

Scotts **Miracle-Gro**

Raymond James

46th Annual Institutional
Investors Conference

March 4, 2025



Safe Harbor Disclosure

Statements contained in this presentation, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, including, but not limited to, information regarding the future economic performance and financial condition of the Company, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties.

Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this presentation is readily available in the Company's publicly filed annual, quarterly and other reports. The Company disclaims any obligation to update developments of these factors or to announce publicly any revision to any of the forward-looking statements contained in this presentation, or to make updates to reflect future events or developments.

This presentation contains certain non-GAAP financial measures. For a reconciliation of GAAP to non-GAAP financial measures, please see the Appendix of this presentation.

Scotts Miracle-Gro We're in the business of growing great things.

<p>World's largest marketer of branded consumer products for Lawn & Garden care</p>	<ul style="list-style-type: none"> • FY24 Net Sales \$3.6B (~85% U.S.) • FY24 Adjusted EBITDA \$510.1M • FY24 Free Cash Flow \$583.5M • Dividend Yield ~4%
<p>Most recognized brands in the L&G industry</p>	
<p>Exclusive marketing agent for the Consumer Roundup business</p>	<ul style="list-style-type: none"> • New Formula launched in FY23: Roundup Dual Action 
<p>FY27 Strategic Focus Areas</p>	<ul style="list-style-type: none"> • Deliver sustainable net sales growth • Be the lowest cost manufacturer of high-performance products • Expand gross margin back to pre-Covid levels • Further strengthen the balance sheet and return to balanced capital allocation

Leading product portfolio supported by unique advertising and promotions



Contact: investor.scotts.com
NYSE: **SMG**

Our Mission

ScottsMiracle-Gro is committed to helping consumers around the world by providing them with innovative solutions to create beautiful and healthy lawns and gardens. We will be responsible stewards of our planet. We will provide a dynamic workplace for our associates to succeed and grow their careers. In return, we will be rewarded with an improved market presence and profitable growth that enhances shareholder value.

Today's speakers



Mark Scheiwer

Interim Chief Financial Officer and
Chief Accounting Officer

“

My passion for growing our company and driving value is rooted in my own lawn and gardening experiences. I'm an avid consumer and can personally attest that Scotts Miracle-Gro has the best brands in the business.

”



Nate Baxter

President and Chief Operating
Officer

“

I started as a consumer of our products and remain so today. I've experienced first-hand their efficacy, quality and value. I know the heritage and history. This further galvanizes my commitment to grow our company and deliver for those who want the very best garden and lawn care solutions.

”

WHY SMG?

A strong long-term opportunity

- Iconic American company and leading brands spanning 150+ years
- Preferred experiential category with >55% of American households enjoying the benefits of gardening
- GDP+ growth potential across Core and Omnichannel
- Meaningful margin expansion expected with volume & cost-outs
- Focused, high return investments in industry-leading innovation
- Disciplined capital allocation with leverage declining on strong free cash flow



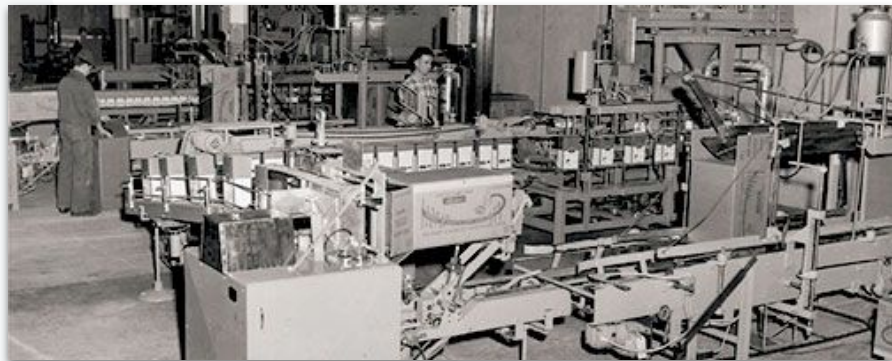


History of ScottsMiracle-Gro

Building North America's leader in lawn and garden

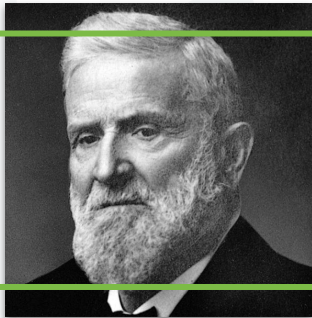
TOTAL COMPANY HISTORY

In 1868, O.M. Scott founded Scotts in Marysville, Ohio, becoming a premier breeder of weed-free seeds for farmers. Scotts was first to enter the consumer Lawns market at the turn of the century



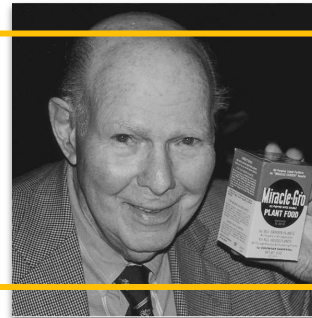
TOTAL COMPANY HISTORY

Over the next 127 years, Scotts built the leading lawn care company and went public in 1992 making it an attractive partner to Stern's Miracle-Gro Products, Inc. for a merger in 1995



“The spirit of amiability is necessary in the formation of a successful business.”

O.M. SCOTT



“Find a need and fill it.”

HORACE HAGEDORN

SMG has built the leading and most recognizable family of brands in consumer Lawn & Garden through both organic growth and strategic investments

Lawns

FERTILIZERS, GRASS
SEED, SPREADERS



Gardens

PLANT FOOD &
LIVE GOODS



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

GROWING MEDIA:
SOILS & MULCH



Controls

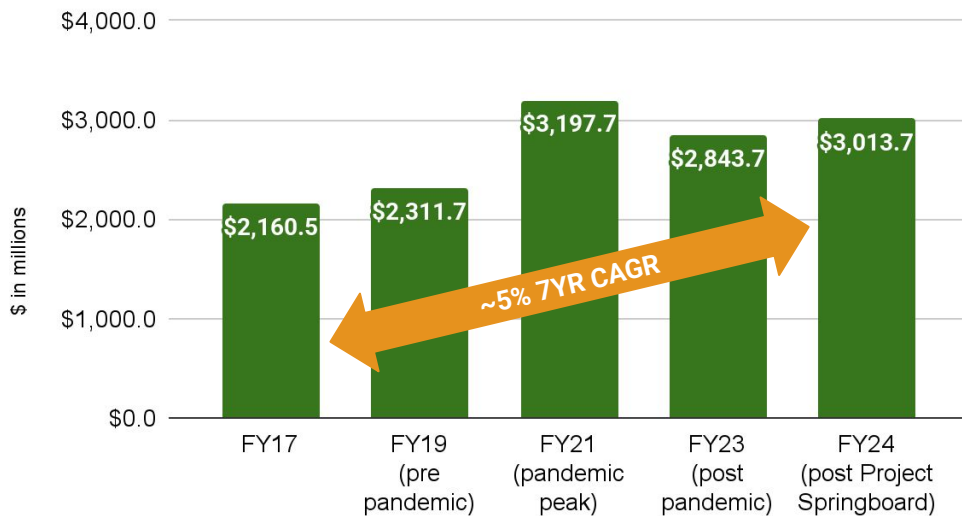
CONTROLS:
WEED, INSECT, RODENT



Commercial partnership

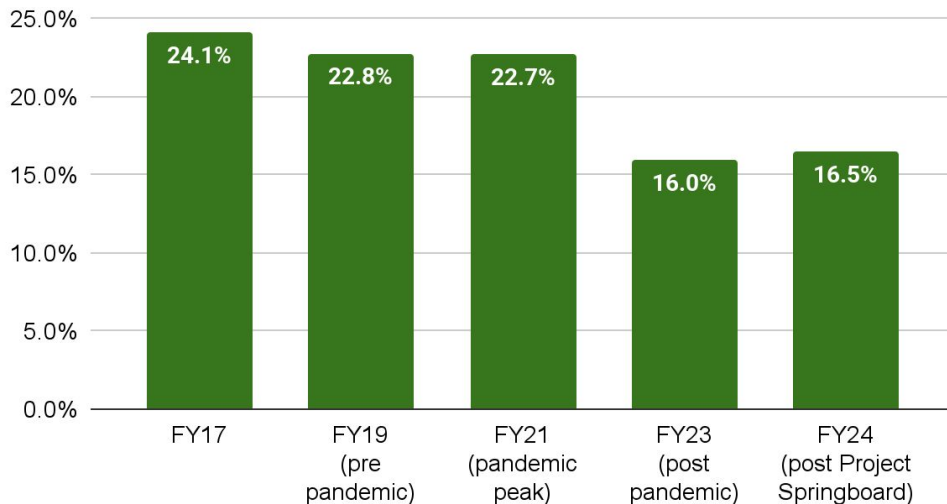
The investments we have made behind our brands has driven topline growth on average of ~5% since FY17 in our U.S. Consumer segment with more expected to come in FY25

U.S. Consumer Net Sales



We will continue to invest behind our superpowers and drive total company adjusted gross margin recovery, both of which are key to improving the U.S. Consumer segment profit margin

U.S. Consumer Segment Profit Margin



TOTAL COMPANY HISTORY: HAWTHORNE

Hawthorne consists of our leading hydroponic input supplies business along with investments in cannabis focused companies

Structure Key

Own & Operate

Investment

 HAWTHORNE™

Branded manufacturer of consumable and durable input supplies for cannabis cultivation and professional horticulture

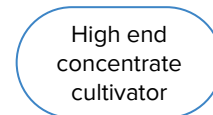
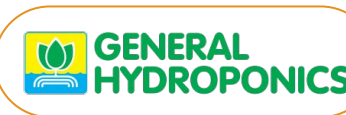
\$294.7M
FY24 Net Sales

-\$14.2M
FY24 Segment Profit

THE
HAWTHORNE
COLLECTIVE

Investment vehicle for cannabis CPG & Retail

~\$40M
Asset Base

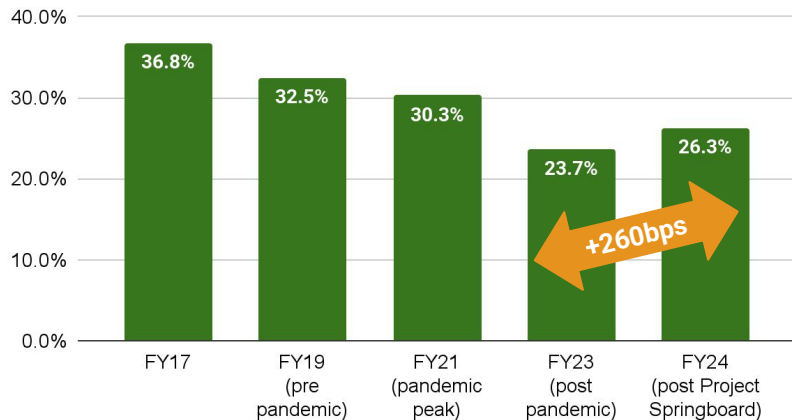


We are actively seeking exit strategies through strategic partners for both operations

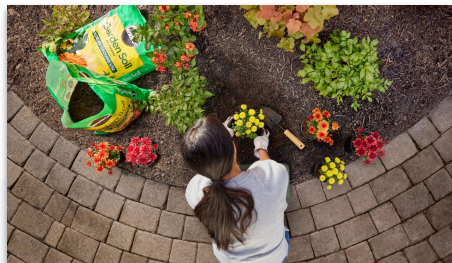
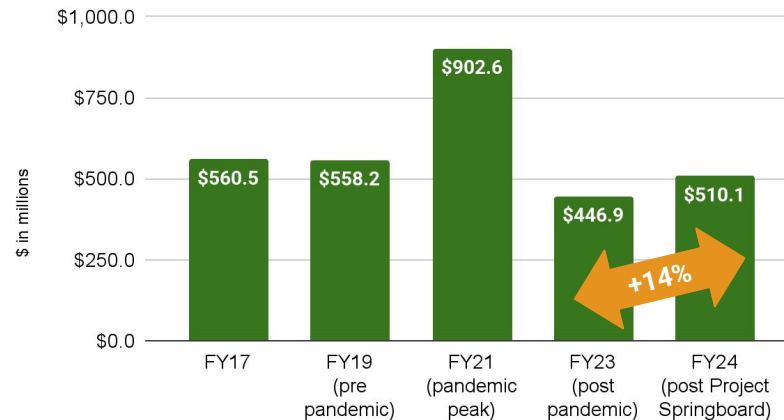
TOTAL COMPANY HISTORY

SMG is committed to returning our total company adjusted gross margins back to pre-pandemic levels and generating continued adjusted EBITDA growth

Total Company Adjusted Gross Margin



Total Company Adjusted EBITDA





Industry Leading Capabilities

Powerful assets that set us apart from the competition

OUR CORE CONVICTIONS. *We Must...*

POSSESS A DEEP UNDERSTANDING OF OUR CONSUMER AND INSTILL A LOVE OF GARDENING IN EVERY GENERATION.

BE STEWARDS OF OUR BRANDS. THEY ARE THE CORE OF OUR BUSINESS.

PROVIDE CONSUMERS WITH INNOVATIVE AND SUSTAINABLE PRODUCTS THAT MAKE GARDENING EASIER, MORE ACCESSIBLE AND MORE ENJOYABLE.

INVEST HEAVILY IN ADVERTISING BECAUSE WE KNOW IT WORKS.

OUT-INNOVATE, OUT-MARKET, OUT-SELL AND OUTPERFORM THE COMPETITION.

BE THE LOWEST COST MANUFACTURER IN OUR INDUSTRY.

DEVELOP CONFIDENT AND DECISIVE LEADERS.

UNDERSTAND THE FACTS OF OUR BUSINESS.

NURTURE EFFECTIVE LONG-TERM PARTNERSHIPS WITH OUR RETAILERS WITH STRONG SERVICE AND PRODUCTS, INCLUDING PRIVATE LABEL.

RECOGNIZE THAT EVERY ASSOCIATE, EVERY JOB, IS IMPORTANT TO OUR SUCCESS.



Our long-time Core competitive advantages continue to support our leading position in Lawn & Garden

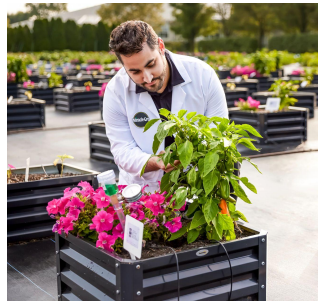
Brands/Marketing

Participate in categories with low private label exposure



Innovation

Key contributor to future sales growth



Supply Chain

~90% of COGS is sourced domestically



Sales

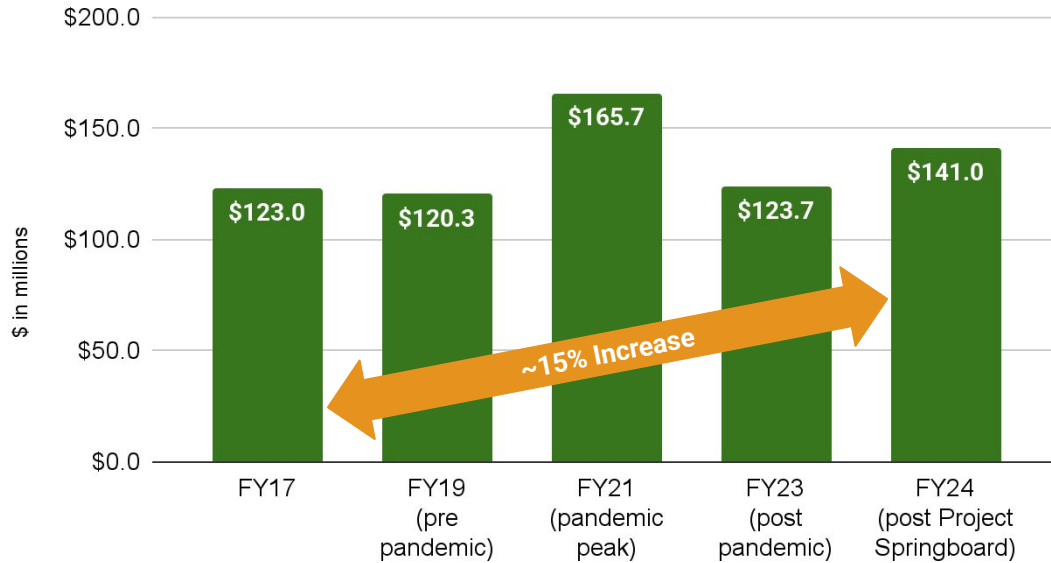
Above average growth through Omni-Channel



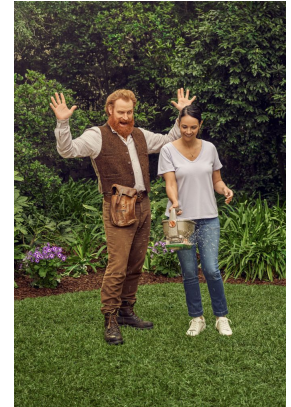
TOTAL COMPANY: MARKETING CAPABILITIES

Consumer marketing and advertising with engaging creative and iconic brand ambassadors like Martha Stewart and “Scott for Scotts” is the jet fuel that propels our growth

Total Company Advertising Expense



Media spend is spread across multiple verticals: linear, social and digital



SMG's research & development and innovation capabilities allow us to nimbly adapt our lawn & garden solutions as consumer preferences evolve over time

Largest R&D in Lawn & Garden

- ~\$35 million of annual spend
- 200+ associates
- Broad technical expertise (PhD/MS/BS)
- Enhanced technical capabilities
- Over 500 US and International patents



Dwight G Scott Research Center – Marysville, OH

SMG's unmatched supply chain provides best-in-class service to retailers and exceptional omnichannel support for consumers



¹Excludes Hawthorne facilities

TOTAL COMPANY: SALES CAPABILITIES

SMG's strong retailer partnerships provide mutual benefits and category growth. In-store sales associates enhance consumer engagement and provide critical support to retailers in peak season

SMG Merchandisers & Counselors in Stores



Tenured Relationships with Retailers



Dynamic U.S. & Canadian Sales Force



Note: this slide is not meant to represent all retailer relationships



Thank You



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Appendix

First Quarter Performance Summary

Total Company Non-GAAP Results vs. Q1 2024

Net Sales	\$416.8 million	+2%
Adjusted Gross Margin Rate	24.0%	+1,030 bps
SG&A	\$124.8 million	+9%
Adjusted Net Loss	\$(51.0) million	vs. \$(82.2)M
Interest Expense	\$33.7 million	-21%
Adjusted Effective Tax Rate	31.4%	+190 bps
Adjusted Diluted EPS	\$(0.89)	vs. \$(1.45)
Adjusted EBITDA	\$3.8 million	vs. \$(25.8)M
Leverage	4.52x	vs. 5.5x maximum



Financial Objectives for Fiscal 2025

Invest Behind Our Brands

- Maintain and build upon the additional listings and share gains achieved in FY24 to drive low single-digit organic sales growth in FY25
- Additional \$40M of SG&A investments in media and innovation to drive long-term brand health across both major business segments
- Introduce new innovation in Miracle-Gro Organics, O.M. Scott & Sons lawn care, and Controls

Drive Margin Recovery

- \$150M of supply chain cost savings over 3 years; approximately half to be achieved in FY25 inclusive of material cost deflation and fixed cost leverage
- High visibility to FY25 input costs with commodity spend ~60% locked as of end of 1Q25
- Non-GAAP adjusted gross margin rate near 30 percent in FY25; targeting mid-30 percents by FY27

Strengthen Balance Sheet

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

Our Fiscal 2025 Guidance

Net Sales	<ul style="list-style-type: none"> • US Consumer: Low single-digit growth (excluding impact of non-repeat sales from FY24 for AeroGarden and other bulk raw material sales) • Hawthorne: Mid single-digit decrease • Total Company: ~Flat
Adjusted Gross Margin Rate	<ul style="list-style-type: none"> • ~30%
SG&A	<ul style="list-style-type: none"> • ~17% of Total Company net sales • Inclusive of \$40+ million additional core media & innovation investment
Other Expense	<ul style="list-style-type: none"> • ~\$10 million increase
Interest Expense	<ul style="list-style-type: none"> • ~\$15 million to \$20 million decrease
Adjusted Effective Tax Rate	<ul style="list-style-type: none"> • 27% to 29%
Adjusted EBITDA	<ul style="list-style-type: none"> • \$570 million to \$590 million • Depreciation, amortization, and share-based compensation adjustments flat to prior year in total
Diluted Share Count Increase	<ul style="list-style-type: none"> • ~2 million shares
Free Cash Flow	<ul style="list-style-type: none"> • ~\$250 million
Capital Expenditures	<ul style="list-style-type: none"> • ~\$100 million



We are transforming our business by investing in our key competitive advantages and evolving into a consumer marketing powerhouse to propel our growth and maintain cost advantages

01

Deliver sustainable net sales growth

- Averaging 3 percent annually
- Focused on our consumer lawn & garden business
- Built on higher-margin products and innovation across all channels

02

Be the lowest-cost manufacturer of high-performance products

- Added flexibility in pricing discussions with retailers
- Provide both differentiated and affordable solutions for consumers

03

Expand gross margin back to pre-Covid levels

- Achieve mid-30s percent gross margin rate
- Deliver best in class EBITDA growth

04

Further strengthen the balance sheet and return to balanced capital allocation

- Strong free cash flow
- Leverage below 3.5x adjusted EBITDA
- Reduce our share count through share buybacks
- Return to programmatic M&A in near adjacencies

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Financial Measures

Use of Non-GAAP Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company uses non-GAAP financial measures. The reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables above. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for or superior to, financial measures reported in accordance with GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of the business as determined in accordance with GAAP. Other companies may calculate similarly titled non-GAAP financial measures differently than the Company, limiting the usefulness of those measures for comparative purposes.

In addition to GAAP measures, management uses these non-GAAP financial measures to evaluate the Company’s performance, engage in financial and operational planning, determine incentive compensation and monitor compliance with the financial covenants contained in the Company’s borrowing agreements because it believes that these non-GAAP financial measures provide additional perspective on and, in some circumstances are more closely correlated to, the performance of the Company’s underlying, ongoing business.

Management believes that these non-GAAP financial measures are useful to investors in their assessment of operating performance and the valuation of the Company. In addition, these non-GAAP financial measures address questions routinely received from analysts and investors and, in order to ensure that all investors have access to the same data, management has determined that it is appropriate to make this data available to all investors. Non-GAAP financial measures exclude the impact of certain items (as further described below) and provide supplemental information regarding operating performance. By disclosing these non-GAAP financial measures, management intends to provide investors with a supplemental comparison of operating results and trends for the periods presented. Management believes these non-GAAP financial measures are also useful to investors as such measures allow investors to evaluate performance using the same metrics that management uses to evaluate past performance and prospects for future performance. Management views free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends and discretionary investment.

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

The reconciliations of non-GAAP disclosure items include the following financial measures that are not calculated in accordance with GAAP:

- Adjusted gross margin: Gross margin excluding impairment, restructuring and other charges / recoveries.
- Adjusted EBITDA: Net income (loss) before interest, taxes, depreciation and amortization as well as certain other items such as the impact of the cumulative effect of changes in accounting, costs associated with debt refinancing and other non-recurring or non-cash items affecting net income (loss). A form of Adjusted EBITDA is used in agreements governing the Company's outstanding indebtedness for debt covenant compliance purposes. Adjusted EBITDA as used in those agreements includes additional adjustments to the Adjusted EBITDA presented in the reconciliations above which may decrease or increase Adjusted EBITDA for purposes of the Company's financial covenants.

Forward Looking Non-GAAP Measures

In this presentation, the Company presents certain forward-looking non-GAAP measures. The Company does not provide outlook on a GAAP basis because changes in the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure, described above, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, due to their unpredictability, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on a GAAP outlook without unreasonable efforts. The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's GAAP results. As a result, the Company does not provide a reconciliation of forward-looking non-GAAP measures to GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Measures

(In millions)

(Unaudited)

	Year Ended September 30,									
	2024		2023		2021		2019		2017	
	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales	Gross margin	Gross margin as a % of sales
As reported (GAAP)	\$ 850.5	23.9%	\$ 657.3	18.5%	\$ 1,469.0	29.8%	\$ 1,019.6	32.3%	\$ 972.6	36.8%
Impairment, restructuring and other	(83.5)		(185.6)		(24.7)		(5.9)		0.0	
Adjusted (Non-GAAP)	\$ 933.9	26.3%	\$ 842.9	23.7%	\$ 1,493.7	30.3%	\$ 1,025.5	32.5%	\$ 972.6	36.8%

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

Reconciliation of Non-GAAP Financial Measures

Calculation of Adjusted EBITDA:

(In millions)

	Year Ended September 30,				
	2024	2023	2021	2019	2017
Net income (loss) (GAAP)	\$ (34.9)	\$ (380.1)	\$ 513.4	\$ 460.2	\$ 218.8
Income tax expense (benefit) from continuing operations	11.3	(73.2)	159.8	144.9	116.6
Income tax expense (benefit) from discontinued operations	0.0	0.0	(8.4)	11.7	11.9
Loss on contingent consideration from discontinued operations	0.0	0.0	12.2	0.0	0.0
Gain on sale / contribution of business	0.0	0.0	0.0	0.0	(31.7)
Interest expense	158.8	178.1	78.9	101.8	76.6
Depreciation	64.9	67.3	62.9	55.9	55.1
Amortization	15.7	25.2	30.9	33.4	25.0
Impairment, restructuring and other charges from continuing operations	146.3	466.0	29.0	13.3	43.5
Impairment, restructuring and other charges (recoveries) from discontinued operations	0.0	0.0	0.0	(35.8)	15.9
Equity in loss of unconsolidated affiliates	68.1	101.1	0.0	0.0	0.0
Other non-operating income, net	0.0	0.0	(12.6)	(260.2)	0.0
Interest income	(0.5)	(6.4)	(4.1)	(8.6)	0.0
Expense on certain leases	0.0	0.0	0.0	3.2	3.6
Share-based compensation expense	80.4	68.9	40.6	38.4	25.2
Adjusted EBITDA (Non-GAAP)	\$ 510.1	\$ 446.9	\$ 902.6	\$ 558.2	\$ 560.5