$7.0 that was recorded in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations during the three months ended December 28, 2024. As of March 28, 2026, THC holds 153.1 million common shares of FLUENT, which represents approximately 25% of FLUENT’s total outstanding common shares. THC and FLUENT are also parties to an investor rights agreement which allows THC to nominate up to two members to the FLUENT board of directors. This investment was previously accounted for using the equity method of accounting, with THC’s proportionate share of FLUENT earnings subsequent to December 18, 2024 reflected in the Condensed Consolidated Statements of Operations on a one quarter lag. During the three months ended December 27, 2025, the Company’s investment balance in FLUENT was reduced to zero, and the Company discontinued equity method recognition of its proportionate share of FLUENT losses. The Company does not have any contractual obligations or other commitments to fund losses of FLUENT. On April 30, 2026, FLUENT announced that it entered into a definitive arrangement agreement pursuant to which Vireo will acquire all of the issued and outstanding common shares of FLUENT in exchange for common shares of Vireo. Pursuant to the terms of the agreement, each shareholder of FLUENT will receive 0.0705359 of a common share of Vireo in exchange for each FLUENT share held. The closing of the transaction is subject to various conditions, including shareholder, court and regulatory approvals.

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Refer to “NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” for further details related to the Company’s sale of THC to BDH on March 14, 2025. BDH is a variable interest entity that is consolidated by the Company.

NOTE 4. IMPAIRMENT, RESTRUCTURING AND OTHER

Activity described herein is classified within the “Cost of sales—impairment, restructuring and other” and “Impairment, restructuring and other” lines in the Condensed Consolidated Statements of Operations. The following table details impairment, restructuring and other charges for each of the periods presented:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Cost of sales—impairment, restructuring and other:				
Restructuring and other charges, net	\$ —	\$ 3.4	\$ 1.3	\$ 4.2
Right-of-use asset impairments	—	1.9	—	2.5
Operating expenses—impairment, restructuring and other:				
Restructuring and other charges, net	2.2	10.4	3.9	20.0
Loss on exchange of convertible debt investment	—	—	—	7.0
Total impairment, restructuring and other charges, net	\$ 2.2	\$ 15.7	\$ 5.2	\$ 33.7

The following table summarizes the activity related to liabilities associated with restructuring activities during the six months ended March 28, 2026:

Amounts accrued at September 30, 2025	\$ 18.8
Restructuring charges	0.9
Payments	(9.6)
Amounts accrued at March 28, 2026	<u>\$ 10.1</u>

As of March 28, 2026, restructuring accruals include \$1.1 that is classified as long-term.

Impairment, restructuring and other charges for the three and six months ended March 28, 2026 were not material.

During the three and six months ended March 29, 2025, the Company incurred employee and executive severance charges of \$3.0 in its U.S. Consumer segment in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations. During the three and six months ended March 29, 2025, the Company incurred employee and executive severance charges of \$3.3 in its U.S. Consumer segment and \$2.1 and \$11.6, respectively, at Corporate in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations.

During the three and six months ended March 29, 2025, the Company incurred a non-cash loss of \$0.0 and \$7.0, 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 for an investment in FLUENT. Refer to “NOTE 3. INVESTMENT IN UNCONSOLIDATED AFFILIATES” for further details.

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 its supply chain network, reduced staffing levels and implemented other cost-reduction initiatives. During the three and six months ended March 29, 2025, the Company incurred costs of \$2.3 and \$3.7, respectively, in its U.S. Consumer segment in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative.

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NOTE 5. INVENTORIES

Inventories consisted of the following for each of the periods presented:

	March 28, 2026	March 29, 2025	September 30, 2025
Finished goods	\$ 430.8	\$ 408.3	\$ 246.3
Raw materials	193.1	227.3	217.6
Work-in-process	72.1	74.0	78.8
Total	<u>\$ 696.0</u>	<u>\$ 709.6</u>	<u>\$ 542.7</u>

NOTE 6. MARKETING AGREEMENT

The Scotts Company LLC is the exclusive agent of Monsanto Company, a subsidiary of Bayer AG (“Monsanto”), for the marketing and distribution of certain of Monsanto’s consumer Roundup® branded products in the United States and certain other specified countries. The annual commission payable under the Third Amended and Restated Exclusive Agency and Marketing Agreement (the “Third Restated Agreement”) is equal to 50% of the actual earnings before interest and income taxes of Monsanto’s consumer Roundup® business for each program year in the markets covered by the Third Restated Agreement (“Program EBIT”). The Third Restated Agreement also requires the Company to make annual payments of \$18.0 to Monsanto as a contribution against the overall expenses of its consumer Roundup® business, subject to reduction pursuant to the Third Restated Agreement for any program year in which the Program EBIT does not equal or exceed \$36.0.

Unless Monsanto terminates the Third Restated Agreement due to an event of default by the Company, termination rights under the Third Restated Agreement include the following:

- The Company may terminate the Third Restated Agreement upon the insolvency or bankruptcy of Monsanto;
- Monsanto may terminate the Third Restated Agreement in the event that Monsanto decides to decommission the permits, licenses and registrations needed for, and the trademarks, trade names, packages, copyrights and designs used in, the sale of the Roundup® products in the lawn and garden market (a “Brand Decommissioning Termination”); and
- Each party may terminate the Third Restated Agreement if Program EBIT falls below \$50.0 and, in such case, no termination fee would be payable to either party.

The termination fee structure requires Monsanto to pay a termination fee to the Company in an amount equal to (i) \$375.0 upon a Brand Decommissioning Termination, and (ii) the greater of \$175.0 or four times an amount equal to the average of the Program EBIT for the three program years before the year of termination, minus \$186.4, if Monsanto or its successor terminates the Third Restated Agreement as a result of a Roundup Sale or Change of Control of Monsanto (each, as defined in the Third Restated Agreement).

The elements of the net commission and reimbursements earned under the Third Restated Agreement and included in the “Net sales” line in the Condensed Consolidated Statements of Operations are as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Gross commission	\$ 58.1	\$ 41.1	\$ 66.9	\$ 51.3
Contribution expenses	(4.5)	(4.5)	(9.0)	(9.0)
Net commission	53.6	36.6	57.9	42.3
Reimbursements associated with Roundup® marketing agreement	32.5	27.1	51.9	49.1
Total net sales associated with Roundup® marketing agreement	<u>\$ 86.1</u>	<u>\$ 63.7</u>	<u>\$ 109.8</u>	<u>\$ 91.4</u>

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NOTE 7. DEBT

The components of debt are as follows:

	March 28, 2026	March 29, 2025	September 30, 2025
Credit Facilities:			
Revolving loans	\$ 251.2	\$ 345.0	\$ —
Term loans	493.8	600.0	500.0
Senior Notes due 2031 – 4.000%	500.0	500.0	500.0
Senior Notes due 2032 – 4.375%	400.0	400.0	400.0
Senior Notes due 2029 – 4.500%	450.0	450.0	450.0
Senior Notes due 2026 – 5.250%	250.0	250.0	250.0
Finance lease obligations	13.5	15.6	14.5
Other	2.3	2.5	5.2
Total debt	2,360.8	2,563.1	2,119.7
Less current portions	279.4	54.6	57.2
Less unamortized debt issuance costs	13.0	15.3	13.3
Long-term debt	\$ 2,068.4	\$ 2,493.2	\$ 2,049.2

Credit Facilities

On November 21, 2025, the Company entered into a Seventh Amended and Restated Credit Agreement (the “Seventh A&R Credit Agreement”), providing the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of \$2,000.0, comprised of a revolving credit facility of \$1,500.0 and a term loan in the original principal amount of \$500.0. The Seventh A&R Credit Agreement also provides the Company with the right to seek additional committed credit under the agreement in an aggregate amount of up to \$500.0 plus an unlimited additional amount, subject to certain specified financial and other conditions. The Seventh A&R Credit Agreement will be available for issuance of letters of credit up to \$100.0 and will terminate on November 21, 2030. The terms of the Seventh A&R Credit Agreement include customary representations and warranties, affirmative and negative covenants, financial covenants and events of default.

Borrowings under the Seventh A&R Credit Agreement bear interest at variable rates derived from the prevailing U.S. Prime Rate, Federal Reserve Bank of New York Rate, Secured Overnight Financing Rate, Euro Interbank Offered Rate, Canadian Prime Rate or Canadian Overnight Repo Rate Average (all as defined in the Seventh A&R Credit Agreement), based on the Company’s election, plus a spread that depends on the Company’s quarterly-tested leverage ratio.

At March 28, 2026, the Company had letters of credit outstanding in the aggregate principal amount of \$93.2, and had \$1,155.6 of borrowing availability under the Seventh A&R Credit Agreement. The weighted average interest rates on average borrowings under the credit facilities, excluding the impact of interest rate swaps, were 6.4% and 7.8% for the six months ended March 28, 2026 and March 29, 2025, respectively.

The Seventh A&R Credit Agreement contains, among other obligations, an affirmative covenant regarding the Company’s leverage ratio determined as of the end of each of its fiscal quarters, calculated as average total indebtedness divided by the Company’s earnings before interest, taxes, depreciation and amortization, as adjusted pursuant to the terms of the Seventh A&R Credit Agreement (“Adjusted EBITDA”). The maximum permitted leverage ratio is 5.00. The Company’s leverage ratio was 3.71 at March 28, 2026. The Seventh A&R Credit Agreement also contains an affirmative covenant regarding the Company’s interest coverage ratio determined as of the end of each of its fiscal quarters, calculated as Adjusted EBITDA divided by interest expense, as described in the Seventh A&R Credit Agreement. The minimum required interest coverage ratio is (i) 3.00 for each of the fiscal quarters within fiscal 2026, (ii) 3.25 for each of the fiscal quarters within fiscal 2027 and (iii) 3.50 for fiscal quarters thereafter. The Company’s interest coverage ratio was 5.62 at March 28, 2026.

The Seventh A&R Credit Agreement allows the Company to make unlimited restricted payments (as defined in the Seventh A&R Credit Agreement), including dividend payments on, and repurchases of, Common Shares, as long as the leverage ratio resulting from the making of such restricted payments is 4.00 or less. Otherwise, the Company is limited to restricted payments in an aggregate amount for each fiscal year not to exceed \$225.0.

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Senior Notes

On December 15, 2016, Scotts Miracle-Gro issued \$250.0 aggregate principal amount of 5.250% Senior Notes with a maturity date of December 15, 2026 (the “5.250% Senior Notes”). The 5.250% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company’s existing and future unsecured senior debt. The 5.250% Senior Notes have interest payment dates of June 15 and December 15 of each year. At March 28, 2026, the \$250.0 aggregate principal amount of the 5.250% Senior Notes is classified in the “Current portion of debt” line in the Condensed Consolidated Balance Sheets as it is payable within one year.

On October 22, 2019, Scotts Miracle-Gro issued \$450.0 aggregate principal amount of 4.500% Senior Notes due 2029 (the “4.500% Senior Notes”). The 4.500% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company’s existing and future unsecured senior debt. The 4.500% Senior Notes have interest payment dates of April 15 and October 15 of each year.

On March 17, 2021, Scotts Miracle-Gro issued \$500.0 aggregate principal amount of 4.000% Senior Notes due 2031 (the “4.000% Senior Notes”). The 4.000% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company’s existing and future unsecured senior debt. The 4.000% Senior Notes have interest payment dates of April 1 and October 1 of each year.

On August 13, 2021, Scotts Miracle-Gro issued \$400.0 aggregate principal amount of 4.375% Senior Notes due 2032 (the “4.375% Senior Notes”). The 4.375% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company’s existing and future unsecured senior debt. The 4.375% Senior Notes have interest payment dates of February 1 and August 1 of each year.

Substantially all of Scotts Miracle-Gro’s directly and indirectly owned domestic subsidiaries serve as guarantors of the 5.250% Senior Notes, the 4.500% Senior Notes, the 4.000% Senior Notes and the 4.375% Senior Notes, (collectively, the “Senior Notes”).

Interest Rate Swap Agreements

The Company enters into interest rate swap agreements with major financial institutions that effectively convert a portion of the Company’s variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. Swap agreements that were hedging interest payments as of March 28, 2026, March 29, 2025 and September 30, 2025 had a maximum total U.S. dollar equivalent notional amount of \$450.0. The notional amount, effective date, expiration date and rate of each of the swap agreements outstanding at March 28, 2026 are shown in the table below:

Notional Amount (\$)	Effective Date (a)	Expiration Date	Fixed Rate
150	6/7/2023	4/7/2027	3.37 %
50	6/7/2023	4/7/2027	3.34 %
100 ^(b)	11/20/2023	3/22/2027	4.74 %
150 ^(b)	9/20/2024	9/20/2029	4.25 %
100	4/8/2027	4/8/2030	3.40 %

(a) The effective date refers to the date on which interest payments are first hedged by the applicable swap agreement.

(b) Notional amount adjusts in accordance with a specified seasonal schedule. This represents the maximum notional amount at any point in time.

Weighted Average Interest Rate

The weighted average interest rates on the Company’s debt, including the impact of interest rate swaps, were 4.9% and 5.5% for the six months ended March 28, 2026 and March 29, 2025, respectively.

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NOTE 8. EQUITY (DEFICIT)

The following tables provide a summary of the changes in equity (deficit) for each of the periods indicated:

	Common Shares and Capital in Excess of Stated Value	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Total Equity (Deficit)
Balance at September 30, 2025	\$ 351.6	\$ 294.7	\$ (894.1)	\$ (109.7)	\$ (357.5)
Net income (loss)	—	(125.0)	—	—	(125.0)
Other comprehensive income (loss)	—	—	—	3.5	3.5
Share-based compensation	24.3	—	—	—	24.3
Dividends declared (\$0.66 per share)	—	(38.5)	—	—	(38.5)
Treasury share purchases	—	—	(8.3)	—	(8.3)
Treasury share issuances	(29.0)	—	29.9	—	0.9
Balance at December 27, 2025	346.9	131.2	(872.5)	(106.2)	(500.6)
Net income (loss)	—	238.6	—	—	238.6
Other comprehensive income (loss)	—	—	—	1.2	1.2
Share-based compensation	13.8	—	—	—	13.8
Dividends declared (\$0.66 per share)	—	(38.8)	—	—	(38.8)
Treasury share purchases	—	—	(3.3)	—	(3.3)
Treasury share issuances	(14.4)	—	17.0	—	2.6
Balance at March 28, 2026	\$ 346.3	\$ 331.0	\$ (858.8)	\$ (105.0)	\$ (286.5)

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

	Common Shares and Capital in Excess of Stated Value	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Total Equity (Deficit)
Balance at September 30, 2024	\$ 362.0	\$ 303.8	\$ (949.1)	\$ (107.3)	\$ (390.6)
Net income (loss)	—	(69.5)	—	—	(69.5)
Other comprehensive income (loss)	—	—	—	2.5	2.5
Share-based compensation	31.4	—	—	—	31.4
Dividends declared (\$0.66 per share)	—	(38.5)	—	—	(38.5)
Treasury share purchases	—	—	(15.6)	—	(15.6)
Treasury share issuances	(44.3)	—	45.1	—	0.8
Balance at December 28, 2024	349.1	195.8	(919.6)	(104.8)	(479.5)
Net income (loss)	—	217.5	—	—	217.5
Other comprehensive income (loss)	—	—	—	(4.0)	(4.0)
Share-based compensation	8.7	—	—	—	8.7
Dividends declared (\$0.66 per share)	—	(39.6)	—	—	(39.6)
Treasury share purchases	—	—	(2.7)	—	(2.7)
Treasury share issuances	(14.5)	—	23.9	—	9.4
Balance at March 29, 2025	\$ 343.4	\$ 373.7	\$ (898.4)	\$ (108.8)	\$ (290.1)

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

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Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss (“AOCL”) by component were as follows for each of the periods indicated:

	Three Months Ended				
	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) On Derivative Instruments	Net Unrealized Gain (Loss) On Securities	Pension and Other Post-Retirement Benefit Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at December 27, 2025	\$ (9.9)	\$ (0.8)	\$ (17.9)	\$ (77.7)	\$ (106.2)
Other comprehensive income (loss) before reclassifications	(2.0)	1.9	(0.4)	—	(0.5)
Amounts reclassified from accumulated other comprehensive net income (loss)	—	0.7	—	3.1	3.8
Income tax benefit (expense)	—	(0.7)	—	(1.4)	(2.1)
Net current period other comprehensive income (loss)	(2.0)	1.9	(0.4)	1.7	1.2
Balance at March 28, 2026	<u>\$ (11.9)</u>	<u>\$ 1.1</u>	<u>\$ (18.2)</u>	<u>\$ (76.0)</u>	<u>\$ (105.0)</u>
Balance at December 28, 2024	\$ (27.1)	\$ 8.9	\$ (14.4)	\$ (72.2)	\$ (104.8)
Other comprehensive income (loss) before reclassifications	1.0	(1.9)	—	—	(0.9)
Amounts reclassified from accumulated other comprehensive net income (loss)	—	(3.0)	—	(2.7)	(5.7)
Income tax benefit (expense)	—	1.3	—	1.3	2.6
Net current period other comprehensive income (loss)	1.0	(3.6)	—	(1.4)	(4.0)
Balance at March 29, 2025	<u>\$ (26.1)</u>	<u>\$ 5.3</u>	<u>\$ (14.4)</u>	<u>\$ (73.6)</u>	<u>\$ (108.8)</u>

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

	Six Months Ended				
	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) On Derivative Instruments	Net Unrealized Gain (Loss) On Securities	Pension and Other Post-Retirement Benefit Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at September 30, 2025	\$ (12.2)	\$ 0.3	\$ (17.9)	\$ (79.9)	\$ (109.7)
Other comprehensive income (loss) before reclassifications	0.3	2.9	(0.4)	—	2.8
Amounts reclassified from accumulated other comprehensive net income (loss)	—	(2.0)	—	7.4	5.4
Income tax benefit (expense)	—	(0.2)	—	(3.5)	(3.7)
Net current period other comprehensive income (loss)	0.3	0.7	(0.4)	3.9	4.5
Balance at March 28, 2026	<u>\$ (11.9)</u>	<u>\$ 1.1</u>	<u>\$ (18.2)</u>	<u>\$ (76.0)</u>	<u>\$ (105.0)</u>
Balance at September 30, 2024	\$ (21.3)	\$ 4.9	\$ (14.4)	\$ (76.5)	\$ (107.3)
Other comprehensive income (loss) before reclassifications	(4.9)	5.8	—	—	0.9
Amounts reclassified from accumulated other comprehensive net income (loss)	—	(5.1)	—	5.4	0.3
Income tax benefit (expense)	—	(0.2)	—	(2.5)	(2.7)
Net current period other comprehensive income (loss)	(4.9)	0.5	—	2.9	(1.5)
Balance at March 29, 2025	<u>\$ (26.1)</u>	<u>\$ 5.3</u>	<u>\$ (14.4)</u>	<u>\$ (73.6)</u>	<u>\$ (108.8)</u>

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

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Share Repurchases

On December 19, 2025, the Company's Board of Directors authorized a share repurchase program, with no expiration date, for the repurchase of up to \$500.0 of Common Shares. There have been no share repurchases under this authorization as of March 28, 2026.

Share-Based Awards

On January 26, 2026, the shareholders of Scotts Miracle-Gro approved an amendment and restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan which, among other changes, increased the maximum number of Common Shares available for grant to participants under the Plan by 2.75 million Common Shares.

Total compensation cost and the related income tax benefit associated with share-based awards included within net income from continuing operations was as follows for each of the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Share-based compensation	\$ 18.5	\$ 22.0	\$ 25.9	\$ 38.4
Related tax benefit recognized	1.9	4.1	3.3	6.6

Stock Options

Stock option activity was as follows:

	No. of Options	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Life	Aggregate Intrinsic Value
Awards outstanding at September 30, 2025	2,527,668	\$ 66.43	7.3 years	
Granted	469,884	64.22		
Exercised	(42,729)	59.45		
Forfeited	(168,247)	64.44		
Awards outstanding at March 28, 2026	2,786,576	66.28	7.7 years	\$ 13.9
Exercisable	740,432	84.28	6.0 years	5.5

The weighted-average fair value per share of each option granted during the six months ended March 28, 2026 and March 29, 2025 was \$19.33 and \$22.20, respectively. The total intrinsic value of options exercised during the six months ended March 28, 2026 and March 29, 2025 was not material. As of March 28, 2026, there was \$8.5 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested stock options that is expected to be recognized over a weighted-average period of 1.9 years. Cash received from the exercise of stock options, including amounts received from employee purchases under the employee stock purchase plan, was \$3.3 and \$10.0 for the six months ended March 28, 2026 and March 29, 2025, respectively.

The weighted average assumptions used in the estimation of fair value for awards granted during the six months ended March 28, 2026 are as follows:

Expected volatility	38.9 %
Risk-free interest rate	3.9 %
Expected dividend yield	3.6 %
Expected life	6.1 years

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Restricted share-based awards

Restricted share-based award activity (including restricted stock units and deferred stock units) was as follows:

	No. of Units	Wtd. Avg. Grant Date Fair Value per Unit
Awards outstanding at September 30, 2025	478,924	\$ 61.28
Granted	417,007	58.84
Vested	(457,117)	62.38
Forfeited	(3,027)	60.49
Awards outstanding at March 28, 2026	<u>435,787</u>	<u>57.84</u>

The weighted-average grant-date fair value of restricted share-based awards granted during the six months ended March 28, 2026 and March 29, 2025 was \$58.84 and \$74.21 per share, respectively. As of March 28, 2026, there was \$5.4 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested restricted share-based awards that is expected to be recognized over a weighted-average period of 1.1 years. The total fair value of restricted share-based awards vested during the six months ended March 28, 2026 and March 29, 2025 was \$27.1 and \$52.2, respectively.

For fiscal 2026, the Company is granting short-term equity incentive compensation awards to certain associates in the form of restricted share-based award units in lieu of cash-based annual incentive awards. The program is structured so the fiscal 2026 incentive grant, if any, will be made on or near the incentive payout date, subject to certain performance conditions and a service requirement. The number of restricted share-based award units ultimately issued to participating associates will be based on each associate's incentive payout amount converted into a variable number of restricted share-based award units based on the fair value of the Common Shares on the grant date. The awards are classified as liability awards and, as of March 28, 2026, the Company had accrued \$8.8 in the "Other current liabilities" line in the Condensed Consolidated Balance Sheets associated with these awards. As of March 28, 2026, there was \$10.4 of total unrecognized pre-tax compensation cost related to these nonvested restricted share-based award units that is expected to be recognized over the remainder of fiscal 2026. The units associated with these awards are excluded from the table above.

Performance-based awards

Performance-based award activity was as follows (based on target award amounts):

	No. of Units	Wtd. Avg. Grant Date Fair Value per Unit
Awards outstanding at September 30, 2025	444,748	\$ 75.38
Granted	220,519	64.22
Vested ^(a)	(90,679)	79.13
Forfeited	(2,030)	62.64
Awards outstanding at March 28, 2026	<u>572,558</u>	<u>70.17</u>

(a) Vested at a weighted average of 100% of the target performance share units granted.

The weighted-average grant-date fair value of performance-based award units granted during the six months ended March 28, 2026 and March 29, 2025 was \$64.22 and \$72.01 per share, respectively. As of March 28, 2026, there was \$10.6 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested performance-based award units that is expected to be recognized over a weighted-average period of 2.2 years. The total fair value of performance-based award units vested during the six months ended March 28, 2026 and March 29, 2025 was \$5.7 and \$0.0, respectively.

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NOTE 9. EARNINGS PER COMMON SHARE

The following table presents information necessary to calculate basic and diluted net income (loss) per common share for the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Net income from continuing operations	\$ 263.3	\$ 220.7	\$ 215.6	\$ 154.7
Loss from discontinued operations, net of tax	(24.7)	(3.2)	(102.0)	(6.7)
Net income	<u>\$ 238.6</u>	<u>\$ 217.5</u>	<u>\$ 113.6</u>	<u>\$ 148.0</u>
Basic net income (loss) per common share:				
Continuing operations	\$ 4.53	\$ 3.83	\$ 3.72	\$ 2.69
Discontinued operations	(0.42)	(0.05)	(1.76)	(0.12)
Basic net income per common share	<u>\$ 4.11</u>	<u>\$ 3.78</u>	<u>\$ 1.96</u>	<u>\$ 2.57</u>
Weighted-average common shares outstanding during the period	58.1	57.6	58.0	57.5
Diluted net income (loss) per common share:				
Continuing operations	\$ 4.46	\$ 3.78	\$ 3.65	\$ 2.64
Discontinued operations	(0.42)	(0.06)	(1.72)	(0.11)
Diluted net income per common share	<u>\$ 4.04</u>	<u>\$ 3.72</u>	<u>\$ 1.93</u>	<u>\$ 2.53</u>
Weighted-average common shares outstanding during the period	58.1	57.6	58.0	57.5
Dilutive potential common shares	1.0	0.8	1.0	1.1
Weighted-average common shares outstanding during the period plus dilutive potential common shares	<u>59.1</u>	<u>58.4</u>	<u>59.0</u>	<u>58.6</u>
Antidilutive stock options outstanding	0.6	0.6	0.8	0.4

NOTE 10. INCOME TAXES

The effective tax rates related to continuing operations for the six months ended March 28, 2026 and March 29, 2025 were 28.5% and 28.1%, respectively. The effective tax rate used for interim reporting purposes is based on management's best estimate of factors impacting the effective tax rate for the full fiscal year and includes the impact of discrete items recognized in the period. There can be no assurance that the effective tax rate estimated for interim financial reporting purposes will approximate the effective tax rate determined at fiscal year-end.

Scotts Miracle-Gro or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. Subject to the following exceptions, the Company is no longer subject to examination by these tax authorities for fiscal years prior to 2022. There are currently no ongoing audits with respect to the U.S. federal jurisdiction. With respect to foreign jurisdictions, a Canadian audit covering fiscal years 2020 through 2021 and a United Kingdom audit covering fiscal year 2023 are in process. The Company is currently under examination by certain U.S. state and local tax authorities covering various periods from fiscal years 2018 through 2022. In addition to the aforementioned audits, certain other tax deficiency notices and refund claims for previous years remain unresolved.

The Company currently anticipates that few of its open and active audits will be resolved within the next twelve months. The Company is unable to make a reasonably reliable estimate as to when or if cash settlements with taxing authorities may occur. Although the outcomes of such examinations and the timing of any payments required upon the conclusion of such examinations are subject to significant uncertainty, the Company does not anticipate that the resolution of these tax matters or any events related thereto will result in a material change to its consolidated financial position, results of operations or cash flows.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (“OBBBA”). The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing and the business interest expense limitations. The legislation has multiple effective dates, with certain provisions effective in fiscal year 2025 and others implemented through fiscal year 2027. The Company does not anticipate that these tax law changes will have a material impact on its condensed consolidated financial statements.

NOTE 11. CONTINGENCIES

Management regularly evaluates the Company’s contingencies, including various judicial and administrative proceedings and claims arising in the ordinary course of business, relating to, among other things, product and general liabilities, workers’ compensation, property losses and other liabilities for which the Company is self-insured or retains a high exposure limit. Self-insurance accruals are established based on actuarial loss estimates for specific individual claims plus actuarially estimated amounts for incurred but not reported claims and adverse development factors applied to existing claims. Legal costs incurred in connection with the resolution of claims, lawsuits and other contingencies generally are expensed as incurred. In the opinion of management, the assessment of contingencies is reasonable and related accruals are adequate, both individually and in the aggregate; however, there can be no assurance that final resolution of these matters will not have a material effect on the Company’s financial condition, results of operations or cash flows.

Regulatory Matters

At March 28, 2026, the Company had recorded liabilities of \$2.5 for environmental actions, the majority of which are for site remediation. The Company believes that the amounts accrued are adequate to cover such known environmental exposures based on current facts and estimates of likely outcomes. Although it is reasonably possible that the costs to resolve such known environmental exposures will exceed the amounts accrued, any variation from accrued amounts is not expected to be material.

Other

The Company has been named as a defendant in a number of cases alleging injuries that the lawsuits claim resulted from exposure to asbestos-containing products, apparently based on the Company’s historic use of vermiculite in certain of its products. In many of these cases, the complaints are not specific about the plaintiffs’ contacts with the Company or its products. The cases vary, but complaints in these cases generally seek unspecified monetary damages (actual, compensatory, consequential and punitive) from multiple defendants. The Company believes that the claims against it are without merit and is vigorously defending against them. The Company has not recorded any accruals in its condensed consolidated financial statements as the likelihood of a loss from these cases is not probable at this time. The Company does not believe a reasonably possible loss would be material to the Company’s financial condition, results of operations or cash flows. In addition, the Company does not believe the ultimate resolution of these cases will have a material adverse effect on the Company’s financial condition, results of operations or cash flows. There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on the Company’s financial condition, results of operations or cash flows.

Beginning in June 2024, purported shareholders filed lawsuits in the United States District Court for the Southern District of Ohio on behalf of proposed classes of purchasers of Common Shares. The lawsuits were consolidated by the court as *In re The Scotts Miracle-Gro Company Securities Litigation* (Case No. 2:24-cv-03132). The amended consolidated complaint was filed on May 9, 2025 on behalf of a proposed class of purchasers of Common Shares between May 5, 2021, and August 1, 2023, and asserts claims under Section 10(b), Rule 10b-5 and Section 20(a) of the Exchange Act against the Company and certain of its current and former officers based on alleged misstatements about the Company’s inventories, sales and business prospects. The action seeks, among other things, unspecified monetary damages, reasonable costs and expenses and equitable/injunctive or other relief as deemed appropriate by the Court. The Company believes that the claims asserted are without merit and intends to vigorously defend the action. On April 22, 2026, the Court granted in part and denied in part the defendants’ motion to dismiss.

Beginning in July 2024, purported shareholders filed a series of shareholder derivative lawsuits in state and federal courts in Ohio against certain of the Company’s current and former directors and officers. The lawsuits include allegations that generally mirror those asserted in the securities lawsuits described above and assert claims for breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. The federal lawsuits also assert claims under the Exchange Act. The actions seek a judgment in favor of the Company for unspecified damages, disgorgement, interest and costs and expenses, including attorneys’ and experts’ fees.

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The Company is involved in other lawsuits and claims which arise in the normal course of business relating to advertising claims, securities matters, employment disputes, product complaints and the enforcement and defense of intellectual property rights. These claims individually and in the aggregate are not expected to have a material effect on the Company’s financial condition, results of operations or cash flows.

NOTE 12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. To manage a portion of the volatility related to these exposures, the Company enters into various financial transactions. The utilization of these financial transactions is governed by policies covering acceptable counterparty exposure, instrument types and other hedging practices. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

The fair values and amount of gain (loss) recognized in earnings and AOCL associated with derivative instruments did not have a material impact on the Company’s condensed consolidated financial statements for the three and six months ended March 28, 2026 and March 29, 2025.

Exchange Rate Risk Management

The Company uses currency forward contracts to manage the exchange rate risk associated with intercompany loans and certain other balances denominated in foreign currencies. Currency forward contracts are valued using observable forward rates in commonly quoted intervals for the full term of the contracts. The notional amount of outstanding currency forward contracts was \$161.4, \$157.3 and \$100.4 at March 28, 2026, March 29, 2025 and September 30, 2025, respectively. Contracts outstanding at March 28, 2026 will mature over the next fiscal quarter.

Interest Rate Risk Management

The Company enters into interest rate swap agreements as a means to hedge its variable interest rate risk on debt instruments. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. The Company has outstanding interest rate swap agreements with major financial institutions that effectively convert a portion of the Company’s variable-rate debt to a fixed rate. Interest rate swap agreements are valued based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. Swap agreements that were hedging interest payments as of March 28, 2026, March 29, 2025 and September 30, 2025 had a maximum total U.S. dollar equivalent notional amount of \$450.0. Refer to “NOTE 7. DEBT” for the terms of the swap agreements outstanding at March 28, 2026. Gains and losses included in the AOCL balance at March 28, 2026 related to interest rate swap agreements that are expected to be reclassified to earnings during the next twelve months are not material.

Commodity Price Risk Management

The Company enters into hedging arrangements designed to fix the price of a portion of its projected future urea and diesel requirements. Commodity contracts are valued using observable commodity exchange prices in active markets. Gains and losses included in the AOCL balance at March 28, 2026 related to commodity hedges that are expected to be reclassified to earnings during the next twelve months are not material.

The Company had the following outstanding commodity contracts that were entered into to hedge forecasted purchases:

Commodity	March 28, 2026	March 29, 2025	September 30, 2025
Urea	—	6,000 tons	49,500 tons
Diesel	1,596,000 gallons	1,428,000 gallons	2,478,000 gallons
Heating Oil	1,218,000 gallons	798,000 gallons	1,050,000 gallons

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NOTE 13. FAIR VALUE MEASUREMENTS

The following table summarizes the fair value of the Company’s assets and liabilities for which disclosure of fair value is required:

	Fair Value Hierarchy Level	March 28, 2026		March 29, 2025		September 30, 2025	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets							
Cash equivalents	Level 1	\$ —	\$ —	\$ 5.0	\$ 5.0	\$ 25.3	\$ 25.3
Other							
Investment securities in non-qualified retirement plan assets	Level 1	30.2	30.2	30.4	30.4	32.6	32.6
Convertible debt investments	Level 3	26.2	26.2	28.1	28.1	24.6	24.6
Liabilities							
Debt instruments							
Credit facilities – revolving loans	Level 2	251.2	251.2	345.0	345.0	—	—
Credit facilities – term loans	Level 2	493.8	493.8	600.0	600.0	500.0	500.0
Senior Notes due 2031 – 4.000%	Level 2	500.0	455.6	500.0	440.0	500.0	459.4
Senior Notes due 2032 – 4.375%	Level 2	400.0	366.5	400.0	353.0	400.0	367.0
Senior Notes due 2029 – 4.500%	Level 2	450.0	435.4	450.0	420.8	450.0	437.1
Senior Notes due 2026 – 5.250%	Level 2	250.0	249.1	250.0	247.8	250.0	249.4
Other debt	Level 2	2.3	2.3	2.5	2.5	5.2	5.2

Changes in the balance of Level 3 convertible debt investments carried at fair value are presented below. There were no transfers into or out of Level 3.

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Fair value at beginning of period	\$ 26.6	\$ 28.1	\$ 24.6	\$ 45.8
Purchases	—	—	2.0	—
Total realized / unrealized gains (losses) included in net earnings	—	—	—	(7.0)
Total realized / unrealized gains (losses) included in OCI	(0.4)	—	(0.4)	—
Exchange	—	—	—	(10.7)
Fair value at end of period	\$ 26.2	\$ 28.1	\$ 26.2	\$ 28.1

On December 18, 2024, THC exchanged its convertible debt investment in RIV Capital for an investment in FLUENT. Refer to “NOTE 3. INVESTMENT IN UNCONSOLIDATED AFFILIATES” for further details.

The amortized cost basis of convertible debt investments was \$46.4, \$44.4 and \$44.4 at March 28, 2026, March 29, 2025 and September 30, 2025, respectively. At March 28, 2026, March 29, 2025 and September 30, 2025, gross unrealized losses on convertible debt investments were \$20.2, \$16.4 and \$19.8, respectively, and there were no gross unrealized gains. These investments have been in a continuous unrealized loss position for greater than 12 months as of March 28, 2026. The allowance for expected credit losses was \$1.9 at March 28, 2026, March 29, 2025 and September 30, 2025. At March 28, 2026, the weighted-average period until scheduled maturity of the Company’s convertible debt investments was 3.4 years.

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NOTE 14. LEASES

The Company leases certain property and equipment from third parties under various non-cancelable lease agreements, including industrial, commercial and office properties and equipment that support the management, manufacturing, distribution and research and development of products marketed and sold by the Company. The lease agreements generally require that the Company pay taxes, insurance and maintenance expenses related to the leased assets. At March 28, 2026, the Company had entered into operating leases that were yet to commence with a combined total expected lease liability of \$69.3. From time to time, the Company will sublease portions of its facilities, resulting in sublease income. Sublease income and the related cash flows were not material to the condensed consolidated financial statements for the three and six months ended March 28, 2026 and March 29, 2025.

Supplemental balance sheet information related to the Company's leases was as follows:

	Balance Sheet Location	March 28, 2026	March 29, 2025	September 30, 2025
Operating leases:				
Right-of-use assets	Other assets	\$ 284.4	\$ 252.5	\$ 243.9
Current lease liabilities	Other current liabilities	60.9	69.7	67.5
Non-current lease liabilities	Other liabilities	256.9	202.8	192.6
Total operating lease liabilities		<u>\$ 317.8</u>	<u>\$ 272.5</u>	<u>\$ 260.1</u>
Finance leases:				
Right-of-use assets	Property, plant and equipment, net	\$ 10.7	\$ 12.9	\$ 11.7
Current lease liabilities	Current portion of debt	2.0	2.1	2.0
Non-current lease liabilities	Long-term debt	11.5	13.5	12.5
Total finance lease liabilities		<u>\$ 13.5</u>	<u>\$ 15.6</u>	<u>\$ 14.5</u>

Components of lease cost were as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Operating lease cost ^(a)	\$ 22.3	\$ 20.1	\$ 43.8	\$ 40.1
Variable lease cost	6.3	6.3	10.9	10.9
Finance lease cost				
Amortization of right-of-use assets	0.6	0.6	1.1	1.3
Interest on lease liabilities	0.1	0.2	0.3	0.4
Total finance lease cost	<u>\$ 0.7</u>	<u>\$ 0.8</u>	<u>\$ 1.4</u>	<u>\$ 1.7</u>

(a) Operating lease cost includes amortization of right-of-use assets of \$16.9 and \$33.3 for the three and six months ended March 28, 2026, respectively, and \$16.0 and \$32.0 for the three and six months ended March 29, 2025, respectively. Short-term lease expense is excluded from operating lease cost and is not material.

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Supplemental cash flow information and non-cash activity related to the Company's leases were as follows:

	Six Months Ended	
	March 28, 2026	March 29, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases, net	\$ 43.4	\$ 39.8
Operating cash flows from finance leases	0.3	0.4
Financing cash flows from finance leases	1.0	1.2
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 90.7	\$ 34.3
Finance leases	—	0.4

Weighted-average remaining lease term and discount rate for the Company's leases were as follows:

	March 28, 2026	March 29, 2025	September 30, 2025
Weighted-average remaining lease term (in years):			
Operating leases	7.7	5.3	5.2
Finance leases	7.5	8.1	7.8
Weighted-average discount rate:			
Operating leases	7.2 %	6.7 %	7.0 %
Finance leases	4.6 %	4.6 %	4.6 %

Maturities of lease liabilities by fiscal year for the Company's leases as of March 28, 2026 were as follows:

Year	Operating Leases	Finance Leases
2026 (remainder of the year)	\$ 44.4	\$ 1.3
2027	70.8	2.5
2028	61.8	2.1
2029	49.1	1.7
2030	36.8	1.7
Thereafter	159.4	7.0
Total lease payments	422.3	16.3
Less: Imputed interest	(104.5)	(2.8)
Total lease liabilities	\$ 317.8	\$ 13.5

NOTE 15. SEGMENT INFORMATION

As a result of the classification of the Hawthorne business as a discontinued operation, the Company's reportable segments for the three and six months ended March 28, 2026 differ from prior periods. The prior period amounts have been reclassified to reflect the removal of Hawthorne as a reportable segment and from results of continuing operations. The Company has two operating segments: U.S. Consumer and Other; and one reportable segment: U.S. Consumer. Management has chosen to organize the entity primarily around differences in geographic areas. U.S. Consumer consists of the Company's consumer lawn and garden business in the United States. Other primarily consists of the Company's consumer lawn and garden business in Canada and does not meet any of the quantitative thresholds requiring separate reportable segment disclosures. This identification of operating segments is consistent with how the segments are managed by the Chief Executive Officer, who has been determined to be the chief operating decision maker ("CODM") of the Company. The Company is not managed on a consolidated basis. In addition, Corporate consists of general and administrative expenses and certain other income and expense items not allocated to the Company's operating segments. The accounting policies of the segments are the same as those described in the Company's summary of significant accounting policies.

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The CODM uses Segment Profit (Loss), which is defined as income (loss) from continuing operations before income taxes, amortization, impairment, restructuring and other charges (“Segment Profit (Loss)”), to evaluate segment performance, monitor actual results as compared to plan and inform resource allocation decisions. The Company believes this measure is indicative of performance trends and the overall earnings potential of each segment. Asset information and capital expenditures by segment are not provided to the CODM and they are not utilized for the purposes of assessing performance or allocating resources, and therefore such information has not been presented.

The following table presents net sales by segment and a reconciliation to the Company’s consolidated net sales for the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S. Consumer reportable segment	\$ 1,377.0	\$ 1,311.5	\$ 1,705.5	\$ 1,652.4
Other non-reportable operating segment	82.5	78.2	108.5	103.9
Consolidated	<u>\$ 1,459.5</u>	<u>\$ 1,389.7</u>	<u>\$ 1,814.0</u>	<u>\$ 1,756.3</u>

The following table presents Segment Profit (Loss), including the significant segment expenses provided to the CODM, and a reconciliation to income from continuing operations before income taxes for the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S. Consumer reportable segment				
Net sales	\$ 1,377.0	\$ 1,311.5	\$ 1,705.5	\$ 1,652.4
Adjusted cost of sales ^(a)	786.7	781.4	1,028.2	1,034.6
Adjusted selling, general and administrative ^(b)	145.9	133.2	220.6	206.5
Other segment items ^(c)	7.1	4.8	10.4	9.3
Segment Profit	437.3	392.1	446.3	402.0
Other non-reportable operating segment profit	12.1	9.0	10.2	6.0
Corporate ^(d)	(44.7)	(35.0)	(70.0)	(69.0)
Intangible asset amortization	(0.7)	(0.7)	(1.3)	(1.4)
Total impairment, restructuring and other ^(e)	(2.2)	(15.7)	(5.2)	(33.7)
Equity in loss of unconsolidated affiliates	(4.5)	(5.9)	(17.6)	(15.8)
Interest expense	(31.3)	(36.6)	(58.5)	(70.5)
Other non-operating expense, net	(1.1)	(1.2)	(2.3)	(2.5)
Income from continuing operations before income taxes	<u>\$ 364.9</u>	<u>\$ 306.0</u>	<u>\$ 301.6</u>	<u>\$ 215.1</u>

- (a) “Adjusted cost of sales” is defined as cost of sales excluding intangible asset amortization, and does not include activity classified as impairment, restructuring and other.
- (b) “Adjusted selling, general and administrative” is defined as selling, general and administrative expenses excluding intangible asset amortization, and does not include activity classified as impairment, restructuring and other.
- (c) Other segment items is comprised of activities such as the discount on sales of accounts receivable under the Master Receivables Purchase Agreement, royalty income from the licensing of certain of the Company’s brand names and foreign exchange transaction gains and losses.
- (d) The Company incurs costs attributable to corporate functions such as corporate finance, human resources, legal, communications, corporate affairs, corporate travel and corporate executive costs which are considered corporate costs of the Company and not allocated to the segments.
- (e) Total impairment, restructuring and other is comprised of the activity classified within the “Cost of sales—impairment, restructuring and other” and “Impairment, restructuring and other” lines in the Condensed Consolidated Statements of Operations. Refer to “NOTE 4. IMPAIRMENT, RESTRUCTURING AND OTHER” for further details.

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The following table presents certain other segment disclosures for the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Depreciation and amortization:				
U.S. Consumer	\$ 14.3	\$ 13.6	\$ 28.3	\$ 27.2
Share-based compensation:				
U.S. Consumer ^(a)	\$ 4.4	\$ 13.1	\$ 8.9	\$ 19.7

(a) Includes certain advertising expenses paid for in Common Shares for the three and six months ended March 29, 2025.

The following table presents net sales by product category for the periods indicated:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S. Consumer:				
Growing media and mulch	\$ 561.3	\$ 596.1	\$ 672.8	\$ 689.5
Lawn care	505.5	452.4	615.0	576.7
Controls	150.1	127.7	209.9	192.3
Roundup [®] marketing agreement	84.9	63.1	108.7	90.8
Other, primarily gardening	75.2	72.2	99.1	103.1
Other:				
Growing media	23.5	23.2	36.1	35.8
Lawn care	32.7	28.4	35.8	30.7
Other, primarily gardening and controls	26.3	26.6	36.6	37.4
Total net sales	\$ 1,459.5	\$ 1,389.7	\$ 1,814.0	\$ 1,756.3

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is to provide an understanding of our financial condition and results of operations by focusing on changes in certain key measures from year-to-year. This MD&A includes the following sections:

- Executive summary
- Results of operations
- Segment results
- Liquidity and capital resources
- Regulatory matters
- Critical accounting estimates

This MD&A should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Scotts Miracle-Gro’s Annual Report on Form 10-K for the fiscal year ended September 30, 2025 (the “2025 Annual Report”) and our condensed consolidated financial statements included in this Form 10-Q.

EXECUTIVE SUMMARY

U.S. Consumer consists of our consumer lawn and garden business in the United States. Other primarily consists of our consumer lawn and garden business in Canada. Corporate consists of general and administrative expenses and certain other income and expense items not allocated to the operating segments. See “SEGMENT RESULTS” below for additional information regarding our evaluation of segment performance.

Through our U.S. Consumer and Other segments, we are the leading marketer of branded consumer lawn and garden products in North America. Our products are marketed under some of the most recognized brand names in the industry. Our key consumer lawn and garden brands include Scotts® Turf Builder® lawn fertilizer and Scotts® grass seed products; Miracle-Gro® soil, plant food and gardening products; Ortho® herbicide and pesticide products; and Tomcat® rodent control and animal repellent products. We are the exclusive agent of Monsanto for the marketing and distribution of certain of Monsanto’s consumer Roundup® branded products within the United States and certain other specified countries. In addition, we have an equity interest in Bonnie Plants, LLC, a joint venture with AFC, focused on planting, growing, developing, distributing, marketing and selling live plants.

Due to the seasonal nature of the consumer lawn and garden business, significant portions of our U.S. Consumer and Other segment net sales ship to our retail customers during our second and third fiscal quarters, as noted in the following table. Our annual net sales are further concentrated in the second and third fiscal quarters by retailers who rely on our ability to deliver products closer to when consumers buy our products.

	Percent of Net Sales from Continuing Operations by Quarter		
	2025	2024	2023
First Quarter	11.3 %	10.2 %	12.8 %
Second Quarter	42.7 %	44.7 %	46.7 %
Third Quarter	35.6 %	34.8 %	33.2 %
Fourth Quarter	10.4 %	10.3 %	7.3 %

Recent Events and Trends Affecting our Business

During the three months ended December 27, 2025, we determined that the Hawthorne business met the criteria to be classified as held for sale, and classified the related assets and liabilities as held for sale on the Condensed Consolidated Balance Sheets for all periods presented. We determined this represents a strategic shift, and therefore, effective in the first quarter of fiscal 2026, we classified our results of operations for all periods presented to reflect the Hawthorne business as a discontinued operation. For the three and six months ended March 28, 2026, we incurred pre-tax charges of \$29.6 and \$134.4, respectively, related to valuation adjustments to recognize the carrying amount of the Hawthorne business at fair value less estimated costs to sell in the “Loss from discontinued operations, net of tax” line on the Condensed Consolidated Statements of Operations.

On April 8, 2026, we completed the sale of the Hawthorne business in North America to Vireo in exchange for 213.0 million common shares of Vireo, which represented approximately 14% of Vireo’s total outstanding common shares as of the closing date, and a warrant with a five year term to acquire 80.0 million additional common shares of Vireo at a strike price of \$0.85 per share. On the closing date, the Hawthorne business held cash and cash equivalents of \$35.0 that was transferred to Vireo as part of the sale. Additionally, in connection with the transaction, we entered into a contract manufacturing agreement and agreed to provide Vireo with \$20.0 of manufacturing services over a two-year period for no cost. The completion of the divestiture during the third quarter of fiscal 2026 resulted in an ordinary taxable loss that will allow the realization of deferred tax assets to reduce cash taxes paid over the next several fiscal years.

We continue to monitor the impacts of macroeconomic conditions, including elevated interest rates and inflationary pressures on input costs and consumer behavior, as well as geopolitical uncertainty, including the duration and resolution of ongoing conflicts, potential escalation of tensions and global supply chain disruptions, and ongoing changes to global trade policies, including the imposition of tariffs. The impact that these events and conditions will have on our operational and financial performance will depend on future developments, which are difficult to predict. For more information about factors that could impact our business, refer to “ITEM 1A. RISK FACTORS” in the 2025 Annual Report.

RESULTS OF OPERATIONS

Unless specifically stated, all discussion herein refers to results from our continuing operations. The following table sets forth the components of earnings as a percentage of net sales for the three months ended March 28, 2026 and March 29, 2025:

	March 28, 2026	% Of Net Sales	March 29, 2025	% Of Net Sales
Net sales	\$ 1,459.5	100.0 %	\$ 1,389.7	100.0 %
Cost of sales	849.0	58.2	842.3	60.6
Cost of sales—impairment, restructuring and other	—	—	5.3	0.4
Gross margin	610.5	41.8	542.1	39.0
Operating expenses:				
Selling, general and administrative	199.2	13.6	177.8	12.8
Impairment, restructuring and other	2.2	0.2	10.4	0.7
Other expense, net	7.3	0.5	4.2	0.3
Income from operations	401.8	27.5	349.7	25.2
Equity in loss of unconsolidated affiliates	4.5	0.3	5.9	0.4
Interest expense	31.3	2.1	36.6	2.6
Other non-operating expense, net	1.1	0.1	1.2	0.1
Income from continuing operations before income taxes	364.9	25.0	306.0	22.0
Income tax expense from continuing operations	101.6	7.0	85.3	6.1
Net income from continuing operations	263.3	18.0	220.7	15.9
Loss from discontinued operations, net of tax	(24.7)	(1.7)	(3.2)	(0.2)
Net income	\$ 238.6	16.3 %	\$ 217.5	15.7 %

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

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(Dollars in millions, except per share data)

The following table sets forth the components of earnings as a percentage of net sales for the six months ended March 28, 2026 and March 29, 2025:

	March 28, 2026	% Of Net Sales	March 29, 2025	% Of Net Sales
Net sales	\$ 1,814.0	100.0 %	\$ 1,756.3	100.0 %
Cost of sales	1,113.5	61.4	1,119.0	63.7
Cost of sales—impairment, restructuring and other	1.3	0.1	6.7	0.4
Gross margin	699.2	38.5	630.6	35.9
Operating expenses:				
Selling, general and administrative	305.1	16.8	291.3	16.6
Impairment, restructuring and other	3.9	0.2	27.0	1.5
Other expense, net	10.2	0.6	8.4	0.5
Income from operations	380.0	20.9	303.9	17.3
Equity in loss of unconsolidated affiliates	17.6	1.0	15.8	0.9
Interest expense	58.5	3.2	70.5	4.0
Other non-operating expense, net	2.3	0.1	2.5	0.1
Income from continuing operations before income taxes	301.6	16.6	215.1	12.2
Income tax expense from continuing operations	86.0	4.7	60.4	3.4
Net income from continuing operations	215.6	11.9	154.7	8.8
Loss from discontinued operations, net of tax	(102.0)	(5.6)	(6.7)	(0.4)
Net income	\$ 113.6	6.3 %	\$ 148.0	8.4 %

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

Net Sales

Net sales for the three months ended March 28, 2026 were \$1,459.5, an increase of 5.0% from net sales of \$1,389.7 for the three months ended March 29, 2025. Net sales for the six months ended March 28, 2026 were \$1,814.0, an increase of 3.3% from net sales of \$1,756.3 for the six months ended March 29, 2025. Factors contributing to the change in net sales are outlined in the following table:

	Three Months Ended March 28, 2026	Six Months Ended March 28, 2026
Volume and mix	4.5 %	2.5 %
Pricing	0.4	0.6
Foreign exchange rates	0.1	0.2
Change in net sales	5.0 %	3.3 %

The increase in net sales for the three months ended March 28, 2026 as compared to the three months ended March 29, 2025 was primarily driven by:

- higher sales volume in our U.S. Consumer segment driven by soils, grass seed, fertilizer, plant food and controls products, partially offset by lower sales of mulch products;
- higher net sales associated with the Roundup® marketing agreement; and
- increased pricing in our U.S. Consumer segment.

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The increase in net sales for the six months ended March 28, 2026 as compared to the six months ended March 29, 2025 was primarily driven by:

- higher sales volume in our U.S. Consumer segment driven by soils, grass seed and fertilizer products, partially offset by lower sales of mulch products;
- higher net sales associated with the Roundup® marketing agreement; and
- increased pricing in our U.S. Consumer segment.

Cost of Sales

The following table shows the major components of cost of sales:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Materials	\$ 455.9	\$ 436.0	\$ 572.3	\$ 559.5
Manufacturing labor and overhead	201.9	216.6	258.0	276.5
Distribution and warehousing	158.7	162.6	231.3	233.9
Costs associated with Roundup® marketing agreement	32.5	27.1	51.9	49.1
Cost of sales	849.0	842.3	1,113.5	1,119.0
Cost of sales—impairment, restructuring and other	—	5.3	1.3	6.7
	<u>\$ 849.0</u>	<u>\$ 847.6</u>	<u>\$ 1,114.8</u>	<u>\$ 1,125.7</u>

Factors contributing to the change in cost of sales are outlined in the following table:

	Three Months Ended		Six Months Ended	
	March 28, 2026		March 28, 2026	
Costs associated with Roundup® marketing agreement	\$	5.4	\$	2.8
Material cost changes		4.1		2.6
Foreign exchange rates		2.0		2.3
Volume, mix and other		(4.8)		(13.2)
		6.7		(5.5)
Impairment, restructuring and other		(5.3)		(5.4)
Change in cost of sales	\$	1.4	\$	(10.9)

The increase in cost of sales for the three months ended March 28, 2026 as compared to the three months ended March 29, 2025 was primarily driven by:

- higher sales volume in our U.S. Consumer segment;
- an increase in costs associated with the Roundup® marketing agreement; and
- higher material costs in our U.S. Consumer segment;
- partially offset by lower manufacturing costs included within “volume, mix and other” in our U.S. Consumer segment; and
- a decrease in impairment, restructuring and other charges.

The decrease in cost of sales for the six months ended March 28, 2026 as compared to the six months ended March 29, 2025 was primarily driven by:

- lower manufacturing costs included within “volume, mix and other” in our U.S. Consumer segment; and
- a decrease in impairment, restructuring and other charges;
- partially offset by higher sales volume in our U.S. Consumer segment;
- an increase in costs associated with the Roundup® marketing agreement; and
- higher material costs in our U.S. Consumer segment.

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Gross Margin

As a percentage of net sales, our gross margin rate was 41.8% and 39.0% for the three months ended March 28, 2026 and March 29, 2025, respectively, and was 38.5% and 35.9% for the six months ended March 28, 2026 and March 29, 2025, respectively. Factors contributing to the change in gross margin rate are outlined in the following table:

	Three Months Ended		Six Months Ended	
	March 28, 2026		March 28, 2026	
Volume, mix and other	2.0 %		1.5 %	
Roundup® commissions and reimbursements	0.5		0.5	
Pricing	0.2		0.4	
Material costs	(0.3)		(0.1)	
	2.4 %		2.3 %	
Impairment, restructuring and other	0.4		0.3	
Change in gross margin rate	2.8 %		2.6 %	

The increase in gross margin rate for the three and six months ended March 28, 2026 as compared to the three and six months ended March 29, 2025 was primarily driven by:

- favorable mix associated with our U.S. Consumer segment;
- higher commission associated with the Roundup® marketing agreement;
- lower manufacturing costs included within “volume, mix and other” in our U.S. Consumer segment;
- increased pricing in our U.S. Consumer segment; and
- a decrease in impairment, restructuring and other charges;
- partially offset by higher material costs in our U.S. Consumer segment.

Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses (“SG&A”):

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Advertising	\$ 81.2	\$ 61.8	\$ 102.3	\$ 79.3
Share-based compensation	18.1	12.9	24.8	24.6
Research and development	7.3	7.9	17.1	14.5
Amortization of intangibles	0.7	0.7	1.3	1.4
Other selling, general and administrative	91.9	94.5	159.6	171.5
	<u>\$ 199.2</u>	<u>\$ 177.8</u>	<u>\$ 305.1</u>	<u>\$ 291.3</u>

SG&A increased \$21.4, or 12.0%, during the three months ended March 28, 2026 compared to the three months ended March 29, 2025. Advertising expense increased \$19.4, or 31.4%, due to higher media spending in our U.S. Consumer segment. Share-based compensation expense, which excludes certain advertising expenses paid for in Common Shares for the three months ended March 29, 2025, increased \$5.2, or 40.3%, primarily due to the timing of long-term incentive compensation grants. Other SG&A decreased \$2.6, or 2.8%, driven by lower short-term variable cash incentive compensation expense.

SG&A increased \$13.8, or 4.7%, during the six months ended March 28, 2026 compared to the six months ended March 29, 2025. Advertising expense increased \$23.0, or 29.0%, due to higher media spending in our U.S. Consumer segment. Other SG&A decreased \$11.9, or 6.9%, driven by lower short-term variable cash incentive compensation expense partially offset by higher marketing spend.

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Impairment, Restructuring and Other

Activity described herein is classified within the “Cost of sales—impairment, restructuring and other” and “Impairment, restructuring and other” lines in the Condensed Consolidated Statements of Operations. The following table details impairment, restructuring and other charges for each of the periods presented:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
Cost of sales—impairment, restructuring and other:				
Restructuring and other charges, net	\$ —	\$ 3.4	\$ 1.3	\$ 4.2
Right-of-use asset impairments	—	1.9	—	2.5
Operating expenses—impairment, restructuring and other:				
Restructuring and other charges, net	2.2	10.4	3.9	20.0
Loss on exchange of convertible debt investment	—	—	—	7.0
Total impairment, restructuring and other charges, net	\$ 2.2	\$ 15.7	\$ 5.2	\$ 33.7

Impairment, restructuring and other charges for the three and six months ended March 28, 2026 were not material.

During the three and six months ended March 29, 2025, we incurred employee and executive severance charges of \$3.0 in our U.S. Consumer segment in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations. During the three and six months ended March 29, 2025, we incurred employee and executive severance charges of \$3.3 in our U.S. Consumer segment and \$2.1 and \$11.6, respectively, at Corporate in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations.

During the three and six months ended March 29, 2025, we incurred a non-cash loss of \$0.0 and \$7.0, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations related to the exchange of our convertible debt investment in RIV Capital for an investment in FLUENT.

During fiscal 2022, we 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, we reduced the size of our supply chain network, reduced staffing levels and implemented other cost-reduction initiatives. During the three and six months ended March 29, 2025, we incurred costs of \$2.3 and \$3.7, respectively, in our U.S. Consumer segment in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative.

Other Expense, net

Other expense is comprised of activities such as the discount on sales of accounts receivable under the Master Receivables Purchase Agreement, royalty income from the licensing of certain of our brand names and foreign exchange transaction gains and losses. Other expense was \$7.3 and \$4.2 for the three months ended March 28, 2026 and March 29, 2025, respectively; and was \$10.2 and \$8.4 for the six months ended March 28, 2026 and March 29, 2025, respectively.

Income from Operations

Income from operations was \$401.8 for the three months ended March 28, 2026, an increase of 14.9% compared to \$349.7 for the three months ended March 29, 2025; and was \$380.0 for the six months ended March 28, 2026, an increase of 25.0% compared to \$303.9 for the six months ended March 29, 2025. For the three and six months ended March 28, 2026, the increase was primarily driven by higher net sales, a higher gross margin rate and lower impairment, restructuring and other charges, partially offset by higher SG&A.

Equity in Loss of Unconsolidated Affiliates

Equity in loss of unconsolidated affiliates was \$4.5 and \$5.9 for the three months ended March 28, 2026 and March 29, 2025, respectively; and was \$17.6 and \$15.8 for the six months ended March 28, 2026 and March 29, 2025, respectively. Equity in loss of unconsolidated affiliates associated with Bonnie Plants, LLC was \$4.5 and \$15.1 for the three and six months ended March 28, 2026, respectively, compared to \$5.9 and \$15.8 for the three and six months ended March 29, 2025, respectively. We anticipated a net loss for Bonnie Plants, LLC in the second quarter due to the seasonal nature of its business, in which sales are heavily weighted to the spring and summer selling periods during our third fiscal quarter. During the three months ended December 27, 2025, our investment balance in FLUENT was reduced to zero, and we discontinued equity method recognition of our proportionate share of FLUENT losses.

Interest Expense

Interest expense was \$31.3 for the three months ended March 28, 2026, a decrease of 14.5% compared to \$36.6 for the three months ended March 29, 2025; and was \$58.5 for the six months ended March 28, 2026, a decrease of 17.0% compared to \$70.5 for the six months ended March 29, 2025. For the three months ended March 28, 2026, the decrease was driven by lower average borrowings of \$162.1 and a decrease in our weighted average interest rate, net of the impact of interest rate swaps, of 50 basis points. For the six months ended March 28, 2026, the decrease was driven by lower average borrowings of \$166.9 and a decrease in our weighted average interest rate, net of the impact of interest rate swaps, of 60 basis points. The decrease in average borrowings was driven by our focus on using available cash flow to reduce our debt. The decrease in our weighted average interest rate was primarily driven by lower borrowing rates under the Seventh A&R Credit Agreement.

Income Tax Expense from Continuing Operations

The effective tax rates related to continuing operations for the six months ended March 28, 2026 and March 29, 2025 were 28.5% and 28.1%, respectively. The effective tax rate used for interim purposes is based on our best estimate of factors impacting the effective tax rate for the full fiscal year. Factors affecting the estimated effective tax rate include assumptions as to income by jurisdiction (domestic and foreign), the availability and utilization of tax credits and the existence of elements of income and expense that may not be taxable or deductible. The estimated effective tax rate is subject to revision in later interim periods and at fiscal year-end as facts and circumstances change during the course of the fiscal year. There can be no assurance that the effective tax rate estimated for interim financial reporting purposes will approximate the effective tax rate determined at fiscal year-end.

Net Income from Continuing Operations

Net income from continuing operations was \$263.3, or \$4.46 per diluted share, for the three months ended March 28, 2026 compared to \$220.7, or \$3.78 per diluted share, for the three months ended March 29, 2025. The increase was driven by higher net sales, a higher gross margin rate, lower impairment, restructuring and other charges and lower interest expense, partially offset by higher SG&A and higher income tax expense.

Diluted average common shares used in the diluted net income per common share from continuing operations calculation for the three months ended March 28, 2026 and March 29, 2025 were 59.1 million and 58.4 million, respectively, which included potential common shares of 1.0 million and 0.8 million, respectively. The increase in diluted average common shares was primarily the result of the exercise and issuance of share-based compensation awards.

Net income from continuing operations was \$215.6, or \$3.65 per diluted share, for the six months ended March 28, 2026 compared to \$154.7, or \$2.64 per diluted share, for the six months ended March 29, 2025. The increase was driven by higher net sales, a higher gross margin rate, lower impairment, restructuring and other charges and lower interest expense, partially offset by higher SG&A and higher income tax expense.

Diluted average common shares used in the diluted net income per common share from continuing operations calculation for the six months ended March 28, 2026 and March 29, 2025 were 59.0 million and 58.6 million, respectively, which included potential common shares of 1.0 million and 1.1 million, respectively. The increase in diluted average common shares was primarily the result of the exercise and issuance of share-based compensation awards.

Loss from Discontinued Operations, net of tax

Loss from discontinued operations, net of tax, associated with our Hawthorne business was \$24.7 and \$3.2 for the three months ended March 28, 2026 and March 29, 2025, respectively; and was \$102.0 and \$6.7 for the six months ended March 28, 2026 and March 29, 2025, respectively. During the three and six months ended March 28, 2026, we incurred pre-tax charges of \$29.6 and \$134.4, respectively, related to valuation adjustments to recognize the carrying amount of the Hawthorne business at fair value less estimated costs to sell.

SEGMENT RESULTS

As a result of the classification of the Hawthorne business as a discontinued operation, our reportable segments for the three and six months ended March 28, 2026 differ from prior periods. The prior period amounts have been reclassified to reflect the removal of Hawthorne as a reportable segment. Segment performance is evaluated based on several factors, including income (loss) from continuing operations before income taxes, amortization, impairment, restructuring and other charges (“Segment Profit (Loss)”), which is a non-GAAP financial measure. We believe this measure is indicative of performance trends and the overall earnings potential of each segment.

The following table sets forth net sales by segment:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S. Consumer reportable segment	\$ 1,377.0	\$ 1,311.5	\$ 1,705.5	\$ 1,652.4
Other non-reportable operating segment	82.5	78.2	108.5	103.9
Consolidated	<u>\$ 1,459.5</u>	<u>\$ 1,389.7</u>	<u>\$ 1,814.0</u>	<u>\$ 1,756.3</u>

The following table sets forth Segment Profit (Loss) as well as a reconciliation to income from continuing operations before income taxes, the most directly comparable measure prepared in accordance with GAAP:

	Three Months Ended		Six Months Ended	
	March 28, 2026	March 29, 2025	March 28, 2026	March 29, 2025
U.S. Consumer Segment Profit (Non-GAAP)	\$ 437.3	\$ 392.1	\$ 446.3	\$ 402.0
Other non-reportable operating segment profit	12.1	9.0	10.2	6.0
Corporate	(44.7)	(35.0)	(70.0)	(69.0)
Intangible asset amortization	(0.7)	(0.7)	(1.3)	(1.4)
Impairment, restructuring and other	(2.2)	(15.7)	(5.2)	(33.7)
Equity in loss of unconsolidated affiliates	(4.5)	(5.9)	(17.6)	(15.8)
Interest expense	(31.3)	(36.6)	(58.5)	(70.5)
Other non-operating expense, net	(1.1)	(1.2)	(2.3)	(2.5)
Income from continuing operations before income taxes (GAAP)	<u>\$ 364.9</u>	<u>\$ 306.0</u>	<u>\$ 301.6</u>	<u>\$ 215.1</u>

U.S. Consumer

U.S. Consumer segment net sales were \$1,377.0 in the second quarter of fiscal 2026, an increase of 5.0% from second quarter of fiscal 2025 net sales of \$1,311.5; and were \$1,705.5 for the first six months of fiscal 2026, an increase of 3.2% from the first six months of fiscal 2025 net sales of \$1,652.4. For the second quarter of fiscal 2026, the increase was driven by higher sales volume of 4.7% and increased pricing of 0.3%. For the six months ended March 28, 2026, the increase was driven by higher sales volume of 2.6% and increased pricing of 0.6%. Higher sales volume for the three months ended March 28, 2026 was driven by soils, grass seed, fertilizer, plant food and controls products, partially offset by lower sales of mulch products. Higher sales volume for the six months ended March 28, 2026 was driven by soils, grass seed and fertilizer products, partially offset by lower sales of mulch products.

U.S. Consumer Segment Profit was \$437.3 in the second quarter of fiscal 2026, an increase of 11.5% from second quarter of fiscal 2025 Segment Profit of \$392.1; and was \$446.3 for the first six months of fiscal 2026, an increase of 11.0% from the first six months of fiscal 2025 Segment Profit of \$402.0. For the three and six months ended March 28, 2026, the increase was primarily due to higher net sales and a higher gross margin rate, partially offset by higher SG&A.

Other

Other segment net sales were \$82.5 in the second quarter of fiscal 2026, an increase of 5.5% from second quarter of fiscal 2025 net sales of \$78.2; and were \$108.5 for the first six months of fiscal 2026, an increase of 4.4% from the first six months of fiscal 2025 net sales of \$103.9. For the second quarter of fiscal 2026, the increase was driven by favorable foreign exchange rates of 3.4%, increased pricing of 1.1% and higher sales volume of 1.0%. For the six months ended March 28, 2026, the increase was driven by favorable foreign exchange rates of 2.8%, increased pricing of 1.2% and higher sales volume of 0.4%.

Other Segment Profit was \$12.1 in the second quarter of fiscal 2026, an increase of 34.4% from second quarter of fiscal 2025 Segment Profit of \$9.0; and was \$10.2 for the first six months of fiscal 2026, an increase of 70.0% from the first six months of fiscal 2025 Segment Profit of \$6.0. For the three and six months ended March 28, 2026, the increase was driven by higher net sales and a higher gross margin rate.

Corporate

Corporate expenses were \$44.7 in the second quarter of fiscal 2026 compared to \$35.0 for the second quarter of fiscal 2025; and were \$70.0 for the first six months of fiscal 2026, an increase of 1.4% from the first six months of fiscal 2025 expenses of \$69.0. For the second quarter of fiscal 2026, the increase was primarily driven by the timing of long-term incentive compensation grants, partially offset by lower short-term variable incentive compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes cash activities:

	Six Months Ended	
	March 28, 2026	March 29, 2025
Net cash used in operating activities	\$ (150.4)	\$ (257.2)
Net cash used in investing activities	(45.4)	(34.7)
Net cash provided by financing activities	168.2	237.9

Operating Activities

Cash used in operating activities totaled \$150.4 for the six months ended March 28, 2026 compared to \$257.2 for the six months ended March 29, 2025. The decrease was driven by higher sales and the timing of inventory production, partially offset by higher short-term variable cash incentive compensation payments and higher SG&A.

Investing Activities

Cash used in investing activities totaled \$45.4 for the six months ended March 28, 2026 compared to \$34.7 for the six months ended March 29, 2025. Cash used for investments in property, plant and equipment during the first six months of fiscal 2026 and 2025 was \$38.6 and \$37.6, respectively. During the six months ended March 28, 2026 and March 29, 2025, we had net other investing cash (outflows) inflows of \$(6.8) and \$2.9, respectively.

Financing Activities

Cash provided by financing activities totaled \$168.2 for the six months ended March 28, 2026 compared to \$237.9 for the six months ended March 29, 2025. During the six months ended March 28, 2026, we had net borrowings on our debt instruments of \$241.0 due to our seasonal working capital build. We also paid dividends of \$77.8, financing and issuance fees of \$8.7 and received cash from the exercise of stock options of \$3.3 (which also includes amounts received from employee purchases under the employee stock purchase plan). During the six months ended March 29, 2025, we had net borrowings on our debt instruments of \$321.2, paid dividends of \$78.0 and received cash from the exercise of stock options of \$10.0 (which also includes amounts received from employee purchases under the employee stock purchase plan). During the six months ended March 28, 2026 and March 29, 2025, we repurchased Common Shares for \$11.6 and \$18.3, respectively (which includes cash paid to tax authorities to satisfy statutory income tax withholding obligations related to share-based compensation). In addition, during the six months ended March 28, 2026 and March 29, 2025, we had other financing cash inflows of \$22.0 and \$3.0, respectively, primarily related to collections of previously sold accounts receivable not yet submitted to the buyer.

Share Repurchases

On December 19, 2025, our Board of Directors authorized a share repurchase program, with no expiration date, for the repurchase of up to \$500.0 of Common Shares. There have been no share repurchases under this authorization as of March 28, 2026.

Accounts Receivable Sales

We are party to a Master Receivables Purchase Agreement, which is uncommitted and expires on September 1, 2026, under which we may sell up to \$750.0 of available and eligible outstanding customer accounts receivable generated by sales to five specified customers. Transactions under the Master Receivables Purchase Agreement are accounted for as sales of accounts receivable, and the receivables sold are removed from the Condensed Consolidated Balance Sheets at the time of the sales transaction. Proceeds received from the sales of accounts receivable are classified as operating cash flows and collections of previously sold accounts receivable not yet submitted to the buyer are classified as financing cash flows in the Condensed Consolidated Statements of Cash Flows. We record the discount on sales in the "Other expense, net" line in the Condensed Consolidated Statements of Operations. At March 28, 2026, March 29, 2025 and September 30, 2025, net receivables derecognized were \$654.1, \$598.2 and \$163.3, respectively. During the three months ended March 28, 2026 and March 29, 2025, proceeds from the sale of receivables under the Master Receivables Purchase Agreement totaled \$813.8 and \$748.2, respectively, and the total discount recorded on sales was \$8.5 and \$7.9, respectively. During the six months ended March 28, 2026 and March 29, 2025, proceeds from the sale of receivables under the Master Receivables Purchase Agreement totaled \$1,068.5 and \$1,022.2, respectively, and the total discount recorded on sales was \$11.4 and \$11.2, respectively.

Supplier Finance Program

We have an agreement to provide a supplier finance program which facilitates participating suppliers' ability to finance our payment obligations with a designated third-party financial institution. Participating suppliers may, at their sole discretion, elect to finance our payment obligations prior to their scheduled due dates at a discounted price to the participating financial institution. Our obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under this arrangement. The payment terms that we negotiate with our suppliers are consistent, regardless of whether a supplier participates in the program. Our current payment terms with a majority of our suppliers generally range from 30 to 60 days, which we deem to be commercially reasonable. Our outstanding payment obligations under our supplier finance program were \$42.9, \$32.1 and \$13.9 at March 28, 2026, March 29, 2025 and September 30, 2025, respectively, and are recorded within accounts payable in the Condensed Consolidated Balance Sheets. The associated payments were \$154.7 and \$153.1 for the six months ended March 28, 2026 and March 29, 2025, respectively, and are classified as operating activities in the Condensed Consolidated Statements of Cash Flows.

Cash and Cash Equivalents

Our cash and cash equivalents were held in cash depository accounts with major financial institutions around the world or invested in high-quality, short-term liquid investments having original maturities of three months or less. The cash and cash equivalents balances, including cash and cash equivalents classified within current assets held for sale, of \$9.1, \$16.9 and \$36.6 as of March 28, 2026, March 29, 2025 and September 30, 2025, respectively, included \$4.8, \$9.4 and \$4.2, respectively, held by controlled foreign corporations. As of March 28, 2026, we maintain our assertion of indefinite reinvestment of the earnings of all material foreign subsidiaries.

Borrowing Agreements

Credit Facilities

Our primary sources of liquidity are cash generated by operations and borrowings under our credit facilities, which are guaranteed by substantially all of Scotts Miracle-Gro's domestic subsidiaries. On November 21, 2025, we entered into the Seventh A&R Credit Agreement, providing the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of \$2,000.0, comprised of a revolving credit facility of \$1,500.0 and a term loan in the original principal amount of \$500.0. The Seventh A&R Credit Agreement also provides us with the right to seek additional committed credit under the agreement in an aggregate amount of up to \$500.0 plus an unlimited additional amount, subject to certain specified financial and other conditions. The Seventh A&R Credit Agreement will be available for issuance of letters of credit up to \$100.0 and will terminate on November 21, 2030. The terms of the Seventh A&R Credit Agreement include customary representations and warranties, affirmative and negative covenants, financial covenants and events of default.

Borrowings under the Seventh A&R Credit Agreement bear interest at variable rates derived from the prevailing U.S. Prime Rate, Federal Reserve Bank of New York Rate, Secured Overnight Financing Rate, Euro Interbank Offered Rate, Canadian Prime Rate or Canadian Overnight Repo Rate Average (all as defined in the Seventh A&R Credit Agreement), based on our election, plus a spread that depends on our quarterly-tested leverage ratio.

At March 28, 2026, we had letters of credit outstanding in the aggregate principal amount of \$93.2, and had \$1,155.6 of borrowing availability under the Seventh A&R Credit Agreement. The weighted average interest rates on average borrowings under the credit facilities, excluding the impact of interest rate swaps, were 6.4% and 7.8% for the six months ended March 28, 2026 and March 29, 2025, respectively.

The Seventh A&R Credit Agreement contains, among other obligations, an affirmative covenant regarding our leverage ratio determined as of the end of each of our fiscal quarters, calculated as average total indebtedness divided by our Adjusted EBITDA. The maximum permitted leverage ratio is 5.00. Our leverage ratio was 3.71 at March 28, 2026. The Seventh A&R Credit Agreement also contains an affirmative covenant regarding our interest coverage ratio determined as of the end of each of our fiscal quarters, calculated as Adjusted EBITDA divided by interest expense, as described in the Seventh A&R Credit Agreement. The minimum required interest coverage ratio is (i) 3.00 for each of the fiscal quarters within fiscal 2026, (ii) 3.25 for each of the fiscal quarters within fiscal 2027 and (iii) 3.50 for fiscal quarters thereafter. Our interest coverage ratio was 5.62 at March 28, 2026.

The Seventh A&R Credit Agreement allows us to make unlimited restricted payments (as defined in the Seventh A&R Credit Agreement), including dividend payments on, and repurchases of, Common Shares, as long as the leverage ratio resulting from the making of such restricted payments is 4.00 or less. Otherwise, we are limited to restricted payments in an aggregate amount for each fiscal year not to exceed \$225.0.

Senior Notes

On December 15, 2016, Scotts Miracle-Gro issued \$250.0 aggregate principal amount of 5.250% Senior Notes with a maturity date of December 15, 2026. The 5.250% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 5.250% Senior Notes have interest payment dates of June 15 and December 15 of each year. At March 28, 2026, the \$250.0 aggregate principal amount of the 5.250% Senior Notes is classified in the "Current portion of debt" line in the Condensed Consolidated Balance Sheets as it is payable within one year. We intend to repay the 5.250% Senior Notes during fiscal 2026 using a combination of cash flow from operations and available borrowing capacity under the Seventh A&R Credit Agreement.

On October 22, 2019, Scotts Miracle-Gro issued \$450.0 aggregate principal amount of 4.500% Senior Notes due 2029. The 4.500% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.500% Senior Notes have interest payment dates of April 15 and October 15 of each year.

On March 17, 2021, Scotts Miracle-Gro issued \$500.0 aggregate principal amount of 4.000% Senior Notes due 2031. The 4.000% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.000% Senior Notes have interest payment dates of April 1 and October 1 of each year.

On August 13, 2021, Scotts Miracle-Gro issued \$400.0 aggregate principal amount of 4.375% Senior Notes due 2032. The 4.375% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.375% Senior Notes have interest payment dates of February 1 and August 1 of each year.

Substantially all of Scotts Miracle-Gro's directly and indirectly owned domestic subsidiaries serve as guarantors of the 5.250% Senior Notes, the 4.500% Senior Notes, the 4.000% Senior Notes and the 4.375% Senior Notes.

Interest Rate Swap Agreements

We enter into interest rate swap agreements with major financial institutions that effectively convert a portion of our variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. Swap agreements that were hedging interest payments as of March 28, 2026, March 29, 2025 and September 30, 2025 had a maximum total U.S. dollar equivalent notional amount of \$450.0. The notional amount, effective date, expiration date and rate of each of the swap agreements outstanding at March 28, 2026 are shown in the table below:

Notional Amount (\$)	Effective Date (a)	Expiration Date	Fixed Rate
150	6/7/2023	4/7/2027	3.37 %
50	6/7/2023	4/7/2027	3.34 %
100 ^(b)	11/20/2023	3/22/2027	4.74 %
150 ^(b)	9/20/2024	9/20/2029	4.25 %
100	4/8/2027	4/8/2030	3.40 %

(a) The effective date refers to the date on which interest payments are first hedged by the applicable swap agreement.

(b) Notional amount adjusts in accordance with a specified seasonal schedule. This represents the maximum notional amount at any point in time.

Availability and Use of Cash

We believe that our cash flows from operations and borrowings under our agreements described herein will be sufficient to meet debt service, capital expenditures and working capital needs for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our borrowing agreements in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control as further discussed in the 2025 Annual Report, under “ITEM 1A. RISK FACTORS — Risks Related to Our M&A, Lending and Financing Activities — Our indebtedness could limit our flexibility and adversely affect our financial condition.”

Financial Disclosures About Guarantors and Issuers of Guaranteed Securities

The 5.250% Senior Notes, 4.500% Senior Notes, 4.000% Senior Notes and 4.375% Senior Notes were issued by Scotts Miracle-Gro on December 15, 2016, October 22, 2019, March 17, 2021 and August 13, 2021, respectively. The Senior Notes are guaranteed by certain consolidated domestic subsidiaries of Scotts Miracle-Gro (collectively, the “Guarantors”) and, therefore, we report summarized financial information in accordance with SEC Regulation S-X, Rule 13-01, “Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.”

The guarantees are “full and unconditional,” as those terms are used in Regulation S-X, Rule 3-10(b)(3), except that a Guarantor’s guarantee will be released in certain circumstances set forth in the indentures governing the Senior Notes, such as: (i) upon any sale or other disposition of all or substantially all of the assets of the Guarantor (including by way of merger or consolidation) to any person other than Scotts Miracle-Gro or any “restricted subsidiary” under the applicable indenture; (ii) if the Guarantor merges with and into Scotts Miracle-Gro, with Scotts Miracle-Gro surviving such merger; (iii) if the Guarantor is designated an “unrestricted subsidiary” in accordance with the applicable indenture or otherwise ceases to be a “restricted subsidiary” (including by way of liquidation or dissolution) in a transaction permitted by such indenture; (iv) upon legal or covenant defeasance; (v) at the election of Scotts Miracle-Gro following the Guarantor’s release as a guarantor under the Seventh A&R Credit Agreement, except a release by or as a result of the repayment of the Seventh A&R Credit Agreement; or (vi) if the Guarantor ceases to be a “restricted subsidiary” and the Guarantor is not otherwise required to provide a guarantee of the Senior Notes pursuant to the applicable indenture.

Our foreign subsidiaries and certain of our domestic subsidiaries are not guarantors (collectively, the “Non-Guarantors”) of the Senior Notes. Payments on the Senior Notes are only required to be made by Scotts Miracle-Gro and the Guarantors. As a result, no payments are required to be made from the assets of the Non-Guarantors, unless those assets are transferred by dividend or otherwise to Scotts Miracle-Gro or a Guarantor. In the event of a bankruptcy, insolvency, liquidation or reorganization of any of the Non-Guarantors, holders of their indebtedness, including their trade creditors and other obligations, will be entitled to payment of their claims from the assets of the Non-Guarantors before any assets are made available for distribution to Scotts Miracle-Gro or the Guarantors. As a result, the Senior Notes are effectively subordinated to all the liabilities of the Non-Guarantors.

THE SCOTTS MIRACLE-GRO COMPANY
(Dollars in millions, except per share data)

The guarantees may be subject to review under federal bankruptcy laws or relevant state fraudulent conveyance or fraudulent transfer laws. In certain circumstances, the court could void the guarantee, subordinate the amounts owing under the guarantee, or take other actions detrimental to the holders of the Senior Notes.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that a Guarantor did not receive reasonably equivalent value or fair consideration for its guarantee to the extent such Guarantor did not obtain a reasonably equivalent benefit from the issuance of the Senior Notes.

The measure of insolvency varies depending upon the law of the jurisdiction that is being applied. Regardless of the measure being applied, a court could determine that a Guarantor was insolvent on the date the guarantee was issued, so that payments to the holders of the Senior Notes would constitute a preference, fraudulent transfer or conveyances on other grounds. If a guarantee is voided as a fraudulent conveyance or is found to be unenforceable for any other reason, the holders of the Senior Notes will not have a claim against the Guarantor.

Each guarantee contains a provision intended to limit the Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent conveyance. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. Moreover, this provision may not be effective to protect the guarantees from being voided under fraudulent conveyance laws. There is a possibility that the entire guarantee may be set aside, in which case the entire liability may be extinguished.

The following tables present summarized financial information on a combined basis for Scotts Miracle-Gro and the Guarantors. Transactions between Scotts Miracle-Gro and the Guarantors have been eliminated and the summarized financial information does not reflect investments of the Scotts Miracle-Gro and the Guarantors in the Non-Guarantor subsidiaries.

	March 28, 2026	September 30, 2025
Current assets	\$ 1,420.9	\$ 831.9
Non-current assets ^(a)	1,734.7	1,657.4
Current liabilities	1,173.6	640.9
Non-current liabilities	2,367.0	2,297.4

(a) Includes amounts due from Non-Guarantor subsidiaries of \$92.3 and \$11.4, respectively.

	Six Months Ended March 28, 2026	Year Ended September 30, 2025
Net sales	\$ 1,715.7	\$ 3,018.5
Gross margin	677.4	980.0
Net income from continuing operations	216.2	196.3
Net income ^(a)	113.2	180.4

(a) Includes intercompany income from Non-Guarantor subsidiaries of \$2.9 and \$5.9, respectively.

Judicial and Administrative Proceedings

We are party to various pending judicial and administrative proceedings and claims arising in the ordinary course of business relating to, among others, product and general liabilities, workers' compensation, property losses and other liabilities for which we are self-insured or retain a high exposure limit. We have reviewed these pending judicial and administrative proceedings, including the probable outcomes, reasonably anticipated costs and expenses, and the availability and limits of our insurance coverage, and have established what we believe to be appropriate accruals. We believe that our assessment of contingencies is reasonable and related accruals are adequate, both individually and in the aggregate; however, there can be no assurance that final resolution of these matters will not have a material effect on our financial condition, results of operations or cash flows.

REGULATORY MATTERS

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance, or taking actions aimed at ensuring compliance, with such laws and regulations. We are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving these environmental matters, particularly remediation costs at waste disposal sites and future capital expenditures for environmental control equipment, in the opinion of management, the ultimate liability arising from such environmental matters, taking into account established accruals, is not expected to have a material effect on our financial condition, results of operations or cash flows. However, there can be no assurance that the resolution of these matters will not materially affect our future quarterly or annual results of operations, financial condition or cash flows. Additional information on environmental matters affecting us is provided in the 2025 Annual Report, under “ITEM 1. BUSINESS — Regulatory Considerations” and “ITEM 3. LEGAL PROCEEDINGS.”

CRITICAL ACCOUNTING ESTIMATES

Our unaudited condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of financial statements and related disclosures in accordance with GAAP requires management to use judgment and make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. By their nature, these judgments are subject to uncertainty. We base our estimates on historical experience, current trends and other factors that we believe to be relevant under the circumstances at the time the estimate was made. Certain accounting estimates are particularly significant, including those related to revenue recognition and promotional allowances, income taxes and goodwill and indefinite-lived intangible assets.

We believe that our estimates, assumptions, and judgments are reasonable in that they were based on information available when the estimates, assumptions and judgments were made. However, because future events and their effects cannot be determined with certainty, actual results could differ materially from those implied by our assumptions and estimates.

The Audit Committee of the Board of Directors of Scotts Miracle-Gro reviews our critical accounting estimates on an ongoing basis, including those related to revenue recognition and promotional allowances, income taxes and goodwill and indefinite-lived intangible assets. Our critical accounting estimates have not changed materially from those disclosed in the 2025 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management believes that there are no material changes to our quantitative and qualitative disclosures about market risks during the six months ended March 28, 2026 compared to those disclosed in the 2025 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Scotts Miracle-Gro Company (the “Registrant”) maintains “disclosure controls and procedures,” as such term is defined under the Securities Exchange Act of 1934 (the “Exchange Act”) Rule 13a-15(e), that are designed to ensure that information required to be disclosed in the Registrant’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Registrant’s management, including its principal executive officer and its principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

With the participation of the principal executive officer and the principal financial officer of the Registrant, the Registrant’s management has evaluated the effectiveness of the Registrant’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the fiscal quarter covered by this Form 10-Q. Based upon that evaluation, the Registrant’s principal executive officer and principal financial officer have concluded that the Registrant’s disclosure controls and procedures were effective as of March 28, 2026.

Changes in Internal Control Over Financial Reporting

No changes in the Registrant’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the Registrant’s fiscal quarter ended March 28, 2026 that have materially affected, or are reasonably likely to materially affect, the Registrant’s internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the legal proceedings that have been previously disclosed in Part I, Item 3 of the 2025 Annual Report. There have been no material developments to the pending legal proceedings set forth therein.

We are involved in other lawsuits and claims which arise in the normal course of our business relating to advertising claims, securities matters, employment disputes, product complaints and the enforcement and defense of intellectual property rights. In our opinion, these claims individually and in the aggregate are not expected to have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

The Company's risk factors, as of March 28, 2026, have not materially changed from those described in Part I, Item 1A of the 2025 Annual Report.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q, including the exhibits hereto and the information incorporated by reference herein, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, which are subject to risks and uncertainties. Information regarding activities, events and developments that we expect or anticipate will or may occur in the future, including, but not limited to, information relating to our future growth and profitability targets and strategies designed to increase total shareholder value, are forward-looking statements based on management's estimates, assumptions and projections. Forward-looking statements also include, but are not limited to, statements regarding our future economic and financial condition and results of operations, the plans and objectives of management and our assumptions regarding our performance and such plans and objectives, as well as the amount and timing of dividends and repurchases of Common Shares or other uses of cash flows. Forward-looking statements generally can be identified through the use of words such as "guidance," "outlook," "projected," "believe," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "should" and other similar words and variations.

Forward-looking statements in this Form 10-Q are predictions only and actual results could differ materially from management's expectations due to a variety of factors, including those described in "ITEM 1A. RISK FACTORS" in the 2025 Annual Report. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by such risk factors and other cautionary statements that we make from time to time in our other SEC filings and public communications.

You should evaluate forward-looking statements in the context of these risks and uncertainties and are cautioned not to place undue reliance on such statements. These factors may not contain all of the factors that are important to you. We cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements that we make in this Form 10-Q are based on management's current views and assumptions regarding future events and speak only as of their dates. We disclaim any obligation to update developments of these risk factors or to announce publicly any revisions to any of the forward-looking statements that we make, or to make corrections to reflect future events or developments, except as required by law.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The payment of future dividends, if any, on the Common Shares will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors. The Seventh A&R Credit Agreement allows the Company to make unlimited restricted payments (as defined in the Seventh A&R Credit Agreement), including dividend payments on, and repurchases of, Common Shares, as long as the leverage ratio resulting from the making of such restricted payments is 4.00 or less. Otherwise, the Company is limited to restricted payments in an aggregate amount for each fiscal year not to exceed \$225.0 million.

The following table shows the purchases of Common Shares made by or on behalf of Scotts Miracle-Gro or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Exchange Act) of Scotts Miracle-Gro for each of the three fiscal months in the quarter ended March 28, 2026:

Period	Total Number of Common Shares Purchased (1)	Average Price Paid per Common Share (2)	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Approximate Dollar Value of Common Shares That May Yet be Purchased Under the Plans or Programs (3)
December 28, 2025 through January 24, 2026	—	\$ —	—	N/A
January 25, 2026 through February 21, 2026	1,339	\$ 62.70	—	\$ 500,000,000
February 22, 2026 through March 28, 2026	4,342	\$ 66.41	—	\$ 500,000,000
Total	5,681	\$ 65.53	—	

- (1) All of the Common Shares purchased during the second quarter of fiscal 2026 were purchased in open market transactions. The Common Shares purchased during the quarter consisted of 5,681 Common Shares purchased by the trustee of the rabbi trust established by the Company as permitted pursuant to the terms of The Scotts Company LLC Executive Retirement Plan.
- (2) The average price paid per Common Share is calculated on a settlement basis and includes commissions.
- (3) On December 19, 2025, the Company's Board of Directors authorized a share repurchase program, with a commencement date of January 29, 2026 and no expiration date, for the repurchase of up to \$500.0 million of Common Shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

During the second quarter of fiscal 2026, no director or officer (as defined under Rule 16a-1 of the Exchange Act) adopted, modified or terminated any Rule 10b5-1 trading arrangement or non Rule 10b5-1 trading arrangement (in each case, as defined in Item 408).

ITEM 6. EXHIBITS

See Index to Exhibits at page 44 for a list of the exhibits included herewith.

THE SCOTTS MIRACLE-GRO COMPANY
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE QUARTERLY PERIOD ENDED MARCH 28, 2026

INDEX TO EXHIBITS

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.1	The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective January 26, 2026)	8-K	10.1	January 29, 2026	
10.2	Form of Standard Nonqualified Stock Option Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan	8-K	10.2	January 29, 2026	
10.3	Form of Standard Restricted Stock Unit Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan	8-K	10.3	January 29, 2026	
10.4	Form of Performance Unit Award Agreement which may be made under The Scotts Miracle-Gro Long-Term Incentive Plan	8-K	10.4	January 29, 2026	
10.5	Form of Standard Restricted Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan	8-K	10.5	January 29, 2026	
10.6	Form of Deferred Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan	8-K	10.6	January 29, 2026	
21	Subsidiaries of The Scotts Miracle-Gro Company				X
22	Guarantor Subsidiaries				X
31.1	Rule 13a-14(a)/15d-14(a) Certifications (Principal Executive Officer)				X
31.2	Rule 13a-14(a)/15d-14(a) Certifications (Principal Financial Officer)				X
32	Section 1350 Certifications (Principal Executive Officer and Principal Financial Officer)				X
101.SCH	XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	XBRL Taxonomy Extension Label Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE SCOTTS MIRACLE-GRO COMPANY

Date: May 6, 2026

/s/ MARK J. SCHEIWER

Printed Name: Mark J. Scheiwer

Title: Executive Vice President, Chief Financial Officer & Chief
Accounting Officer

DIRECT AND INDIRECT SUBSIDIARIES OF
THE SCOTTS MIRACLE-GRO COMPANY

Directly owned subsidiaries, as of March 28, 2026, are located at the left margin, each subsidiary tier thereunder is indented. Subsidiaries are listed under the names of their respective parent entities. Unless otherwise noted, the subsidiaries are wholly-owned.

NAME	JURISDICTION OF FORMATION
GenSource, Inc.	Ohio
OMS Investments, Inc.	Delaware
Scotts Temecula Operations, LLC	Delaware
Sanford Scientific, Inc.	New York
Scotts Global Services, Inc.	Ohio
Scotts Live Goods Holdings, Inc.	Ohio
Bonnie Plants, LLC ¹	Delaware
Scotts Manufacturing Company	Delaware
Miracle-Gro Lawn Products, Inc.	New York
Scotts Oregon Research Station LLC	Ohio
Scotts Products Co.	Ohio
Scotts Servicios, S.A. de C.V. ²	Mexico
Miracle-Gro Tecnología & Servicios, S de R.L. de C.V. ²	Mexico
Scotts Professional Products Co.	Ohio
Scotts Servicios, S.A. de C.V. ²	Mexico
Miracle-Gro Tecnología & Servicios, S de R.L. de C.V. ²	Mexico
SMG Growing Media LLC	Ohio
AeroGrow International, Inc.	Nevada
Hyponex Corporation	Delaware
Rod McLellan Company	California
The Hawthorne Gardening Company LLC ³	Delaware
Hawthorne Hydroponics LLC ³	Delaware
HGCI LLC ³	Nevada
Hawthorne Gardening II B.V.	Netherlands
Agrolux Canada Limited	Canada
Hawthorne Canada Limited	Canada

¹ Scotts Live Goods Holdings, Inc.'s ownership is 50.0%.

² Scotts Professional Products Co. owns 50% and Scotts Products Co. owns 50.0%.

³ On April 8, 2026, the entity was sold pursuant to a previously disclosed transaction. The entity is no longer a subsidiary of the Company.

SMGM LLC

Scotts-Sierra Investments LLC

Scotts Sierra (China) Co., Ltd.

Scotts Canada Ltd.

Laketon Peat Moss Inc.⁴

Scotts de Mexico SA de CV⁵

SMG Germany GmbH

SMG Gardening (UK) Limited

Swiss Farms Products, Inc.

The Scotts Company LLC

The Scotts Miracle-Gro Foundation⁶

Ohio

Delaware

China

Canada

Canada

Mexico

Germany

United Kingdom

Delaware

Ohio

Ohio

⁴ Scotts Canada Ltd.'s ownership is 50.0%.

⁵ The Scotts Company LLC owns 0.5% and Scotts-Sierra Investments LLC owns the remaining 99.5%.

⁶ The Scotts Miracle-Gro Foundation is a 501(c)(3) corporation.

LIST OF GUARANTOR SUBSIDIARIES

The following subsidiaries of The Scotts Miracle-Gro Company (the "Company") were, as of March 28, 2026, guarantors of the Company's 5.250% Senior Notes due 2026, 4.500% Senior Notes due 2029, 4.000% Senior Notes due 2031 and 4.375% Senior Notes due 2032:

NAME OF GUARANTOR SUBSIDIARY	JURISDICTION OF FORMATION
AeroGrow International, Inc.	Nevada
GenSource, Inc.	Ohio
Hawthorne Hydroponics LLC ¹	Delaware
HGCI LLC ¹	Nevada
Hyponex Corporation	Delaware
Miracle-Gro Lawn Products, Inc.	New York
OMS Investments, Inc.	Delaware
Rod McLellan Company	California
Sanford Scientific, Inc.	New York
Scotts Live Goods Holdings, Inc.	Ohio
Scotts Manufacturing Company	Delaware
Scotts Products Co.	Ohio
Scotts Professional Products Co.	Ohio
Scotts-Sierra Investments LLC	Delaware
Scotts Temecula Operations, LLC	Delaware
SMG Growing Media LLC	Ohio
SMGM LLC	Ohio
Swiss Farms Products, Inc.	Delaware
The Hawthorne Gardening Company LLC ¹	Delaware
The Scotts Company LLC	Ohio

¹ On April 8, 2026, the entity was sold pursuant to a previously disclosed transaction. The entity is no longer a subsidiary of the Company nor a guarantor under the aforementioned senior notes.

Rule 13a-14(a)/15d-14(a) Certifications
(Principal Executive Officer)
CERTIFICATIONS

I, James Hagedorn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the fiscal quarter ended March 28, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

By: /s/ JAMES HAGEDORN

Printed Name: James Hagedorn

Title: Chairman of the Board & Chief Executive Officer

**Rule 13a-14(a)/15d-14(a) Certifications
(Principal Financial Officer)
CERTIFICATIONS**

I, Mark J. Scheiwer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the fiscal quarter ended March 28, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

By: /s/ MARK J. SCHEIWER

Printed Name: Mark J. Scheiwer

Title: Executive Vice President, Chief Financial Officer & Chief Accounting Officer

SECTION 1350 CERTIFICATIONS*

In connection with the Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company (the "Company") for the fiscal quarter ended March 28, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, Chairman of the Board & Chief Executive Officer of the Company, and Mark J. Scheiwer, Executive Vice President, Chief Financial Officer & Chief Accounting Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries.

/s/ JAMES HAGEDORN

Printed Name: James Hagedorn

Title: Chairman of the Board & Chief Executive Officer

May 6, 2026

/s/ MARK J. SCHEIWER

Printed Name: Mark J. Scheiwer

Title: Executive Vice President, Chief Financial Officer & Chief Accounting Officer

May 6, 2026

* THESE CERTIFICATIONS ARE BEING FURNISHED AS REQUIRED BY RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE, AND SHALL NOT BE DEEMED "FILED" FOR PURPOSES OF SECTION 18 OF THE EXCHANGE ACT OR OTHERWISE SUBJECT TO THE LIABILITY OF THAT SECTION. THESE CERTIFICATIONS SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY FILING UNDER THE SECURITIES ACT OF 1933 OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT THAT THE COMPANY SPECIFICALLY INCORPORATES THESE CERTIFICATIONS BY REFERENCE.