



Second Quarter ended March 29, 2025 Quarterly Earnings Report

Supplemental Financial Presentation

April 30, 2025

Please view this presentation in conjunction with our Q2 2025 earnings release, which is furnished on Form 8-K, our related pre-recorded remarks and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, available on our website at <https://investor.scotts.com>.



Safe Harbor Disclosure

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

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

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



Today's speakers



Jim Hagedorn

Chairman and
Chief Executive Officer



Mark Scheiwer

Chief Financial Officer and Chief
Accounting Officer

Q&A

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



Jim Hagedorn
Chairman & CEO



Nate Baxter
President & COO



Mark Scheiwer
CFO & CAO



Chris Hagedorn
EVP, Chief of Staff to
Chairman & CEO

Review the press release for registration details.

- To listen to the Q&A, please remain on the [webcast link](#) following our video.
- To ask a question, please pre-register via the [audio link](#) for call-in details and a unique PIN.

Q2 2025 Business Update

PRESENTED BY

Jim Hagedorn

Chairman and Chief Executive Officer

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.



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 & innovation across all channels
- Strategically invest behind our superpowers

02

Be the lowest-cost manufacturer of high-performance products

- Added flexibility in pricing discussions with retailers
- Provide 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
- Deliver an incremental ~\$30M of cost savings
- Manage any exposure to tariffs through alternate sourcing, product reformulations or price increases

04

Further strengthen the balance sheet and return to balanced capital allocation

- Strong free cash flow
- Leverage below 3.5x adjusted EBITDA
- Structured for shareholder friendly activities
- Return to programmatic M&A in near adjacencies

Invest behind our brands to support long term brand health

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

Listings & Share of Shelf



New Innovation

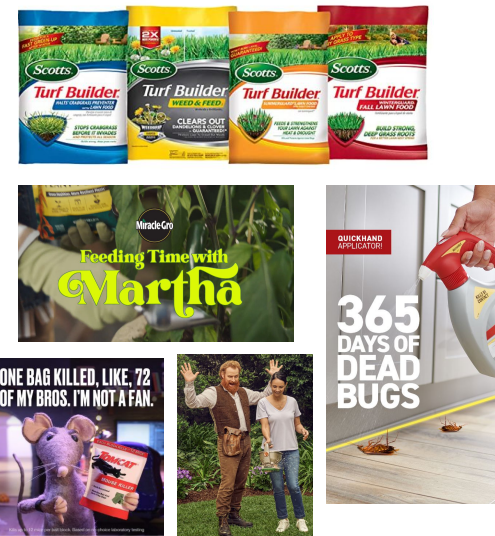


Channel Expansion

Retail.com

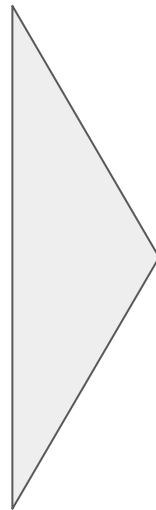


Media & Consumer Education



Shift to educate consumers on the importance of regular feeding

FROM:
Single-Bag Solutions
To treat specific problems



TO:
Scotts Turf Builder Program
To get a thick, healthy lawn



Incremental investments in advertising across multiple channels



+6%

Media
Investment
FY24 to FY25



+5%

Media
Investment
FY24 to FY25



+100%

Media
Investment
FY24 to FY25



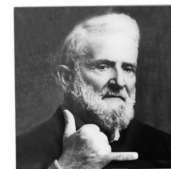
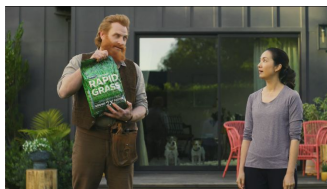
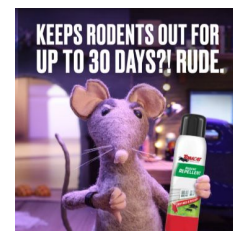
Flat

Media
Investment
FY24 to FY25



+40%

Media
Investment
FY24 to FY25



Q2 2025 Financial Update

PRESENTED BY

Mark Scheiwer

Chief Financial Officer and Chief Accounting Officer

2Q 2025 - 3 Months ended March 29, 2025

Second Quarter Performance Summary

Total Company Non-GAAP Results vs. Q2 2024

Net Sales	\$1.42 billion	-7%
Adjusted Gross Margin Rate	39.1%	+380 bps
SG&A	\$188.3 million	+5%
Adjusted Net Income	\$232.2 million	vs. \$211.9M
Interest Expense	\$36.6 million	-17%
Adjusted Effective Tax Rate	27.2%	-140 bps
Adjusted Diluted EPS	\$3.98	vs. \$3.69
Adjusted EBITDA	\$402.8 million	vs. \$396.3M
Leverage	4.41x	vs. 5.25x maximum



Non-GAAP Measures. Comparisons are to Q2 2024 unless otherwise indicated.

Financial objectives for fiscal 2025 are on track

Invest Behind Our Brands

- Maintain and build upon the additional listings and gains achieved in FY24 to drive low single-digit organic sales growth in FY25
- Additional \$30 million investment into our own consumer advertising, brand support and ecommerce activities to drive long-term brand health
- Introduce new innovation in Miracle-Gro Organic, O.M. Scott & Sons lawn care, and Controls

Drive Margin Recovery

- \$150 million of supply chain cost savings over 3 years; approximately half to be achieved in FY25 inclusive of material cost deflation and fixed cost leverage
- Limited exposure to tariffs; high visibility of FY25 input costs with commodity spend ~80% locked as of end of 2Q25
- Non-GAAP adjusted gross margin rate near 30 percent in FY25; targeting mid-30 percents by FY27

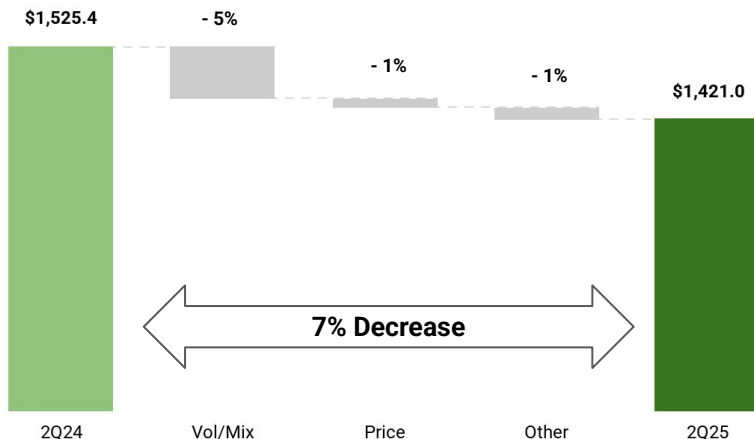
Strengthen Balance Sheet

- \$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

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

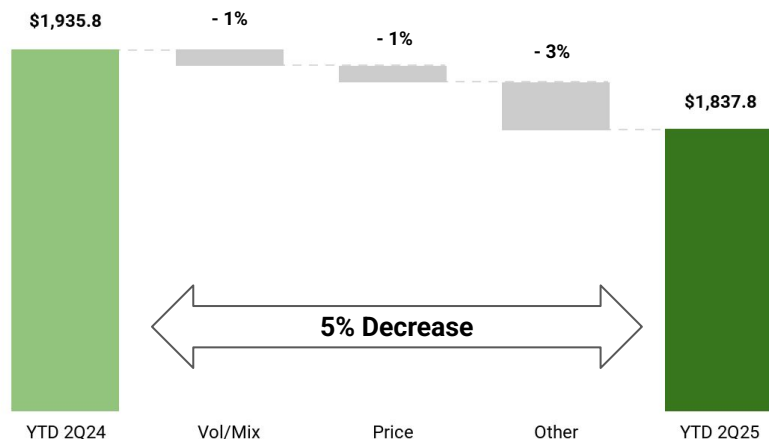
Total Company 2Q25 Net Sales

In millions



Total Company YTD 2Q25 Net Sales

In millions



Quarter Drivers

- **Vol/Mix** - Due to colder weather in the early parts of the season pushing some expected 2Q25 sales into 3Q25 and continued pressure on the hydroponics industry
- **Price** - Reflects the impact of market-wide price increases on targeted U.S. Consumer SKUs offset by investments in consumer activation & other programs to drive volume
- **Other** - Non-repeating FY24 North American sales of AeroGarden products, U.S. Consumer bulk raw materials and Hawthorne's exit of distributed brand sales

Full Year Drivers

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

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

Fiscal Second Quarter (January - March 2025)

Net Sales Drivers ⁽¹⁾	Volume & Mix	Foreign Exchange	Price ⁽²⁾	Other ⁽³⁾	Net Sales
U.S. Consumer	(3)%	—%	(1)%	(1)%	(5)%
Hawthorne	(36)%	—%	(1)%	(14)%	(51)%
Other	2%	(5)%	—%	—%	(3)%
Total SMG	(5)%	—%	(1)%	(1)%	(7)%

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

Net Sales Drivers ⁽¹⁾	Volume & Mix	Foreign Exchange	Price ⁽²⁾	Other ⁽³⁾	Net Sales
U.S. Consumer	—%	—%	(1)%	(1)%	(2)%
Hawthorne	(25)%	—%	(1)%	(16)%	(42)%
Other	3%	(5)%	—%	—%	(2)%
Total SMG	(1)%	—%	(1)%	(3)%	(5)%

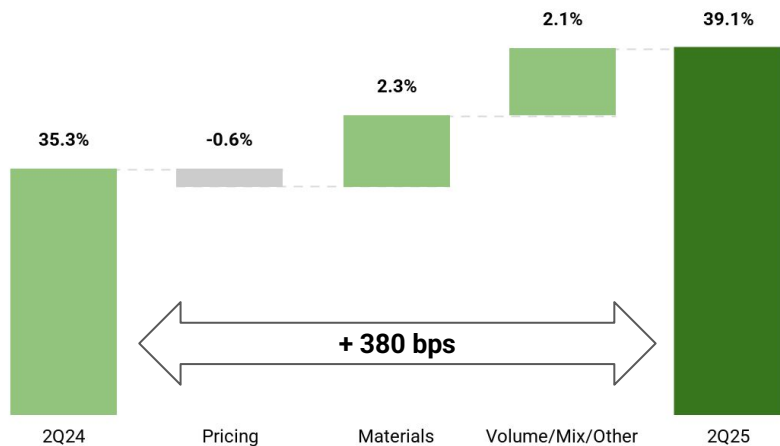
(1) Net Sales percentage changes are approximations based on quantitative formulas that are consistently applied.

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

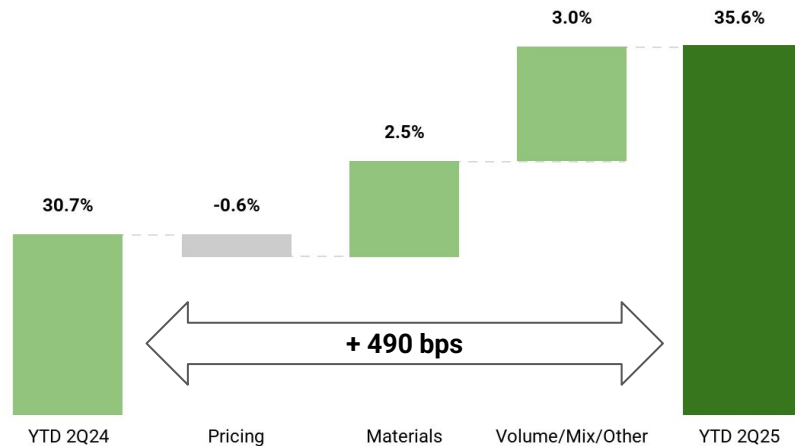
(3) Other represents the impact of rounding and nonrecurring sales from the prior year which mainly include U.S. Consumer's bulk raw material and AeroGarden sales, Hawthorne's third party distributed sales, and Canada's AeroGarden sales.

Drive margin recovery through cost savings and material cost deflation

Total Company 2Q25 Adjusted Gross Margin Rate



Total Company YTD 2Q25 Adjusted Gross Margin Rate



Quarter and Full Year Drivers

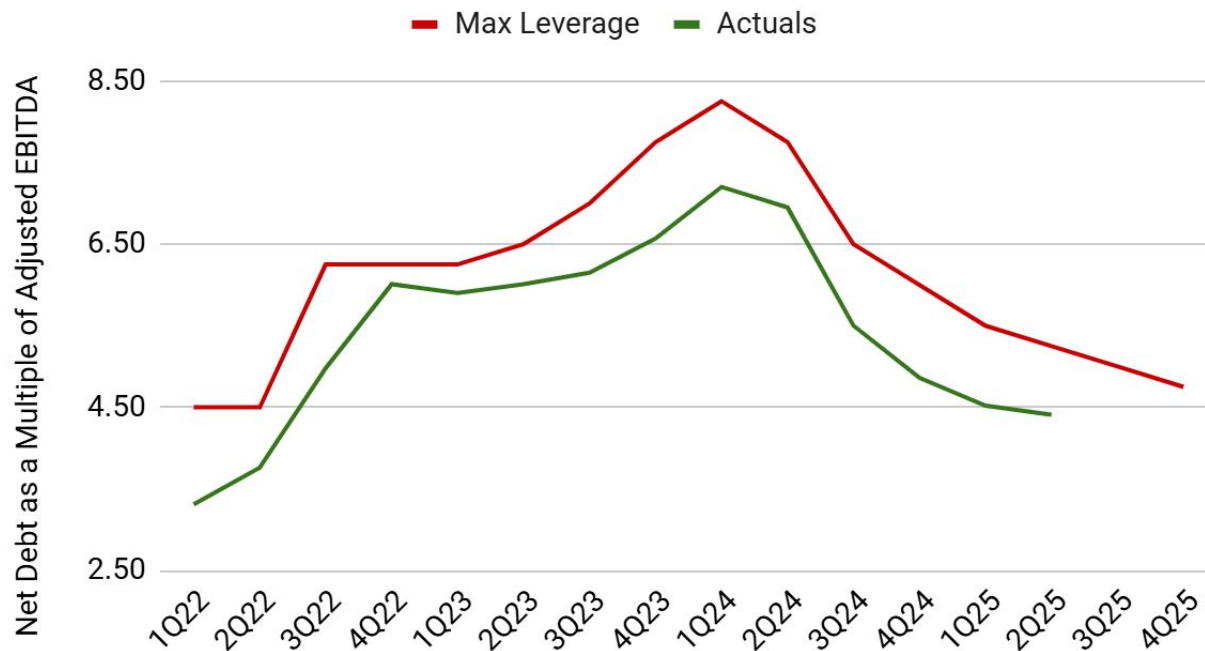
~2/3 of ~\$75M of U.S. Consumer supply chain savings were realized in the first half; ~1/3 is related to material cost deflation most of which was realized in 1H25

Distribution savings related to network optimization efforts in both segments

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

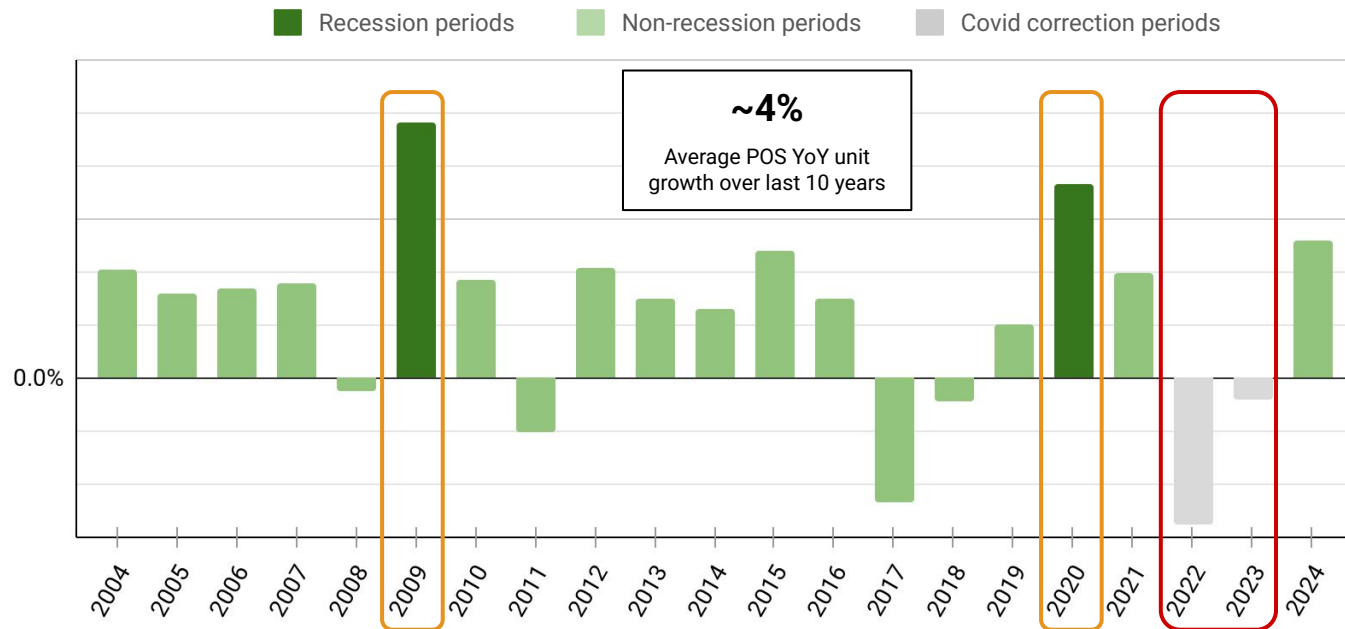
Strengthen Balance Sheet through further leverage improvement

Covenant Compliance - Leverage Ratio



Historical YoY POS Unit growth shows SMG's recession resistance

U.S. Consumer Historical POS Unit YoY Growth

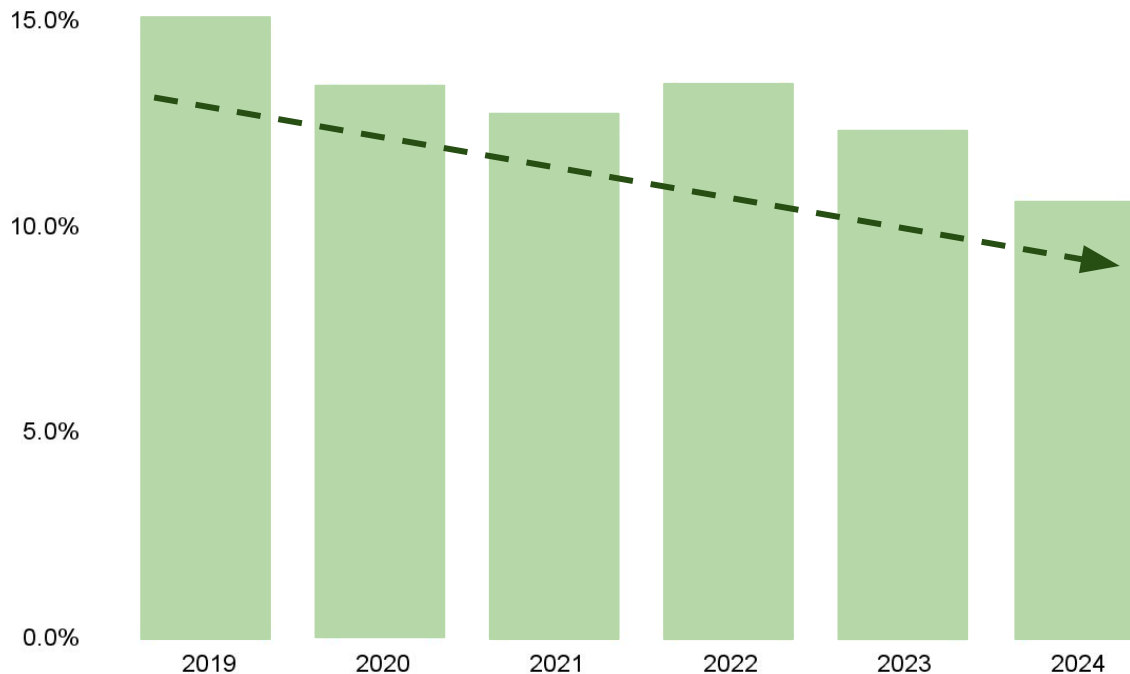


Full Year Expectations

- POS units +12.1% through March; +4.4% excluding mulch
- Trajectory through March continues throughout April
- Our Lawn & Garden business has thrived during recession periods as consumers spend more time at home

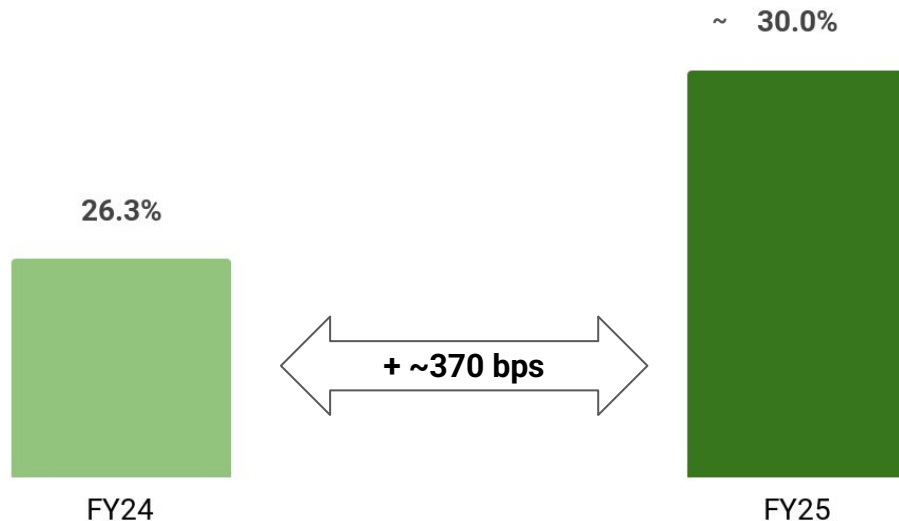
Lawn & Garden industry has low exposure to private label

Private Label Unit Share of Lawn & Garden Industry



Continued improvement in adjusted gross margin

Total Company FY25E Adjusted Gross Margin

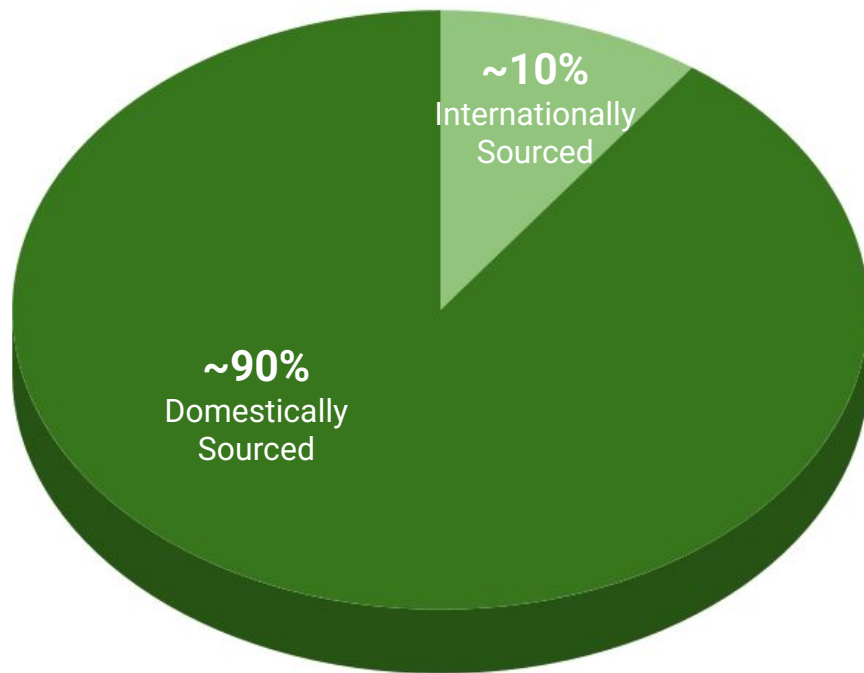


Full Year Expectations

- Improvement of ~370 bps or more vs. FY24
- ~\$75 million of full year U.S. Consumer supply chain savings; ~1/3 is related to material cost deflation, most of which was realized in 1H25
- Distribution savings from Hawthorne's exit from third-party distribution and related warehouse closures in 2H24
- \$29 million of one-time inventory charges in 4Q24 that will not repeat

Limited exposure to tariffs

Percent of Total FY25 COGS Exposed to Tariffs



Full Year Expectations

- Limited exposure in FY25 as ~80% of commodities are locked for the year as of the end of 2Q25
- ~10% of FY25 total COGS is internationally sourced and potentially exposed to tariffs
 - ~1/2 are currently exempt under existing agricultural trade agreements
- ~90% of FY25 total COGS is domestically sourced and not exposed to tariffs
 - This includes key raw materials like urea, grass seed and inputs to our growing media products

Our Fiscal 2025 Guidance

Net Sales	US Consumer: Low single-digit growth (excluding impact of non-repeat sales from FY24 for AeroGarden and other bulk raw material sales)
Adjusted Gross Margin Rate	~30%
SG&A	~17% of Total Company net sales
Other Expense	~\$10 million increase
Interest Expense	~\$15 million to \$20 million decrease
Adjusted Effective Tax Rate	27% to 29%
Adjusted EBITDA	\$570 million to \$590 million - Depreciation, amortization, and share-based compensation adjustments flat to prior year in total
Diluted Share Count Increase	~2 million shares
Free Cash Flow	~\$250 million
Capital Expenditures	~\$100 million



Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Financial Measures

Use of Non-GAAP Measures

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

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

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

Reconciliation of Non-GAAP Financial Measures

Definitions of Non-GAAP Financial Measures

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

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

Forward Looking Non-GAAP Measures

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

Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended March 29, 2025			Three Months Ended March 30, 2024		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)
Gross margin	\$ 547.9	\$ (7.3)	\$ 555.2	\$ 463.7	\$ (74.9)	\$ 538.6
Gross margin as a % of sales	38.6%		39.1%	30.4%		35.3%
Income before income taxes	300.9	(18.0)	319.0	219.8	(77.0)	296.8
Income tax expense	83.4	(3.3)	86.8	62.3	(22.6)	84.9
Effective tax rate	27.7%		27.2%	28.3%		28.6%
Net income	217.5	(14.7)	232.2	157.5	(54.4)	211.9
Diluted net income per common share	3.72	(0.25)	3.98	2.74	(0.95)	3.69

Calculation of Adjusted EBITDA:

	Three Months Ended March 29, 2025	Three Months Ended March 30, 2024
Net income (GAAP)	\$ 217.5	\$ 157.5
Income tax expense	83.4	62.3
Interest expense	36.6	44.1
Depreciation	15.7	16.2
Amortization	3.1	3.9
Impairment, restructuring and other charges	18.0	77.0
Equity in loss of unconsolidated affiliates	5.9	7.0
Interest income	0.0	(0.2)
Share-based compensation expense	22.6	28.5
Adjusted EBITDA (Non-GAAP)	\$ 402.8	\$ 396.3

Note: See accompanying footnotes.

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

Reconciliation of Non-GAAP Financial Measures

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

	Six Months Ended March 29, 2025			Six Months Ended March 30, 2024		
	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)	As Reported (GAAP)	Impairment, Restructuring and Other	Adjusted (Non-GAAP)
Gross margin	\$ 642.7	\$ (12.4)	\$ 655.1	\$ 525.9	\$ (69.1)	\$ 595.0
Gross margin as a % of sales	35.0%		35.6%	27.2%		30.7%

Reconciliation of Non-GAAP Financial Measures

For the three and six months ended March 29, 2025, the following items were adjusted, in accordance with the definitions above, to arrive at the non-GAAP financial measures:

- During the three and six months ended March 29, 2025, the Company incurred employee and executive severance charges of \$3.6 million in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations and \$5.4 million and \$14.9 million, respectively, 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 million and \$7.0 million, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations related to the exchange of its convertible debt investment in RIV Capital Inc. for non-voting exchangeable shares of Fluent Corp. (formerly Cansortium Inc.).
- During fiscal 2022, the Company began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. As part of this restructuring initiative, the Company reduced the size of the supply chain network, reduced staffing levels and implemented other cost-reduction initiatives. During the three and six months ended March 29, 2025, the Company incurred costs of \$3.7 million and \$8.9 million, respectively, in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative.

For the three and six months ended March 30, 2024, the following items were adjusted, in accordance with the definitions above, to arrive at the non-GAAP financial measures:

- During fiscal 2022, the Company began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. During the three and six months ended March 30, 2024, the Company incurred costs of \$74.9 million and \$69.1 million, respectively, in the “Cost of sales—impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations and \$2.0 million and \$4.1 million, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment.
- During the three and six months ended March 30, 2024, the Company recorded a gain of \$0.0 million and \$12.1 million, respectively, in the “Impairment, restructuring and other” line in the Condensed Consolidated Statements of Operations associated with a payment received in resolution of a dispute with the former ownership group of a business that was acquired in fiscal 2022.
- During the three and six months ended March 30, 2024, the Company recorded a pre-tax impairment charge of \$0.0 million and \$10.4 million, respectively, associated with its investment in Bonnie Plants, LLC in the “Equity in loss of unconsolidated affiliates” line in the Condensed Consolidated Statements of Operations.

The tax effect for each of the items listed above is determined using the tax rate and other tax attributes applicable to the item and the jurisdiction(s) in which the item is recorded.