# 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 27, 2021**

**or**

☐ **TRANSITION REPORT PURSUANT OF SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from ______ to ______**

**Commission File Number: 001-33268**

CENTRAL GARDEN & PET

| | |
|---|---|
| **Delaware** | **68-0275553** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**1340 Treat Blvd., Suite 600, Walnut Creek, California 94597**
**(Address of principal executive offices)**
**(925) 948-4000**
**(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 Exchange Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | CENT | The NASDAQ Stock Market LLC |
| Class A Common Stock | CENTA | The NASDAQ Stock Market LLC |

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, 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 | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| | |
|---|---|
| Common Stock Outstanding as of April 30, 2021 | 11,336,358 |
| Class A Common Stock Outstanding as of April 30, 2021 | 42,686,798 |
| Class B Stock Outstanding as of April 30, 2021 | 1,612,374 |

## PART I. FINANCIAL INFORMATION



## PART II. OTHER INFORMATION



### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This Form 10-Q includes "forward-looking statements." Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries in which we operate and other information that is not historical information. When used in this Form 10-Q, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, our future earnings expectations, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith, and we believe there is a reasonable basis for them, but we cannot assure you that our expectations, beliefs and projections will be realized.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Form 10-Q are set forth in the Form 10-K for the fiscal year ended September 26, 2020, including the factors described in the section entitled "Item 1A – Risk Factors." If any of these risks or uncertainties materializes, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in, or imply by, any of our forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances, except as required by law. Presently known risk factors include, but are not limited to, the following factors:

- our ability to successfully manage the impact of COVID-19 on our business, including but not limited to, the impact on our workforce, operations, fill rates, supply chain, demand for our products and services, and our financial results and condition;
- risks associated with our acquisition strategy, including our ability to successfully integrate our recently announced acquisitions and the impact of purchase accounting on our financial results;

- inflation and other adverse macro-economic conditions and our ability to pass on cost increases;
- the potential for future reductions in demand for product categories, which benefited from the COVID-19 pandemic;
- the success of our new Central to Home strategy;
- seasonality and fluctuations in our operating results and cash flow;
- fluctuations in market prices for seeds and grains and other raw materials;
- our inability to pass through cost increases in a timely manner;
- supply shortages in pet birds, small animals and fish;
- adverse weather conditions;
- dependence on a small number of customers for a significant portion of our business;
- impacts of tariffs or a trade war;
- consolidation trends in the retail industry;
- declines in consumer spending during economic downturns;
- risks associated with new product introductions, including the risk that our new products will not produce sufficient sales to recoup our investment;
- competition in our industries;
- continuing implementation of an enterprise resource planning information technology system;
- potential environmental liabilities;
- risk associated with international sourcing;
- access to and cost of additional capital;
- potential goodwill or intangible asset impairment;
- our dependence upon our key executives;
- our inability to protect our trademarks and other proprietary rights;
- fluctuations in energy prices, fuel and related petrochemical costs;
- litigation and product liability claims;
- regulatory issues;
- the impact of product recalls;
- potential costs and risks associated with actual or potential cyber attacks;
- potential dilution from issuance of authorized shares;
- the voting power associated with our Class B stock; and
- the impact of new accounting regulations and the possibility our effective tax rate will increase as a result of future changes in the corporate tax rate or other tax law changes.

# PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

### CENTRAL GARDEN & PET COMPANY
### CONDENSED CONSOLIDATED BALANCE SHEETS
### (in thousands, except share and per share amounts, unaudited)

| | March 27, 2021 | March 28, 2020 | September 26, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 39,869 | $ 331,555 | $ 652,712 |
| Restricted cash | 12,612 | 13,021 | 13,685 |
| Accounts receivable (less allowances of $29,784, $22,103 and $27,661) | 636,466 | 460,985 | 391,773 |
| Inventories, net | 672,901 | 517,207 | 439,615 |
| Prepaid expenses and other | 45,339 | 36,160 | 27,498 |
| Total current assets | 1,407,187 | 1,358,928 | 1,525,283 |
| Plant, property and equipment, net | 295,769 | 241,878 | 244,667 |
| Goodwill | 289,955 | 289,854 | 289,955 |
| Other intangible assets, net | 128,229 | 141,686 | 134,924 |
| Operating lease right-of-use assets | 135,552 | 99,098 | 115,882 |
| Other assets | 590,410 | 35,963 | 28,653 |
| Total | $ 2,847,102 | $ 2,167,407 | $ 2,339,364 |
| **LIABILITIES AND EQUITY** | | | |
| Current liabilities: | | | |
| Accounts payable | $ 278,969 | $ 186,871 | $ 205,234 |
| Accrued expenses | 217,117 | 137,723 | 201,436 |
| Current lease liabilities | 40,586 | 32,403 | 33,495 |
| Current portion of long-term debt | 91 | 103 | 97 |
| Total current liabilities | 536,763 | 357,100 | 440,262 |
| Long-term debt | 978,887 | 693,622 | 693,956 |
| Long-term lease liabilities | 99,840 | 70,760 | 86,516 |
| Deferred income taxes and other long-term obligations | 70,033 | 52,483 | 40,956 |
| Equity: | | | |
| Common stock, $0.01 par value: 11,336,358, 11,329,110 and 11,336,358 shares outstanding at March 27, 2021, March 28, 2020 and September 26, 2020 | 113 | 113 | 113 |
| Class A common stock, $0.01 par value: 42,643,315, 41,802,735 and 41,856,626 shares outstanding at March 27, 2021, March 28, 2020 and September 26, 2020 | 427 | 418 | 419 |
| Class B stock, $0.01 par value: 1,612,374, 1,647,922 and 1,612,374 shares outstanding at March 27, 2021, March 28, 2020 and September 26, 2020 | 16 | 16 | 16 |
| Additional paid-in capital | 572,815 | 562,625 | 566,883 |
| Retained earnings | 589,348 | 431,486 | 510,781 |
| Accumulated other comprehensive loss | (2,153) | (1,645) | (1,409) |
| Total Central Garden & Pet Company shareholders’ equity | 1,160,566 | 993,013 | 1,076,803 |
| Noncontrolling interest | 1,013 | 429 | 871 |
| Total equity | 1,161,579 | 993,442 | 1,077,674 |
| Total | $ 2,847,102 | $ 2,167,407 | $ 2,339,364 |

See notes to condensed consolidated financial statements.

**CENTRAL GARDEN & PET COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands, except per share amounts, unaudited)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | March 27, 2021 | March 28, 2020 | March 27, 2021 | March 28, 2020 |
| Net sales | $ 935,252 | $ 703,229 | $ 1,527,482 | $ 1,186,057 |
| Cost of goods sold | 662,851 | 496,112 | 1,089,662 | 847,674 |
| Gross profit | 272,401 | 207,117 | 437,820 | 338,383 |
| Selling, general and administrative expenses | 167,791 | 141,012 | 306,170 | 270,213 |
| Operating income | 104,610 | 66,105 | 131,650 | 68,170 |
| Interest expense | (10,222) | (10,753) | (31,197) | (21,394) |
| Interest income | 71 | 1,417 | 277 | 3,421 |
| Other income (expense) | 704 | (979) | 1,456 | (674) |
| Income before income taxes and noncontrolling interest | 95,163 | 55,790 | 102,186 | 49,523 |
| Income tax expense | 21,564 | 12,648 | 22,945 | 10,920 |
| Income including noncontrolling interest | 73,599 | 43,142 | 79,241 | 38,603 |
| Net income attributable to noncontrolling interest | 645 | 438 | 674 | 316 |
| Net income attributable to Central Garden & Pet Company | $ 72,954 | $ 42,704 | $ 78,567 | $ 38,287 |
| Net income per share attributable to Central Garden & Pet Company: | | | | |
| Basic | $ 1.35 | $ 0.79 | $ 1.46 | $ 0.70 |
| Diluted | $ 1.32 | $ 0.78 | $ 1.43 | $ 0.69 |
| Weighted average shares used in the computation of net income per share: | | | | |
| Basic | 53,851 | 54,281 | 53,805 | 54,517 |
| Diluted | 55,156 | 54,952 | 54,930 | 55,220 |

See notes to condensed consolidated financial statements.

**CENTRAL GARDEN & PET COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(in thousands, unaudited)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | March 27, 2021 | March 28, 2020 | March 27, 2021 | March 28, 2020 |
| Income including noncontrolling interest | $ 73,599 | $ 43,142 | $ 79,241 | $ 38,603 |
| Other comprehensive loss: | | | | |
| Foreign currency translation | (1,121) | (405) | (744) | 32 |
| Total comprehensive income | 72,478 | 42,737 | 78,497 | 38,635 |
| Comprehensive income attributable to noncontrolling interest | 645 | 438 | 674 | 316 |
| Comprehensive income attributable to Central Garden & Pet Company | $ 71,833 | $ 42,299 | $ 77,823 | $ 38,319 |

See notes to condensed consolidated financial statements.

**CENTRAL GARDEN & PET COMPANY**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(in thousands, unaudited)**

| | Six Months Ended | |
|---|---|---|
| | March 27, 2021 | March 28, 2020 |
| Cash flows from operating activities: | | |
| Net income | $ 79,241 | $ 38,603 |
| Adjustments to reconcile net income to net cash used by operating activities: | | |
| Depreciation and amortization | 31,769 | 26,316 |
| Amortization of deferred financing costs | 952 | 921 |
| Non-cash lease expense | 19,120 | 17,194 |
| Stock-based compensation | 10,394 | 8,423 |
| Debt extinguishment costs | 8,577 | — |
| Loss on sale of business | 2,611 | — |
| Deferred income taxes | 4,196 | 4,966 |
| Gain on sale of property and equipment | (662) | (9) |
| Other | 221 | 1,331 |
| Change in assets and liabilities (excluding businesses acquired): | | |
| Accounts receivable | (191,332) | (160,799) |
| Inventories | (131,887) | (50,471) |
| Prepaid expenses and other assets | 8,585 | (6,051) |
| Accounts payable | 62,393 | 37,857 |
| Accrued expenses | (6,119) | 6,803 |
| Other long-term obligations | 371 | 23 |
| Operating lease liabilities | (18,606) | (17,765) |
| Net cash used by operating activities | (120,176) | (92,658) |
| Cash flows from investing activities: | | |
| Additions to plant, property and equipment | (33,647) | (19,487) |
| Payments to acquire companies, net of cash acquired | (733,692) | — |
| Proceeds from the sale of business | 2,400 | — |
| Investments | — | (4,439) |
| Other investing activities | (473) | (437) |
| Net cash used in investing activities | (765,412) | (24,363) |
| Cash flows from financing activities: | | |
| Repayments of long-term debt | (400,048) | (59) |
| Proceeds from issuance of long-term debt | 500,000 | — |
| Borrowings under revolving line of credit | 830,000 | — |
| Repayments under revolving line of credit | (640,000) | — |
| Premium paid on extinguishment of debt | (6,124) | — |
| Repurchase of common stock, including shares surrendered for tax withholding | (4,454) | (48,026) |
| Payment of contingent consideration liability | (157) | (90) |
| Distribution to noncontrolling interest | (532) | (57) |
| Payment of financing costs | (8,235) | (959) |
| Net cash provided (used) by financing activities | 270,450 | (49,191) |
| Effect of exchange rate changes on cash and cash equivalents | 1,222 | 87 |
| Net decrease in cash, cash equivalents and restricted cash | (613,916) | (166,125) |
| Cash, cash equivalents and restricted cash at beginning of period | 666,397 | 510,701 |
| Cash, cash equivalents and restricted cash at end of period | $ 52,481 | $ 344,576 |
| Supplemental information: | | |
| Cash paid for interest | $ 21,857 | $ 21,464 |
| Cash paid for taxes | $ 37,837 | $ 2,094 |
| Operating lease right of use assets | $ 38,667 | $ 4,986 |

See notes to condensed consolidated financial statements.

## 1. Basis of Presentation

The condensed consolidated balance sheets of Central Garden & Pet Company and subsidiaries (the “Company” or “Central”) as of March 27, 2021 and March 28, 2020, the condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income (loss) for the three and six months ended March 27, 2021 and March 28, 2020 and the condensed consolidated statements of cash flows for the six months ended March 27, 2021 and March 28, 2020 have been prepared by the Company, without audit. In the opinion of management, the interim financial statements include all normal recurring adjustments necessary for a fair statement of the results for the interim periods presented.

For the Company’s foreign businesses in the United Kingdom and Canada, the local currency is the functional currency. Assets and liabilities are translated using the exchange rate in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Deferred taxes are not provided on translation gains and losses because the Company expects earnings of its foreign subsidiary to be permanently reinvested. Transaction gains and losses are included in results of operations.

Due to the seasonal nature of the Company’s garden business, the results of operations for the three and six months ended March 27, 2021 are not indicative of the operating results that may be expected for the entire fiscal year. These interim financial statements should be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company’s 2020 Annual Report on Form 10-K, which has previously been filed with the Securities and Exchange Commission. The September 26, 2020 balance sheet presented herein was derived from the audited financial statements.

***Change in Segment Components***

During the first quarter of fiscal year 2021, the Company began reporting the results of its outdoor cushion operations in the Pet segment as a result of a change in internal management reporting lines due to potential synergies in sourcing, manufacturing and innovation and to be consistent with the reporting of financial information used to assess performance and allocate resources. These operations were previously reported in the Garden segment and are now managed and reported in the Pet segment. All prior period segment disclosures have been recast to reflect this segment change.

***Noncontrolling Interest***

Noncontrolling interest in the Company’s condensed consolidated financial statements represents the 20% interest not owned by Central in a consolidated subsidiary. Since the Company controls this subsidiary, its financial statements are consolidated with those of the Company, and the noncontrolling owner’s 20% share of the subsidiary’s net assets and results of operations is deducted and reported as noncontrolling interest on the consolidated balance sheets and as net income (loss) attributable to noncontrolling interest in the consolidated statements of operations. See Note 9, Supplemental Equity Information, for additional information.

***Cash, Cash Equivalents and Restricted Cash***

The Company considers cash and all highly liquid investments with an original maturity of three months or less at date of purchase to be cash and cash equivalents. Restricted cash includes cash and highly liquid instruments that are used as collateral for stand-alone letter of credit agreements related to normal business transactions. These agreements require the Company to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder, which will affect the amount of cash the Company has available for other uses. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets to the condensed consolidated statements of cash flows as of March 27, 2021, March 28, 2020 and September 26, 2020, respectively.

| | March 27, 2021 | March 28, 2020 | September 26, 2020 |
|---|---|---|---|
| | | (in thousands) | |
| Cash and cash equivalents | $ 39,869 | $ 331,555 | $ 652,712 |
| Restricted cash | 12,612 | 13,021 | 13,685 |
| Total cash, cash equivalents and restricted cash | $ 52,481 | $ 344,576 | $ 666,397 |

***Allowance for Credit Losses and Customer Allowances***

The Company’s trade accounts receivable are recorded at net realizable value, which includes an allowance for estimated credit losses, as well as allowances for contractual customer deductions accounted for as variable consideration. Under the guidance found in ASC Topic 326, the “expected credit loss” model replaces the previous incurred loss model and requires consideration of a broader range of information to estimate expected credit losses over the lives of the Company’s trade accounts receivable. The Company’s prior methodology for estimating credit losses on its trade accounts receivable did not differ significantly from the new requirements of Topic 326.

The Company maintains an allowance for credit losses related to its trade accounts receivable for future expected credit losses for the inability of its customers to make required payments. The Company estimates the allowance based upon historical bad debts, current customer receivable balances and the customer’s financial condition. The allowance is adjusted to reflect changes in current and forecasted macroeconomic conditions. The Company’s estimate of credit losses includes expected current and future economic and market conditions surrounding the COVID-19 pandemic, which did not significantly impact its allowance.

***Revenue Recognition***

*Revenue Recognition and Nature of Products and Services*

The Company manufactures, markets and distributes a wide variety of branded, private label and third-party pet and garden products to wholesalers, distributors and retailers, primarily in the United States. The majority of the Company’s revenue is generated from the sale of finished pet and garden products. The Company also recognizes a minor amount of non-product revenue (less than 1% of consolidated net sales) from third-party logistics services, merchandising services and royalty income from sales-based licensing arrangements. Product and non-product revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied. The Company recognizes product revenue when control over the finished goods transfers to its customers, which generally occurs upon shipment to, or receipt at, customers’ locations, as determined by the specific terms of the contract. These revenue arrangements generally have single performance obligations. Non-product revenue is recognized as the services are provided to the customer in the case of third-party logistics services and merchandising services, or as third-party licensee sales occur for royalty income. Revenue, which includes shipping and handling charges billed to the customer, is reported net of variable consideration and consideration payable to our customers, including applicable discounts, returns, allowances, trade promotion, unsaleable product, consumer coupon redemption and rebates. Shipping and handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs.

Key sales terms are established on a frequent basis such that most customer arrangements and related incentives have a one year or shorter duration. As such, the Company does not capitalize contract inception costs. Product fulfillment costs are capitalized as a part of inventoriable costs in accordance with our inventory policies. The Company generally does not have unbilled receivables at the end of a period. Deferred revenues are not material and primarily include advance payments for services that have yet to be rendered. The Company does not receive noncash consideration for the sale of goods. Amounts billed and due from our customers are classified as receivables and require payment on a short-term basis; therefore, the Company does not have any significant financing components.

*Sales Incentives and Other Promotional Programs*

The Company routinely offers sales incentives and discounts through various regional and national programs to our customers and consumers. These programs include product discounts or allowances, product rebates, product returns, one-time or ongoing trade-promotion programs with customers and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. The costs associated with these activities are accounted for as reductions to the transaction price of the Company’s products and are, therefore, recorded as reductions to gross sales at the time of sale. The Company bases its estimates of incentive costs on historical trend experience with similar programs, actual incentive terms per customer contractual obligations and expected levels of performance of trade promotions, utilizing customer and sales organization inputs. The Company maintains liabilities at the end of each period for the estimated incentive costs incurred but unpaid for these programs. Differences between estimated and actual incentive costs are generally not material and are recognized in earnings in the period such differences are determined. Reserves for product returns, accrued rebates and promotional accruals are included in the condensed consolidated balance sheets as part of accrued expenses, and the value of inventory associated with reserves for sales returns is included within prepaid expenses and other current assets on the condensed consolidated balance sheets.

***Leases***

The Company determines whether an arrangement contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration and other facts and circumstances. Long-term operating lease right-of-use ("ROU") assets and current and long-term operating lease liabilities are presented separately in the condensed consolidated balance sheets. Finance lease ROU assets are presented in property, plant and equipment, net, and the related finance liabilities are presented with current and long-term debt in the condensed consolidated balance sheets.

Lease ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and excludes any lease incentives received from the lessor. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. As the Company's leases typically do not contain a readily determinable implicit rate, the Company determines the present value of the lease liability using its incremental borrowing rate at the lease commencement date based on the lease term on a collateralized basis. Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable. Non-lease components and the lease components to which they relate are accounted for as a single lease component, as the Company has elected to combine lease and non-lease components for all classes of underlying assets.

Amortization of ROU lease assets is calculated on a straight-line basis over the lease term with the expense recorded in cost of sales or selling, general and administrative expenses, depending on the nature of the leased item. Interest expense is recorded over the lease term and is recorded in interest expense (based on a front-loaded interest expense pattern) for finance leases and is recorded in cost of sales or selling, general and administrative expenses (on a straight-line basis) for operating leases. All operating lease cash payments and interest on finance leases are recorded within cash flows from operating activities and all finance lease principal payments are recorded within cash flows from financing activities in the condensed consolidated statements of cash flows.

***Recent Accounting Pronouncements***

*Accounting Pronouncements Recently Adopted*

*Credit Losses*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* , which changes the impairment model for most financial assets to require measurement and recognition of expected credit losses for financial assets measured at amortized cost, including trade receivables. The model replaces the probable, incurred loss model for those assets and broadens the information an entity must consider when developing its expected credit loss estimate for assets measured at amortized cost. The Company adopted the standard as of September 27, 2020, and the adoption did not have a material impact on the Company's condensed consolidated financial statements and related disclosures. Additionally, there have been no significant changes to the Company's accounting policies as disclosed in the Company's fiscal 2020 Form 10-K as a result of the adoption of this new accounting guidance.

*Goodwill and Intangible Assets*

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted this standard as of September 27, 2020 on a prospective basis, and the adoption of this standard did not have a material impact on its condensed consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment.* The new guidance simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The Company adopted this guidance as of September 27, 2020 on a prospective basis. Based on the Company's most recent annual goodwill impairment test performed as of July 1, 2020, there were no reporting units for which the carrying amount of the reporting unit exceeded its fair value; therefore, the adoption of this ASU did not have an impact on the Company's condensed consolidated financial statements and related disclosures.

*Fair Value Disclosures*

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement.* This ASU modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. The Company adopted this standard as of September 27, 2020, and the adoption did not have a material impact on its condensed consolidated financial statements and related disclosures.

*Accounting Standards Not Yet Adopted*

*Accounting for Income Taxes*

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*, *Simplifying the Accounting for Income Taxes*, which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating taxes during the quarters and the recognition of deferred tax liabilities for outside basis differences. This guidance also simplifies aspects of the accounting for franchise taxes, enacts changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for the Company in its first quarter of fiscal 2022 and would require the Company to recognize a cumulative effect adjustment to the opening balance of retained earnings, if applicable. The Company is currently evaluating the impact that ASU 2019-12 may have on its condensed consolidated financial statements.

## 2. Fair Value Measurements

ASC 820 establishes a single authoritative definition of fair value, a framework for measuring fair value and expands disclosure of fair value measurements. ASC 820 requires financial assets and liabilities to be categorized based on the inputs used to calculate their fair values as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability, which reflect the Company’s own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Company’s financial instruments include cash and equivalents, short term investments consisting of bank certificates of deposit, accounts receivable and payable, derivative instruments, short-term borrowings, and accrued liabilities. The carrying amount of these instruments approximates fair value because of their short-term nature.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The following table presents the Company’s financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of March 27, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (in thousands) | | |
| Liabilities: | | | | |
| Liability for contingent consideration (a) | $ — | $ — | $ 1,180 | $ 1,180 |
| Total liabilities | $ — | $ — | $ 1,180 | $ 1,180 |

The following table presents the Company’s financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of March 28, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | (in thousands) | | |
| Liabilities: | | | | |
| Liability for contingent consideration (a) | $ — | $ — | $ 1,310 | $ 1,310 |
| Total liabilities | $ — | $ — | $ 1,310 | $ 1,310 |

The following table presents our financial assets and liabilities at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of September 26, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | (in thousands) | | | |
| Liabilities: | | | | |
| Liability for contingent consideration (a) | $ — | $ — | $ 1,369 | $ 1,369 |
| Total liabilities | $ — | $ — | $ 1,369 | $ 1,369 |

(a) The fair values of the Company's contingent consideration liabilities from previous business acquisitions are considered "Level 3" measurements because the Company uses various estimates in the valuation models to project timing and amount of future contingent payments. The liability for contingent consideration relates to an earn-out for B2E, acquired in December 2012, future performance-based contingent payments for Hydro-Organics Wholesale, Inc., acquired in October 2015 and future performance-based contingent payments for Segrest, Inc., acquired in October 2016. In December 2019, performance-based criteria associated with the $6 million contingent consideration liability related to Segrest, Inc. were met and accordingly, the entire amount was released out of an independent escrow account to the former owners as of December 28, 2019. The performance period related to B2E ended on December 31, 2020. The performance period related to Hydro-Organics Wholesale extends through fiscal year 2025. The fair value of the estimated contingent consideration arrangement is determined based on the Company's evaluation as to the probability and amount of any earn-out that will be achieved based on expected future performance by the acquired entity. This is presented as part of long-term liabilities in the Company's consolidated balance sheets.

The following table provides a summary of the changes in fair value of the Company's Level 3 financial instruments for the periods ended March 27, 2021 and March 28, 2020:

| | Amount |
|---|---|
| | (in thousands) |
| **Balance September 26, 2020** | $ 1,369 |
| Estimated contingent performance-based consideration established at the time of acquisition | — |
| Changes in the fair value of contingent performance-based payments established at the time of acquisition | (32) |
| Performance-based payments | (157) |
| **Balance March 27, 2021** | $ 1,180 |

| | Amount |
|---|---|
| | (in thousands) |
| **Balance September 28, 2019** | $ 7,369 |
| Estimated contingent performance-based consideration established at the time of acquisition | — |
| Changes in the fair value of contingent performance-based payments established at the time of acquisition | 31 |
| Performance-based payments | (6,090) |
| **Balance March 28, 2020** | $ 1,310 |

***Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis***

The Company measures certain non-financial assets and liabilities, including long-lived assets, goodwill and intangible assets, at fair value on a non-recurring basis. Fair value measurements of non-financial assets and non-financial liabilities are used primarily in the impairment analyses of long-lived assets, goodwill and other intangible assets. During the periods ended March 27, 2021 and March 28, 2020, the Company was not required to measure any significant non-financial assets and liabilities at fair value.

***Fair Value of Other Financial Instruments***

In October 2020, the Company issued $ 500 million aggregate principal amount of 4.125% senior notes due October 2030 (the "2030 Notes"). The estimated fair value of the Company's 2030 Notes as of March 27, 2021 was $506.3 million, compared to a carrying value of $ 492.4 million.

In December 2017, the Company issued $ 300 million aggregate principal amount of 5.125% senior notes due February 2028 (the "2028 Notes"). The estimated fair value of the Company's 2028 Notes as of March 27, 2021, March 28, 2020 and September 26, 2020 was $317.1 million, $270.2 million and $316.0 million, respectively, compared to a carrying value of $ 296.8 million, $296.3 million and $296.6 million, respectively.

In November 2020, the Company redeemed $400 million aggregate principal amount of 6.125% senior notes due November 2023 (the “2023 Notes”) at a price of 101.531%. The estimated fair value of the Company’s 2023 Notes as of March 28, 2020 and September 26, 2020 was $385.0 million and $409.2 million, respectively, compared to a carrying value of $397.2 million and $397.5 million, respectively.

The estimated fair value is based on quoted market prices for these notes, which are Level 1 inputs within the fair value hierarchy.

## 3. Acquisitions and Divestitures

***Acquisitions***

*DoMyOwn*

On December 18, 2020, the Company acquired DoMyOwn, a leading online retailer of professional-grade control products in the United States, for approximately $81 million. The acquisition strengthens the Company's position in the control products category and adds a leading online platform for eCommerce fulfillment and digital capabilities. The Company has not yet finalized the allocation of the purchase price to the fair value of the tangible assets, intangible assets and liabilities acquired. Approximately $80 million of the purchase price remains unallocated, and is included in other assets on the Company's condensed consolidated balance sheet as of March 27, 2021. Deferred taxes associated with the intangible assets acquired will be finalized upon completion of the purchase accounting. The financial results of DoMyOwn have been included in the results of operations within the Garden segment since the date of acquisition.

*Hopewell Nursery*

On December 31, 2020, the Company purchased substantially all of the assets of Hopewell Nursery, a leading live goods wholesale grower serving retail nurseries, landscape contractors, wholesalers and garden centers across the Northeast, for approximately $81 million. The Company has not yet finalized the allocation of the purchase price to the fair value of the tangible assets, intangible assets and liabilities acquired. Approximately $17 million of the purchase price remains unallocated, and is included in other assets on the Company's condensed consolidated balance sheet as of March 27, 2021. Deferred taxes associated with the intangible assets acquired will be finalized upon completion of the purchase accounting. The addition of Hopewell to the Central portfolio strengthens the Company's position as a leading live goods provider in the garden category. The financial results of Hopewell Nursery have been included in the results of operations within the Garden segment since the date of acquisition.

*Green Garden Products*

On February 11, 2021, the Company acquired Flora Parent, Inc. and its subsidiaries ("Green Garden Products"), a leading provider of vegetable, herb and flower seed packets, seed starters and plant nutrients in North America, for approximately $571 million. The Company borrowed approximately $180 million under its credit facility to partially finance the acquisition. The Company has not yet finalized the allocation of the purchase price to the fair value of the tangible assets, intangible assets and liabilities acquired. Approximately $490 million of the purchase price remains unallocated, and is included in other assets on the Company's condensed consolidated balance sheet as of March 27, 2021. Deferred taxes associated with the intangible assets acquired will be finalized upon completion of the purchase accounting. The addition of Green Garden Products is intended to expand the Company's portfolio into an adjacent garden category. The financial results of Green Garden have been included in the results of operations within the Garden segment since the date of acquisition. For both the fiscal quarter and year-to-date periods ended March 27, 2021, net sales and net income related to Green Garden Products were approximately $55 million and $5 million, respectively.

The following unaudited pro forma financial information summarizes the combined results of operations for Central and Green Garden Products as if the companies were combined as of the beginning of fiscal year 2020.

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | March 27, 2021 | March 28, 2020 | March 27, 2021 | March 28, 2020 |
| | (in thousands except per share amounts, unaudited) | | | |
| Net sales | $ 967,430 | $ 758,589 | $ 1,581,775 | $ 1,252,587 |
| Net income attributable to Central Garden & Pet Company | $ 97,049 | $ 54,545 | $ 103,228 | $ 43,691 |
| Diluted net income per share attributable to Central Garden & Pet Company | $ 1.76 | $ 0.99 | $ 1.88 | $ 0.79 |

This pro forma information is based on historical results of operations, adjusted for the preliminary estimated allocation of the purchase price and other acquisition adjustments. This pro forma information is not necessarily indicative of what the results of the Company had been had it operated the businesses since the beginning of the periods presented. The pro forma adjustments reflect the income statement effects of the elimination of intercompany sales and profit, amortization of intangible assets related to the fair value adjustments of the assets acquired, elimination of interest expense on Green Garden Products debt that was paid off at the time of acquisition, incremental interest expense directly resulting from the acquisition and the related tax effects.

***Divestiture***

*Breeder's Choice*

In December 2020, the Company completed the sale of certain assets of its Breeder's Choice business unit. Prior to the sale of Breeder's Choice assets, the Company recognized the financial results of the business unit in its Pet segment. The Company received cash proceeds of $2.4 million and sold approximately $4.7 million of current and long-term net assets. The Company recognized a loss on the sale of the Breeder's Choice business unit of approximately $2.6 million during the three months ended December 26, 2020 as part of selling, general and administrative expenses in the Company's condensed consolidated statement of operations.

## 4. Inventories, net

Inventories, net of allowance for obsolescence, consist of the following:

| | March 27, 2021 | March 28, 2020 | September 26, 2020 |
|---|---|---|---|
| | | (in thousands) | |
| Raw materials | $ 189,732 | $ 148,730 | $ 152,692 |
| Work in progress | 102,549 | 66,866 | 49,312 |
| Finished goods | 366,689 | 286,448 | 218,847 |
| Supplies | 13,931 | 15,163 | 18,764 |
| Total inventories, net | $ 672,901 | $ 517,207 | $ 439,615 |

## 5. Goodwill

The Company tests goodwill for impairment annually (as of the first day of the fourth fiscal quarter), or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount, by first assessing qualitative factors to determine whether it is more likely than not the fair value of the reporting unit is less than its carrying amount. If it is determined that it is more likely than not the fair value of the reporting unit is greater than its carrying amount, it is unnecessary to perform the quantitative goodwill impairment test. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the quantitative test is performed to identify potential goodwill impairment. Based on certain circumstances, the Company may elect to bypass the qualitative assessment and proceed directly to performing the quantitative goodwill impairment test, which compares the fair value of the Company’s reporting units to their related carrying values, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the Company will recognize an impairment loss in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The Company’s goodwill impairment analysis also includes a comparison of the aggregate estimated fair value of its two reporting units to the Company’s total market capitalization. No impairment of goodwill was recorded for the three and six months ended March 27, 2021 and March 28, 2020. The Company recorded approximately $3.8 million of goodwill in its Pet segment during the three months ended December 28, 2019 as part of its finalization of the allocation of the purchase price paid for C&S Products.

## 6. Other Intangible Assets

The following table summarizes the components of gross and net acquired intangible assets:

| | Gross | Accumulated Amortization | Accumulated Impairment | Net Carrying Value |
|---|---|---|---|---|
| | (in millions) | | | |
| March 27, 2021 | | | | |
| Marketing-related intangible assets – amortizable | $ 20.6 | $ (18.1) | $ — | $ 2.5 |
| Marketing-related intangible assets – nonamortizable | 70.6 | — | (26.0) | 44.6 |
| Total | 91.2 | (18.1) | (26.0) | 47.1 |
| Customer-related intangible assets – amortizable | 140.3 | (69.5) | (2.5) | 68.3 |
| Other acquired intangible assets – amortizable | 26.0 | (19.1) | — | 6.9 |
| Other acquired intangible assets – nonamortizable | 7.1 | — | (1.2) | 5.9 |
| Total | 33.1 | (19.1) | (1.2) | 12.8 |
| Total other intangible assets, net | $ 264.6 | $ (106.7) | $ (29.7) | $ 128.2 |

| | Gross | Accumulated Amortization | Accumulated Impairment | Net Carrying Value |
|---|---|---|---|---|
| | (in millions) | | | |
| March 28, 2020 | | | | |
| Marketing-related intangible assets – amortizable | $ 20.6 | $ (17.1) | $ — | $ 3.5 |
| Marketing-related intangible assets – nonamortizable | 70.6 | — | (26.0) | 44.6 |
| Total | 91.2 | (17.1) | (26.0) | 48.1 |
| Customer-related intangible assets – amortizable | 140.3 | (58.8) | (2.5) | 79.0 |
| Other acquired intangible assets – amortizable | 26.0 | (17.3) | — | 8.7 |
| Other acquired intangible assets – nonamortizable | 7.1 | — | (1.2) | 5.9 |
| Total | 33.1 | (17.3) | (1.2) | 14.6 |
| Total other intangible assets, net | $ 264.6 | $ (93.2) | $ (29.7) | $ 141.7 |

| | Gross | Accumulated Amortization | Accumulated Impairment | Net Carrying Value |
|---|---|---|---|---|
| | (in millions) | | | |
| September 26, 2020 | | | | |
| Marketing-related intangible assets – amortizable | $ 20.6 | $ (17.6) | $ — | $ 3.0 |
| Marketing-related intangible assets – nonamortizable | 70.6 | — | (26.0) | 44.6 |
| Total | 91.2 | (17.6) | (26.0) | 47.6 |
| Customer-related intangible assets – amortizable | 140.3 | (64.1) | (2.5) | 73.7 |
| Other acquired intangible assets – amortizable | 26.0 | (18.2) | — | 7.8 |
| Other acquired intangible assets – nonamortizable | 7.1 | — | (1.2) | 5.9 |
| Total | 33.1 | (18.2) | (1.2) | 13.6 |
| Total other intangible assets, net | $ 264.6 | $ (99.9) | $ (29.8) | $ 134.9 |

Other acquired intangible assets include contract-based and technology-based intangible assets.

The Company evaluates long-lived assets, including amortizable and indefinite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Company evaluates indefinite-lived intangible assets on an annual basis. Factors indicating the carrying value of the Company’s amortizable intangible assets may not be recoverable were not present in the three or six months ended March 27, 2021, and accordingly, no impairment testing was performed on these assets.

The Company amortizes its acquired intangible assets with definite lives over periods ranging from three years to 25 years; over weighted average remaining lives of three years for marketing-related intangibles, eight years for customer-related intangibles and 10 years for other acquired intangibles. Amortization expense for intangibles subject to amortization was approximately $3.3 million and $3.5 million for the three months ended March 27, 2021 and March 28, 2020, respectively, and $ 6.7 million and $7.3 million for the six months ended March 27, 2021 and March 28, 2020, respectively, and is classified within selling, general and administrative expenses in the condensed consolidated statements of operations. Estimated annual amortization expense related to acquired intangible assets in each of the succeeding five years is estimated to be approximately $12 million per year from fiscal 2021 through fiscal 2025 and thereafter.

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## 7. Leases

The Company has operating and finance leases for manufacturing and distribution facilities, vehicles, equipment and office space. The Company's leases have remaining lease terms of one to 10 years, inclusive of renewal or termination options that the Company is reasonably certain to exercise. The Company does not include significant restrictions or covenants in its lease agreements, and residual value guarantees are not included within its operating leases. Some of the Company's leasing arrangements require variable payments that are dependent on usage or output or may vary for other reasons, such as product costs, insurance and tax payments. These variable payments are not included in the Company's recorded lease assets and liabilities and are expensed as incurred. Certain leases are tied to a variable index or rate and are included in lease assets and liabilities based on the indices or rates as of lease commencement. See Note 1. Basis of Presentation, Leases, for more information about the Company's lease accounting policies.

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

| | Balance Sheet Classification | As of March 27, 2021 | As of March 28, 2020 |
|---|---|---|---|
| | | (in millions) | |
| **Operating leases** | | | |
| Right-of-use assets | Operating lease right-of-use assets | $ 135.6 | $ 99.1 |
| Current lease liabilities | Current lease liabilities | $ 40.6 | $ 32.4 |
| Non-current lease liabilities | Long-term lease liabilities | 99.8 | 70.8 |
| Total operating lease liabilities | | $ 140.4 | $ 103.2 |
| | | | |
| **Finance leases** | | | |
| Right-of-use assets | Property, plant and equipment, net | $ 0.3 | $ 0.4 |
| Current lease liabilities | Current portion of long-term debt | $ 0.1 | $ 0.1 |
| Non-current lease liabilities | Long-term debt | — | 0.1 |
| Total finance lease liabilities | | $ 0.1 | $ 0.2 |

Components of lease cost were as follows:

| | Six months ended March 27, 2021 | Six months ended March 28, 2020 |
|---|---|---|
| | (in millions) | |
| Operating lease cost | $ 21.0 | $ 19.3 |
| Finance lease cost: | | |
| Amortization of right-of-use assets | $ — | $ — |
| Interest on lease liabilities | — | — |
| Total finance lease cost | $ — | $ — |
| Short-term lease cost | $ 2.1 | $ 1.7 |
| Variable lease cost | $ 4.9 | $ 3.5 |
| Total lease cost | $ 28.0 | $ 24.5 |

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

| | Six months ended March 27, 2021 | Six months ended March 28, 2020 |
|---|---|---|
| | (in millions) | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ 18.6 | $ 17.8 |
| Operating cash flows from finance leases | $ — | $ — |
| Financing cash flows from finance leases | $ — | $ — |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | $ 38.7 | $ 5.0 |
| Finance leases | $ — | $ — |

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

| | As of March 27, 2021 | As of March 28, 2020 |
|---|---|---|
| Weighted-average remaining lease term (in years): | | |
| Operating leases | 4.6 | 4.8 |
| Finance leases | 1.5 | 2.4 |
| Weighted-average discount rate: | | |
| Operating leases | 2.8 % | 3.8 % |
| Finance leases | 4.8 % | 4.9 % |

Future non-cancelable lease payments are as follows:

| Fiscal Year | As of March 27, 2021 Operating Leases | Finance Leases |
|---|---|---|
| | (in millions) | |
| 2021 (remaining six months) | $ 22.5 | $ 0.1 |
| 2022 | 40.5 | — |
| 2023 | 29.0 | — |
| 2024 | 22.4 | — |
| 2025 | 16.6 | — |
| Thereafter | 19.6 | — |
| Total future undiscounted lease payments | $ 150.6 | $ 0.1 |
| Less imputed interest | (10.2) | — |
| Total reported lease liability | $ 140.4 | $ 0.1 |

## 8. Long-Term Debt

Long-term debt consists of the following:

| | March 27, 2021 | March 28, 2020 | September 26, 2020 |
|---|---|---|---|
| | | (in thousands) | |
| Senior notes, interest at 6.125%, payable semi-annually, principal due November 2023 | $ — | $ 400,000 | $ 400,000 |
| Senior notes, interest at 5.125%, payable semi-annually, principal due February 2028 | 300,000 | 300,000 | 300,000 |
| Senior notes, interest at 4.125%, payable semi-annually, principal due October 2030 | 500,000 | — | — |
| Unamortized debt issuance costs | (11,169) | (6,524) | (6,142) |
| Net carrying value | 788,831 | 693,476 | 693,858 |
| Asset-based revolving credit facility, interest at LIBOR plus a margin of 1.00% to 1.50% or Base Rate plus a margin of 0.0% to 0.50%, final maturity September 2024. | 190,000 | — | — |
| Other notes payable | 147 | 249 | 195 |
| Total | 978,978 | 693,725 | 694,053 |
| Less current portion | (91) | (103) | (97) |
| Long-term portion | $ 978,887 | $ 693,622 | $ 693,956 |

***Senior Notes***

*Issuance of $500 million 4.125% Senior Notes due 2030 and Redemption of $ 400 million 6.125% Senior Notes due 2023*

In October 2020, the Company issued $ 500 million aggregate principal amount of 4.125% senior notes due October 2030 (the "2030 Notes"). In November 2020, the Company used a portion of the net proceeds to redeem all of its outstanding 6.125% senior notes due November 2023 (the "2023 Notes") at a redemption price of 101.531% plus accrued and unpaid interest, and to pay related fees and expenses, with the remainder for general corporate purposes.

The Company incurred approximately $ 8.0 million of debt issuance costs associated with this transaction, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2030 Notes.

As a result of the Company's redemption of the 2023 Notes, the Company incurred a call premium payment of $ 6.1 million, overlapping interest expense for 30 days of approximately $1.4 million and a $2.5 million non-cash charge for the write-off of unamortized deferred financing costs related to the 2023 Notes. These amounts are included in interest expense in the condensed consolidated statements of operations.

The 2030 Notes require semiannual interest payments on October 15 and April 15, commencing April 15, 2021. The 2030 Notes are unconditionally guaranteed on a senior basis by each of the Company's existing and future domestic restricted subsidiaries which are borrowers under or guarantors of Central's senior secured revolving credit facility or guarantee Central's other debt.

The Company may redeem some or all of the 2030 Notes at any time, at its option, prior to October 15, 2025 at a price equal to 100% of the principal amount plus a “make-whole” premium. Prior to October 15, 2023, the Company may redeem up to 40% of the original aggregate principal amount of the notes with the proceeds of certain equity offerings at a redemption price of 104.125% of the principal amount of the notes. The Company may redeem some or all of the 2030 Notes, at its option, in whole or in part, at any time on or after October 15, 2025 for 102.063%, on or after October 15, 2026 for 101.375%, on or after October 15, 2027 for 100.688% and on or after October 15, 2028 for 100.0%, plus accrued and unpaid interest.

The holders of the 2030 Notes have the right to require the Company to repurchase all or a portion of the 2030 Notes at a purchase price equal to 101.0% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2030 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. The Company was in compliance with all financial covenants as of March 27, 2021.

*$300 million 5.125% Senior Notes due 2028*

On December 14, 2017, the Company issued $ 300 million aggregate principal amount of 5.125% senior notes due February 2028 (the "2028 Notes"). The Company used the net proceeds from the offering to finance acquisitions and for general corporate purposes.

The Company incurred approximately $4.8 million of debt issuance costs in conjunction with this transaction, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2028 Notes.

The 2028 Notes require semiannual interest payments on February 1 and August 1. The 2028 Notes are unconditionally guaranteed on a senior basis by the Company's existing and future domestic restricted subsidiaries which are borrowers under or guarantors of Central's senior secured revolving credit facility, or which guarantee Central's other debt.

The Company may redeem some or all of the 2028 Notes at any time, at its option, prior to January 1, 2023 at the principal amount plus a “make whole” premium. The Company may redeem some or all of the 2028 Notes, at its option, at any time on or after January 1, 2023 for 102.563%, on or after January 1, 2024 for 101.708%, on or after January 1, 2025 for 100.854%, and on or after January 1, 2026 for 100.0%, plus accrued and unpaid interest.

The holders of the 2028 Notes have the right to require the Company to repurchase all or a portion of the 2028 Notes at a purchase price equal to 101.0% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2028 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. The Company was in compliance with all financial covenants as of March 27, 2021.

***Issuance of $400 million 4.125% Senior Notes due 2031***

Subsequent to it's fiscal quarter ended March 27, 2021, on April 30, 2021, the Company issued $ 400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes"). The 2031 Notes are unconditionally guaranteed on a senior basis by each of the Company's existing and future domestic restricted subsidiaries which are borrowers under or guarantors of Central's Amended Credit Facility. Central used a portion of the net proceeds from the offering to repay all amounts outstanding under its Amended Credit Facility, with the remainder available for general corporate purposes. See Note 14. Subsequent Events.

***Asset-Based Loan Facility Amendment***

On September 27, 2019, the Company entered into a Second Amended and Restated Credit Agreement (“Amended Credit Agreement”). The Amended Credit Agreement amended and restated the previous credit agreement dated April 22, 2016 and continues to provide a $400 million principal amount senior secured asset-based revolving credit facility, with up to an additional $200 million principal amount available with the consent of the Lenders, as defined, if the Company exercises the accordion feature set forth therein (collectively, the “Amended Credit Facility”). The Amended Credit Facility matures on September 27, 2024. The Company may borrow, repay and reborrow amounts under the Amended Credit Facility until its maturity date, at which time all amounts outstanding under the Amended Credit Facility must be repaid in full.

The Amended Credit Facility is subject to a borrowing base that is calculated using a formula initially based upon eligible receivables and inventory minus certain reserves and adjustments. The Amended Credit Facility also allows the Company to add real property to the borrowing base so long as the real property is subject to a first priority lien in favor of the Administrative Agent for the benefit of the Lenders. Net availability under the Amended Credit Facility was $210 million as of March 27, 2021. The Amended Credit Facility includes a $50 million sublimit for the issuance of standby letters of credit and a $ 40 million sublimit for short-notice borrowings. As of March 27, 2021, there were borrowings of $190 million outstanding and no letters of credit outstanding under the Credit Facility. There were other letters of credit of $1.6 million outstanding as of March 27, 2021.

Borrowings under the Amended Credit Facility will bear interest at an index based on LIBOR or, at the option of the Company, the Base Rate, plus, in either case, an applicable margin based on the Company's usage under the credit facility. Base Rate is defined as the highest of (a) the SunTrust prime rate, (b) the Federal Funds Rate plus 0.50%, (c) one-month LIBOR plus 1.00%) and (d) 0.00%. The applicable margin for LIBOR-based borrowings fluctuates between 1.00%-1.50%, and was 1.00% as of March 27, 2021, and such applicable margin for Base Rate borrowings fluctuates between 0.00%-0.50%, and was 0% as of March 27, 2021. An unused line fee shall be payable monthly in respect of the total amount of the unutilized Lenders’ commitments and short-notice borrowings under the Amended Credit Facility. Letter of credit fees at the applicable margin on the average undrawn and unreimbursed amount of letters of credit shall be payable monthly and a facing fee of 0.125% shall be paid on demand for the stated amount of each letter of credit. The Company is also required to pay certain fees to the administrative agent under the Amended Credit Facility. As of March 27, 2021, the applicable interest rate related to Base Rate borrowings was 3.3%, and the applicable interest rate related to one-month LIBOR-based borrowings was 1.1%.

Banks currently reporting information used to set LIBOR will stop doing so after 2021. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. The Company is monitoring their efforts, and it will likely amend contracts to accommodate any replacement rate where it is not already provided. The Company's Amended Credit Facility already anticipates the potential loss of LIBOR and defines procedures for establishing a replacement rate.

The Company incurred approximately $1.6 million of debt issuance costs in conjunction with this transaction, which included underwriter fees and legal expenses. The debt issuance costs are being amortized over the term of the Amended Credit Facility.

The Amended Credit Facility continues to contain customary covenants, including financial covenants which require the Company to maintain a minimum fixed charge coverage ratio of 1.00:1.00 upon triggered quarterly testing (e.g. when availability falls below certain thresholds established in the agreement), reporting requirements and events of default. The Amended Credit Facility is secured by substantially all assets of the borrowing parties. The Company was in compliance with all financial covenants under the Amended Credit Facility during the period ended March 27, 2021.

## 9. Supplemental Equity Information

The following table provides a summary of the changes in the carrying amounts of equity attributable to controlling interest and noncontrolling interest through the six months ended March 27, 2021 and March 28, 2020.

| | Controlling Interest | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | Class A Common Stock | Class B Stock | Additional Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total | Noncontrolling Interest | Total |
| | (in thousands) | | | | | | | | |
| **Balance September 26, 2020** | $ 113 | $ 419 | $ 16 | $ 566,883 | $ 510,781 | $ (1,409) | $ 1,076,803 | $ 871 | $ 1,077,674 |
| Comprehensive income | — | — | — | — | 5,613 | 377 | 5,990 | 29 | 6,019 |
| Amortization of share-based awards | — | — | — | 3,225 | — | — | 3,225 | — | 3,225 |
| Restricted share activity, including net share settlement | — | 3 | — | (364) | — | — | (361) | — | (361) |
| Distribution to Noncontrolling interest | — | — | — | — | — | — | — | (478) | (478) |
| Issuance of common stock, including net share settlement of stock options | — | — | — | 934 | — | — | 934 | — | 934 |
| **Balance December 26, 2020** | $ 113 | $ 422 | $ 16 | $ 570,678 | $ 516,394 | $ (1,032) | $ 1,086,591 | $ 422 | $ 1,087,013 |
| Comprehensive income | — | — | — | — | 72,954 | (1,121) | 71,833 | 645 | 72,478 |
| Amortization of share-based awards | — | — | — | 4,106 | — | — | 4,106 | — | 4,106 |
| Restricted share activity, including net share settlement | — | 3 | — | (661) | — | — | (658) | — | (658) |
| Issuance of common stock, including net share settlement of stock options | — | 2 | — | (1,308) | — | — | (1,306) | — | (1,306) |
| Distribution to Noncontrolling interest | — | — | — | — | — | — | — | (54) | (54) |
| **Balance March 27, 2021** | $ 113 | $ 427 | $ 16 | $ 572,815 | $ 589,348 | $ (2,153) | $ 1,160,566 | $ 1,013 | $ 1,161,579 |

| | Controlling Interest | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | Class A Common Stock | Class B Stock | Additional Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total | Noncontrolling Interest | Total |
| | (in thousands) | | | | | | | | |
| **Balance September 28, 2019** | $ 115 | $ 430 | $ 16 | $ 575,380 | $ 421,742 | $ (1,676) | $ 996,007 | $ 170 | $ 996,177 |
| Comprehensive income | — | — | — | — | (4,417) | 436 | (3,981) | (122) | (4,103) |
| Amortization of share-based awards | — | — | — | 2,804 | — | — | 2,804 | — | 2,804 |
| Restricted share activity, including net share settlement | — | — | — | (318) | — | — | (318) | — | (318) |
| Repurchase of stock | | (8) | | (8,488) | (13,632) | | (22,128) | | (22,128) |
| Issuance of common stock, including net share settlement of stock options | — | 1 | — | 739 | — | — | 740 | — | 740 |
| **Balance December 28, 2019** | $ 115 | $ 423 | $ 16 | $ 570,117 | $ 403,693 | $ (1,240) | $ 973,124 | $ 48 | $ 973,172 |
| Comprehensive income | — | — | — | — | 42,704 | (405) | 42,299 | 438 | 42,737 |
| Amortization of share-based awards | — | — | — | 2,923 | — | — | 2,923 | — | 2,923 |
| Restricted share activity, including net share settlement | — | 3 | — | (807) | — | — | (804) | — | (804) |
| Repurchase of stock | (2) | (8) | | (10,121) | (14,911) | — | (25,042) | | (25,042) |
| Issuance of common stock, including net share settlement of stock options | — | — | — | 513 | — | — | 513 | — | 513 |
| Distribution to Noncontrolling interest | — | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | (57) | (57) |
| **Balance March 28, 2020** | $ 113 | $ 418 | $ 16 | $ 562,625 | $ 431,486 | $ (1,645) | $ 993,013 | $ 429 | $ 993,442 |

## 10. Stock-Based Compensation

The Company recognized share-based compensation expense of $ 10.4 million and $8.4 million for the six months ended March 27, 2021 and March 28, 2020, respectively, as a component of selling, general and administrative expenses. The tax benefit associated with share-based compensation expense for the six months ended March 27, 2021 and March 28, 2020 was $2.5 million and $2.0 million, respectively.

## 11. Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted per share computations for income from continuing operations.

| | Three Months Ended March 27, 2021 | | | Six Months Ended March 27, 2021 | | |
|---|---|---|---|---|---|---|
| | Income | Shares | Per Share | Income | Shares | Per Share |
| | (in thousands, except per share amounts) | | | | | |
| Basic EPS: | | | | | | |
| Net income available to common shareholders | $ 72,954 | 53,851 | $ 1.35 | $ 78,567 | 53,805 | $ 1.46 |
| Effect of dilutive securities: | | | | | | |
| Options to purchase common stock | — | 642 | (0.01) | — | 527 | (0.01) |
| Restricted shares | — | 663 | (0.02) | — | 598 | (0.02) |
| Diluted EPS: | | | | | | |
| Net income available to common shareholders | $ 72,954 | 55,156 | $ 1.32 | $ 78,567 | 54,930 | $ 1.43 |

| | Three Months Ended March 28, 2020 | | | Six Months Ended March 28, 2020 | | |
|---|---|---|---|---|---|---|
| | Income | Shares | Per Share | Income | Shares | Per Share |
| | (in thousands, except per share amounts) | | | | | |
| Basic EPS: | | | | | | |
| Net income available to common shareholders | $ 42,704 | 54,281 | $ 0.79 | $ 38,287 | 54,517 | $ 0.70 |
| Effect of dilutive securities: | | | | | | |
| Options to purchase common stock | — | 343 | (0.01) | — | 368 | (0.01) |
| Restricted shares | — | 328 | — | — | 335 | — |
| Diluted EPS: | | | | | | |
| Net income available to common shareholders | $ 42,704 | 54,952 | $ 0.78 | $ 38,287 | 55,220 | $ 0.69 |

Options to purchase 2.9 million shares of common stock at prices ranging from $ 13.82 to $44.02 per share were outstanding at March 27, 2021, and options to purchase 3.4 million shares of common stock at prices ranging from $ 10.63 to $38.10 per share were outstanding at March 28, 2020.

For the three months ended March 27, 2021 and March 28, 2020, 0.2 million and 1.5 million options outstanding were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares and therefore, the effect of including these options would be antidilutive.

For the six months ended March 27, 2021 and March 28, 2020, 0.1 million and 1.2 million options outstanding were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares and therefore, the effect of including these options would be antidilutive.

## 12. Segment Information

Management has determined that the Company has two operating segments, which are also reportable segments based on the level at which the Chief Operating Decision Maker reviews the results of operations to make decisions regarding performance assessment and resource allocation. These operating segments are the Pet segment and the Garden segment and are presented in the table below.

During the first quarter of fiscal year 2021, the Company began reporting the results of its outdoor cushion operations in the Pet segment as a result of a change in internal management reporting lines due to potential synergies in sourcing, manufacturing and innovation and to be consistent with the reporting of financial information used to assess performance and allocate resources. These operations were previously reported in the Garden segment and are now managed and reported in the Pet segment. All prior period segment disclosures have been recast to reflect this segment change.

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | March 27, 2021 | March 28, 2020 | March 27, 2021 | March 28, 2020 |
| | (in thousands) | | | |
| Net sales: | | | | |
| Pet segment | $ 491,972 | $ 405,528 | $ 928,382 | $ 772,119 |
| Garden segment | 443,280 | 297,701 | $ 599,100 | 413,938 |
| Total net sales | $ 935,252 | $ 703,229 | $ 1,527,482 | $ 1,186,057 |
| Operating Income | | | | |
| Pet segment | 62,058 | 43,476 | 105,583 | 72,213 |
| Garden segment | 65,962 | 43,161 | 70,613 | 36,278 |
| Corporate | (23,410) | (20,532) | (44,546) | (40,321) |
| Total operating income | 104,610 | 66,105 | 131,650 | 68,170 |
| Interest expense - net | (10,151) | (9,336) | (30,920) | (17,973) |
| Other income (expense) | 704 | (979) | 1,456 | (674) |
| Income tax expense | 21,564 | 12,648 | 22,945 | 10,920 |
| Income including noncontrolling interest | 73,599 | 43,142 | 79,241 | 38,603 |
| Net income attributable to noncontrolling interest | 645 | 438 | 674 | 316 |
| Net income attributable to Central Garden & Pet Company | $ 72,954 | $ 42,704 | $ 78,567 | $ 38,287 |
| Depreciation and amortization: | | | | |
| Pet segment | $ 8,882 | $ 9,170 | $ 17,967 | $ 18,242 |
| Garden segment | 8,804 | 2,595 | 11,442 | 5,308 |
| Corporate | 1,168 | 1,411 | 2,360 | 2,766 |
| Total depreciation and amortization | $ 18,854 | $ 13,176 | $ 31,769 | $ 26,316 |

| | March 27, 2021 | March 28, 2020 | September 26, 2020 |
|---|---|---|---|
| | | (in thousands) | |
| Assets: | | | |
| Pet segment | $ 980,769 | $ 894,294 | $ 877,901 |
| Garden segment | 1,511,136 | 613,847 | 481,401 |
| Corporate | 355,197 | 659,266 | 980,062 |
| Total assets | $ 2,847,102 | $ 2,167,407 | $ 2,339,364 |
| Goodwill (included in corporate assets above): | | | |
| Pet segment | $ 277,067 | $ 276,966 | $ 277,067 |
| Garden segment | 12,888 | 12,888 | 12,888 |
| Total goodwill | $ 289,955 | $ 289,854 | $ 289,955 |

The tables below presents the Company's disaggregated revenues by segment:

| | Three Months Ended March 27, 2021 | | | Six Months Ended March 27, 2021 | | |
|---|---|---|---|---|---|---|
| | Pet Segment | Garden Segment | Total | Pet Segment | Garden Segment | Total |
| | | (in millions) | | | (in millions) | |
| Other pet products | $ 259.5 | $ — | $ 259.5 | $ 441.8 | $ — | $ 441.8 |
| Dog and cat products | 133.3 | — | 133.3 | 288.7 | — | 288.7 |
| Other manufacturers' products | 99.2 | 89.2 | 188.4 | 197.9 | 131.8 | 329.7 |
| Garden controls and fertilizer products | — | 131.7 | 131.7 | — | 160.8 | 160.8 |
| Other garden supplies | — | 222.4 | 222.4 | — | 306.5 | 306.5 |
| Total | $ 492.0 | $ 443.3 | $ 935.3 | $ 928.4 | $ 599.1 | $ 1,527.5 |

| | Three Months Ended March 28, 2020 | | | Six Months Ended March 28, 2020 | | |
|---|---|---|---|---|---|---|
| | Pet Segment | Garden Segment | Total | Pet Segment | Garden Segment | Total |
| | | (in millions) | | | (in millions) | |
| Other pet products | $ 208.9 | $ — | $ 208.9 | $ 359.3 | $ — | $ 359.3 |
| Dog and cat products | 111.4 | — | 111.4 | 241.8 | — | 241.8 |
| Other manufacturers' products | 85.2 | 65.1 | 150.3 | 171.0 | 95.0 | 266.0 |
| Garden controls and fertilizer products | — | 110.8 | 110.8 | — | 133.9 | 133.9 |
| Other garden supplies | — | 121.8 | 121.8 | — | 185.0 | 185.1 |
| Total | $ 405.5 | $ 297.7 | $ 703.2 | $ 772.1 | $ 413.9 | $ 1,186.1 |

## 13. Contingencies

The Company may from time to time become involved in legal proceedings in the ordinary course of business. Currently, the Company is not a party to any legal proceedings that management believes are likely to have a material effect on the Company's financial position or results of operations with the potential exception of the proceeding below.

In 2012, Nite Glow Industries, Inc and its owner, Marni Markell, ("Nite Glow") filed suit in the U.S. District Court for New Jersey against the Company alleging that the applicator developed and used by the Company for certain of its branded topical flea and tick products infringes a patent held by Nite Glow and asserted related claims for breach of contract and misappropriation of confidential information based on the terms of a Non-Disclosure Agreement. On June 27, 2018, a jury returned a verdict in favor of Nite Glow on each of the three claims and awarded damages of approximately $ 12.6 million. The court ruled on post-trial motions in early June 2020, reducing the judgment amount to $12.4 million and denying the plaintiff's request for attorneys' fees. The Company has filed its notice of appeal and the plaintiffs have cross-appealed. The Company intends to vigorously pursue its rights on appeal and believes that it will prevail on the merits. While the Company believes that the ultimate resolution of this matter will not have a material impact on the Company's consolidated financial statements, the outcome of litigation is inherently uncertain and the final resolution of this matter may result in expense to the Company in excess of management's expectations.

During fiscal 2013, the Company received notices from several states stating that they have appointed an agent to conduct an examination of the books and records of the Company to determine whether it has complied with state unclaimed property laws. In addition to seeking unclaimed property subject to escheat laws, the states may seek interest, penalties and other relief. The examinations are continuing; as a result, the ultimate resolution and impact on the Company's consolidated financial statements is uncertain.

In November 2019, the DMC business unit in the Company's Pet Segment experienced a fire in one of its leased properties located in Athens, Texas, which resulted in inventory, property-related and business interruption losses in the estimated range of $35 million to $40 million. In April 2020, DMC experienced an additional fire in the same leased property in Athens, Texas, which resulted in inventory and property-related losses estimated to be approximately $10 million.

As of March 27, 2021, the Company had approximately $ 10 million of cost in excess of insurance proceeds related to these losses recorded on its balance sheet. Subsequent to March 27, 2021, the Company received insurance proceeds of approximately $9.3 million related to these losses. The Company currently believes its insurance coverage is sufficient to cover the remaining asset-related losses as well as the business interruption loss associated with this event.

The Company has experienced, and may in the future experience, issues with products that may lead to product liability, recalls, withdrawals, replacements of products, or regulatory actions by governmental authorities. The Company has not experienced recent issues with products, the resolution of which, management believes would have a material effect on the Company's financial position or results of operations.

## 14. Subsequent Events

***Issuance of $400 million 4.125% Senior Notes due 2031***

On April 30, 2021, the Company issued $ 400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes"). The 2031 Notes are unconditionally guaranteed on a senior basis by each of the Company's existing and future domestic restricted subsidiaries which are borrowers under or guarantors of Central's Amended Credit Facility. Central used a portion of the net proceeds from the offering to repay all amounts outstanding under its Amended Credit Facility, with the remainder available for general corporate purposes. The 2031 Notes were issued in a private placement under Rule 144A and will not be registered under the Securities Act of 1933. The Company incurred approximately $6 million in financing costs associated with this issuance that will be amortized over the term of the 2031 Notes.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Our Company

Central Garden & Pet Company ("Central") is a leading innovator, producer and distributor of branded and private label products for the lawn & garden and pet supplies markets in the United States. We have grown our business through a succession of over 50 acquisitions and created a broad portfolio which allows for economies of scale and market advantages.

Our pet supplies include products for dogs and cats like premium edible chews and treats, dog chew toys, dog play toys, natural dog treats and chews, pet dental chews and solutions, pet beds, dog training pads, pet containment, grooming supplies and other accessories;

products for birds, small animals and specialty pets, including food, cages and habitats, toys, chews and related accessories; animal and household health and insect control products; live fish and products for fish, reptiles and other aquarium-based pets, including aquariums, furniture and lighting fixtures, pumps, filters, water conditioners, food and supplements, products for horses and livestock, as well as outdoor cushions and pillows. These products are sold under the brands including Aqueon®, Cadet®, Comfort Zone®, Farnam®, Four Paws®, Kaytee®, K&H Pet Products®, Nylabone®, and Zilla® as well as a number of other brands including Adams™, Altosid®, Arden Companies™, Coralife®, C&S Products®, Interpet®, Pet Select®, TFH™, and Zodiac®.

Our lawn and garden supplies products include proprietary and non-proprietary grass seed; wild bird feed, bird feeders, bird houses and other birding accessories; seed packets and seed starter products, weed, grass, and other herbicides, insecticide and pesticide products; fertilizers; and decorative outdoor lifestyle products including pottery, as well as live plants. These products are sold under the brands AMDRO®, Pennington®, and Sevin®, as well as a number of other brand names including Bell Nursery, Ironite®, Ferry-Morse®, Lilly Miller® and Over-N-Out®.

In fiscal 2020, our consolidated net sales were $2.7 billion, of which our Pet segment, or Pet, accounted for approximately $1.6 billion and our Garden segment, or Garden, accounted for approximately $1.1 billion. In fiscal 2020, our operating income was $198 million consisting of income from our Pet segment of $154 million, income from our Garden segment of $133 million and corporate expenses of $89 million.

We were incorporated in Delaware in May 1992 as the successor to a California corporation that was formed in 1955. Our executive offices are located at 1340 Treat Boulevard, Suite 600, Walnut Creek, California 94597, and our telephone number is (925) 948-4000. Our website is www.central.com. The information on our website is not incorporated by reference in this quarterly report.

**Recent Developments**

*Fiscal 2021 Second Quarter Financial Performance:*

- Net sales increased $232.1 million, or 33.0%, from the prior year quarter to $935.3 million due to an increase in organic sales and recent acquisitions. Pet segment sales increased $86.5 million, and Garden segment sales increased $145.6 million.
- Organic net sales increased 23.2%, comprised of 23.1% in our Pet segment and 23.3% in our Garden segment.
- Gross profit increased $65.3 million from the prior year quarter, and gross margin decreased 40 basis points to 29.1%.
- Selling, general and administrative expense increased $26.8 million from the prior year quarter to $167.8 million, but declined as a percentage of net sales 220 basis points to 17.9%.
- Operating income increased $38.5 million, or 58.2%, from the prior year quarter, to $104.6 million.
- Net income in the second quarter of fiscal 2021 was $73.0 million, or $1.32 per diluted share, compared to a net income of $42.7 million, or $0.78 per diluted share, in the second quarter of fiscal 2020.

***Acquisitions***

On December 31, 2020, we purchased substantially all of the assets of Hopewell Nursery, a leading live goods wholesale grower serving garden centers, retail nurseries, landscape contractors and wholesalers across the Northeast, for approximately $81 million. The addition of Hopewell to the Central portfolio strengthens our position as a leading live goods provider in the garden segment.

On February 11, 2021, we acquired Flora Parent, Inc. and its subsidiaries ("Green Garden Products"), a leading provider of vegetable, herb and flower seed packets, seed starters and plant nutrients in North America, for approximately $571 million. We borrowed approximately $180 million on our credit facility to partially finance the acquisition. The addition of Green Garden Products is intended to expand our garden portfolio into an adjacent category.

***Change in Segment Components***

During the first quarter of fiscal year 2021, we began reporting the results of our outdoor cushion operations in the Pet segment as a result of a change in internal management reporting lines due to potential synergies in sourcing, manufacturing and innovation and to be consistent with the reporting of financial information used to assess performance and allocate resources. These operations were previously reported in the Garden segment and are now managed and reported in the Pet segment. All prior period segment disclosures have been recast to reflect this segment change.

***COVID-19 Impact***

The outbreak of COVID-19 has led to adverse impacts on human health, the global economy and society at large. The impact of COVID-19 and measures to prevent its spread are affecting our business in a number of ways. Central is considered an essential business in most jurisdictions and our employees continue to work to meet essential needs. From the beginning, our priority has been the safety of our employees, customers and consumers.

Central has been impacted by COVID-19 in a number of ways, including increased demand evidenced by our organic net sales increase of 23.2% for the six months ended March 27, 2021. The increased demand for our products continues to challenge our supply chain and our ability to procure and manufacture enough product to meet the continued high levels of demand.

Our facilities have largely been exempt or partially exempt from government closure orders. We have experienced temporary closures of certain facilities, though there has not been a material impact from a plant closure to date. At some of our facilities, we have experienced reduced productivity and increased employee absences, which we expect to continue during the current pandemic. Our manufacturing facilities and distribution centers are currently open and fully operational. We have incurred and will continue to incur additional costs including personal protective equipment and sanitation costs. We have hosted mobile vaccination clinics at some of our larger manufacturing and distribution sites, providing vaccines to our employees.

The pandemic and related increase in demand have created operational challenges which have impacted our service and fill rates. In our supply chain, we may continue to experience increased operational and logistics costs, although these did not have a material impact on our second fiscal quarter results. We may also experience additional disruptions in our supply chain as the pandemic continues, although we cannot reasonably estimate the potential impact or timing of those events, and we may not be able to mitigate such impact.

We believe we have sufficient liquidity to satisfy our cash needs with our cash and revolving credit facility as we manage through the current economic and health environment.

The volatility in demand, changing consumer consumption patterns, uncertainty regarding vaccination efforts and new variants of the virus make it difficult to predict when more normal order patterns may return. Forecasting and planning remain challenging in the current environment and will continue to be challenging as the pandemic eases in the future. In the current uncertain environment, our employees, customers and consumers will continue to be our priority as we manage our business to deliver long-term growth.

***Subsequent Events***

In April 2021, we issued $400 million aggregate principal amount of 4.125% senior notes due April 2031 (the “Notes”). We used a portion of the net proceeds to repay outstanding amounts under our senior secured revolving credit facility, with the remainder available for general corporate purposes. The Notes were issued in a private placement under Rule 144A and will not be registered under the Securities Act of 1933.

**Results of Operations**

**Three Months Ended March 27, 2021**
**Compared with Three Months Ended March 28, 2020**

***Net Sales***

Net sales for the three months ended March 27, 2021 increased $232.1 million, or 33.0%, to $935.3 million from $703.2 million for the three months ended March 28, 2020. Organic net sales, which exclude the impact of acquisitions and divestitures in the last 12 months, increased $161.9 million, or 23.2%, as compared to the fiscal 2020 quarter. Our branded product sales increased $181.1 million, and sales of other manufacturers' products increased $51.0 million.

Pet net sales increased $86.5 million, or 21.3%, to $492.0 million for the three months ended March 27, 2021 from $405.5 million for the three months ended March 28, 2020. Net sales in the prior year quarter included sales from the Breeder's Choice business unit which we sold in December 2020. Organic net sales increased $92.4 million, or 23.1%, as compared to the prior year quarter. The sales increase was broad-based across our entire Pet portfolio and we continue to see increased demand during the pandemic due, among other things, to increased pet ownership in dog, cat, small animals and reptiles. Organic sales gains were most significant in our dog and cat, third-party product and wild bird feed businesses. Pet branded product sales increased $75.3 million, and sales of other manufacturers' products increased $11.2 million.

Garden net sales increased $145.6 million, or 48.9%, to $443.3 million for the three months ended March 27, 2021 from $297.7 million for the three months ended March 28, 2020. Sales from our recent acquisitions of DoMyOwn, Hopewell and Green Garden Products were $76.1 million and organic net sales increased $69.5 million, or 23.3%. The increased sales were broad-based across our entire Garden portfolio, including increases in sales of other manufacturers' products and controls and fertilizers. The increased demand and sales of our products are believed to be due in significant part to increased consumer home gardening related to the pandemic and listing gains. Garden branded sales increased $105.8 million, and sales of other manufacturers' products increased $39.8 million.

***Gross Profit***

Gross profit for the three months ended March 27, 2021 increased $65.3 million, or 31.5%, to $272.4 million from $207.1 million for the three months ended March 28, 2020. Gross margin decreased 40 basis points to 29.1% for the three months ended March 27, 2021 from 29.5% for the three months ended March 28, 2020. Gross profit increased in both operating segments. The consolidated gross margin decline was due primarily to the initial inventory-related purchase accounting adjustments related to the three recent acquisitions in our Garden segment, although a small decline in the Pet Segment gross margin was also a contributing factor.

In the Pet segment, gross profit increased across the portfolio, with particular strength in our dog & cat business. The Pet segment gross margin declined due primarily to cost inflation (e.g., in commodities in our bird feed business, labor and ocean freight) more than offsetting gains from volume-related efficiencies.

In the Garden segment, gross profit increased from both organic and acquired businesses while the gross margin remained relatively stable as compared to the prior year quarter. Gains from the net sales increase and leveraging fixed costs were offset by cost inflation in commodities, labor and freight. Additionally, the three recent acquisitions in our Garden segment had a negative impact on the Garden gross margin due to the impact of our initial inventory-related purchase accounting adjustments.

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased $26.8 million, or 19.0%, to $167.8 million for the three months ended March 27, 2021 from $141.0 million for the three months ended March 28, 2020. Selling, general and administrative expense increased in both operating segments and in corporate. As a percentage of net sales, selling, general and administrative expenses decreased to 17.9% for the three months ended March 27, 2021, compared to 20.1% in the comparable prior year quarter impacted by improved operating leverage and reduced travel and entertainment expense.

Selling and delivery expense increased to $83.1 million for the three months ended March 27, 2021 as compared to $71.8 million in the prior year quarter. The increase was due primarily to increased delivery expense, as a result of increased sales volumes, increased payroll-related costs and the selling and delivery expenses from our three recent acquisitions in our Garden Segment. These increases were partially offset by reduced travel and entertainment expense due to COVID-19 safety measures reducing our in-store merchandising presence and travel in general.

Warehouse and administrative expense increased $15.5 million, or 22.3%, to $84.7 million for the three months ended March 27, 2021 from $69.2 million for the three months ended March 28, 2020. The increase was due primarily to the warehouse and administrative costs associated with our three recent acquisitions, including the amortization of intangibles related to purchase accounting. Additionally, both operating segments experienced increased labor and payroll-related expense. Corporate expenses increased $2.9 million due primarily to increased variable compensation, payroll expense and increased equity compensation expense. Corporate expenses are included within administrative expense and relate to the costs of unallocated executive, administrative, finance, legal, human resources, and information technology functions.

***Operating Income***

Operating income increased $38.5 million, or 58.2%, to $104.6 million for the three months ended March 27, 2021. The increase in operating income was attributable to increased sales and gross profit partially offset by increased selling, general and administrative expense. Our operating margin increased from 9.4% in the prior year quarter to 11.2% in the current year quarter due to a 220 basis point decline in selling, general and administrative expense as a percentage of net sales, partially offset by a 40 basis point decline in gross margin.

Pet operating income increased $18.6 million, or 42.7%, to $62.1 million for the three months ended March 27, 2021 from $43.5 million for the three months ended March 28, 2020. Pet operating income increased due to increased sales and gross profit partially offset by higher selling, general and administrative expense. Pet operating margin improved 190 basis points due to increased sales and lower selling, general and administrative expense as a percentage of net sales, partially offset by a lower gross margin.

Garden operating income increased $22.8 million to $66.0 million for the three months ended March 27, 2021 from $43.2 million for the three months ended March 28, 2020. Garden operating income increased due to increased sales and gross profit partially offset by higher selling, general and administrative expense. Garden operating margin improved to 14.9% due to increased sales and lower selling, general and administrative expense as a percentage of net sales.

Corporate operating expense increased $2.9 million, or 14.0%, to $23.4 million for the three months ended March 27, 2021 from $20.5 million for the three months ended March 28, 2020. Corporate expense increased due primarily to increased variable compensation, payroll expense and increased equity compensation expense, but declined as a percentage of consolidated net sales.

***Net Interest Expense***

Net interest expense for the three months ended March 27, 2021 increased $0.9 million, or 8.7%, to $10.2 million from $9.3 million for the three months ended March 28, 2020 due primarily to higher debt balances outstanding during the quarter. Debt outstanding on March 27, 2021 was $979.0 million compared to $693.7 million at March 28, 2020.

***Other Income (Expense)***

Other income (expense) is comprised of income or losses from investments accounted for under the equity method of accounting and foreign currency exchange gains and losses. Other income was $0.7 million of income for the quarter ended March 27, 2021 compared to expense of $1.0 million for the quarter ended March 28, 2020, due primarily to foreign currency gains in the current year quarter as compared to losses in the prior year quarter.

***Income Taxes***

Our effective income tax rate was 22.7% for the quarter ended March 27, 2021 and for the quarter ended March 28, 2020.

***Net Income and Earnings Per Share***

Our net income in the second quarter of fiscal 2021 was $73.0 million, or $1.32 per diluted share, compared to a net income of $42.7 million, or $0.78 per diluted share, in the second quarter of fiscal 2020.

**Six Months Ended March 27, 2021**
**Compared with Six Months Ended March 28, 2020**

***Net Sales***

Net sales for the six months ended March 27, 2021 increased $341.4 million, or 28.8%, to $1,527.5 million from $1,186.1 million for the six months ended March 28, 2020. Organic net sales increased $272.8 million, or 23.2%, as compared to the prior year six-month period. Our branded product sales increased $262.5 million, and sales of other manufacturers' products increased $78.9 million.

Pet net sales increased $156.3 million, or 20.2%, to $928.4 million for the six months ended March 27, 2021 from $772.1 million for the six months ended March 28, 2020. Net sales in the prior year period include sales from the Breeder's Choice business unit which we sold in December 2020. Organic net sales increased $164.1 million, or 21.5%, as compared to the prior year six-month period. The sales increase was broad-based across our entire Pet portfolio and we continue to see increased demand during the pandemic due, among other things, to increased pet ownership in dog, cat, small animals and reptiles. Organic sales gains were most significant in our dog and cat, third-party product and wild bird feed businesses. Pet branded sales increased $131.3 million, and sales of other manufacturer's products increased $25.0 million.

Garden net sales increased $185.1 million, or 44.7%, to $599.1 million for the six months ended March 27, 2021 from $414.0 million for the six months ended March 28, 2020. Organic sales increased $108.7 million, or 26.3%, and sales from our recent acquisitions of DoMyOwn, Hopewell and Green Garden Products contributed $76.4 million. The increased sales were broad-based across our entire Garden portfolio, including sales increases in sales of other manufacturers' products, controls and fertilizers, wild bird feed and grass seed. We believe the sales increase across our Garden portfolio was driven in significant part by consumer engagement related to home activities such as gardening and retailer listing gains. Garden branded sales increased $131.2 million, and sales of other manufacturers' products increased $53.9 million.

***Gross Profit***

Gross profit for the six months ended March 27, 2021 increased $99.4 million, or 29.4%, to $437.8 million from $338.4 million for the six months ended March 28, 2020. Gross margin increased 20 basis points to 28.7% for the six months ended March 27, 2021 from 28.5% for the six months ended March 28, 2020. Both Garden and Pet contributed to the increase in gross profit while, the gross margin increase was due primarily to the improvement in the Garden segment gross margin.

In the Pet segment, gross profit increased due to increased sales while the gross margin remained unchanged. Gross margin gains were due primarily to volume-related efficiencies and increased pricing, which were offset by increased commodity costs in our wild bird feed business, increased ocean freight costs, which impacted our aquatics and dog bedding businesses, and increased labor costs.

In the Garden segment, both gross profit and gross margin increased. Increased sales and gross margin improvement drove the increase in gross profit. The Garden gross margin improved in most of the Garden business units due primarily to increased sales which leveraged fixed production costs. This impact was especially noteworthy in our live plant, grass seed and controls and fertilizer businesses. These gross margin gains were partially offset by a decline in gross margin in our wild bird feed business, which was adversely impacted by increased commodity costs, and the impact of purchase accounting related to our recent acquisitions.

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased $36.0 million, or 13.3%, to $306.2 million for the six months ended March 27, 2021 from $270.2 million for the six months ended March 28, 2020. As a percentage of net sales, selling, general and administrative expenses decreased to 20.0% for the six months ended March 27, 2021 from 22.8% for the comparable prior year six-month period; both operating segments and corporate contributed to the improvement.

Selling and delivery expense increased $15.1 million, or 11.2%, to $149.5 million for the six months ended March 27, 2021 from $134.4 million for the six months ended March 28, 2020. The increase was due primarily to the addition of our three recent acquisitions, increased delivery expense, as a result of increased sales volumes and higher shipping costs, and increased payroll-related costs. These increases were partially offset by reduced travel and entertainment expense.

Warehouse and administrative expense increased $20.9 million, or 15.4%, to $156.7 million for the six months ended March 27, 2021 from $135.8 million for the six months ended March 28, 2020. The increased expense was driven by the addition of our three recent acquisitions in the Garden segment and a $2.6 million loss in our Pet segment resulting from the sale of the Breeder's Choice business in our fiscal first quarter. Additionally, both operating segments experienced increased labor and payroll-related expense. Corporate expenses increased $4.2 million due primarily to increased variable compensation, payroll expense and increased non-cash equity compensation expense. Corporate expenses are included within administrative expense and relate to the costs of unallocated executive, administrative, finance, legal, human resources, and information technology functions.

***Operating Income***

Operating income increased $63.5 million to $131.7 million for the six months ended March 27, 2021 from $68.2 million for the six months ended March 28, 2020. Our operating margin increased to 8.6% for the six months ended March 27, 2021 from 5.7% for the six months ended March 28, 2020. Increased sales of $341.4 million and a 280 basis point decrease in selling, general and administrative expense as a percentage of net sales were partially offset by a 20 basis point decline in gross margin.

Pet operating income increased $33.4 million, or 46.2%, to $105.6 million for the six months ended March 27, 2021 from $72.2 million for the six months ended March 28, 2020. Pet operating income increased due to increased sales and gross profit partially offset by higher selling, general and administrative expense. Pet operating margin improved 200 basis points due to increased sales and lower selling, general and administrative expense as a percentage of net sales.

Garden operating income increased $34.3 million to $70.6 million for the six months ended March 27, 2021 from $36.3 million for the six months ended March 28, 2020. Garden operating income increased due to increased sales and gross profit partially offset by higher selling, general and administrative expense. Garden operating margin improved 300 basis points to 11.8% due to increased sales, an improved gross margin and lower selling, general and administrative expense as a percentage of net sales.

Corporate operating expense increased $4.2 million to $44.5 million in the current six-month period from $40.3 million in the comparable fiscal 2020 period due primarily to increased variable compensation, payroll expense and increased non-cash equity compensation expense.

***Net Interest Expense***

Net interest expense for the six months ended March 27, 2021 increased $12.9 million, or 72.0%, to $30.9 million from $18.0 million for the six months ended March 28, 2020. In October 2020, we issued $500 million aggregate principal amount of 4.125% senior notes due October 2030 and used the proceeds to redeem all of our outstanding aggregate principal amount 6.125% senior notes due 2023 with the remainder available for general corporate purposes. As a result of our redemption of the 2023 Notes, we recognized incremental interest expense of approximately $10.0 million in the fiscal 2021 quarter. Also contributing to the increase in net interest expense was a higher debt balance during the six-month period.

Debt outstanding on March 27, 2021 was $979.0 million compared to $693.7 million as of March 28, 2020. Our average borrowing rate for the six months ended March 27, 2021 decreased to 4.6% from 5.8% for the six months ended March 28, 2020.

***Other Income***

Other income (expense) was income of $1.5 million for the six-month period ended March 27, 2021 compared to an expense of $0.7 million for the six-month period ended March 28, 2020. The increase was due primarily to foreign currency gains in the current six-month period.

***Income Taxes***

Our effective income tax rate was 22.5% for the six-month period ended March 27, 2021 compared to 22.1% for the six-month period ended March 28, 2020. Due to the large increase in earnings for the six-month period ended March 27, 2021, permanent tax benefits had a smaller impact on our current year effective tax rate.

***Net Income and Earnings Per Share***

Our net income for the six months ended March 27, 2021 was $78.6 million, or $1.43 per diluted share, compared to $38.3 million, or $0.69 per diluted share, for the six months ended March 28, 2020.

**Use of Non-GAAP Financial Measures**

We report our financial results in accordance with accounting principles generally accepted in the United States (GAAP). However, to supplement the financial results prepared in accordance with GAAP, we use non-GAAP financial measures including non-GAAP net income and diluted net income per share, adjusted EBITDA and organic sales. Management believes these non-GAAP financial measures that exclude the impact of specific items (described below) may be useful to investors in their assessment of our ongoing operating performance and provide additional meaningful comparisons between current results and results in prior operating periods.

Adjusted EBITDA is defined by us as income before income tax, net other expense, net interest expense and depreciation and amortization (or operating income plus depreciation and amortization expense). We present adjusted EBITDA because we believe that adjusted EBITDA is a useful supplemental measure in evaluating the cash flows and performance of our business and provides greater transparency into our results of operations. Adjusted EBITDA is used by our management to perform such evaluation. Adjusted EBITDA should not be considered in isolation or as a substitute for cash flow from operations, income from operations or other income statement measures prepared in accordance with GAAP. We believe that adjusted EBITDA is frequently used by investors, securities analysts and other interested parties in their evaluation of companies, many of which present adjusted EBITDA when reporting their results. Other companies may calculate adjusted EBITDA differently and it may not be comparable.

We have also provided organic net sales, a non-GAAP measure that excludes the impact of businesses purchased or exited in the prior 12 months, because we believe it permits investors to better understand the performance of our historical business without the impact of recent acquisitions or dispositions.

The reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below. We believe that the non-GAAP financial measures provide useful information to investors and other users of our financial statements by allowing for greater transparency in the review of our financial and operating performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating our performance, and we believe these measures similarly may be useful to investors in evaluating our financial and operating performance and the trends in our business from management's point of view. While our management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our GAAP financial results and should be read in conjunction with those GAAP results.

Non-GAAP financial measures reflect adjustments based on the following items:

- Incremental expenses from note redemption and issuance: we have excluded the impact of the incremental expenses incurred from the note redemption and issuance as they represent an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of these expenses supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.
- Loss on sale of business: we have excluded the impact of the loss on the sale of a business as it represents an infrequent transaction that occurs in limited circumstances that impacts the comparability between operating periods. We believe the adjustment of this loss supplements the GAAP information with a measure that may be used to assess the sustainability of our operating performance.

From time to time in the future, there may be other items that we may exclude if we believe that doing so is consistent with the goal of providing useful information to investors and management.

The non-GAAP adjustments reflect the following:

(1) During the first quarter of fiscal 2021, we issued $500 million aggregate principal amount of 4.125% senior notes due October 2030. We used the proceeds to redeem all of our outstanding 6.125% senior notes due 2023. As a result of our redemption of the 2023 Notes, we incurred incremental expenses of approximately $10.0 million, comprised of a call premium payment of $6.1 million, overlapping interest expense of approximately $1.4 million and a $2.5 million non-cash charge for the write-off of unamortized financing costs in interest expense. These amounts are included in Interest expense in the consolidated statements of operations.

(2) During the first quarter of fiscal 2021, we recognized a loss of $2.6 million, included in selling, general and administrative expense in the consolidated statement of operations, from the sale of our Breeder’s Choice business unit after concluding it was not a strategic business for our Pet segment.

| **Net Income and Diluted Net Income Per Share Reconciliation** | | **GAAP to Non-GAAP Reconciliation For the Six Months Ended** | |
|---|---|---|---|
| | | **March 27, 2021** | **March 28, 2020** |
| | | **(in thousands, except per share amounts)** | |
| GAAP net income attributable to Central Garden & Pet Company | | $ 78,567 | $ 38,287 |
| Incremental expenses from note redemption and issuance | (1) | 9,952 | — |
| Loss on sale of business | (2) | 2,611 | — |
| Tax effect of incremental expenses and loss on sale | | (2,821) | — |
| Non-GAAP net income attributable to Central Garden & Pet | | $ 88,309 | $ 38,287 |
| GAAP diluted net income per share | | $ 1.43 | $ 0.69 |
| Non-GAAP diluted net income per share | | $ 1.61 | $ 0.69 |
| Shares used in GAAP and non-GAAP diluted net earnings per share calculation | | 54,930 | 55,220 |

### Organic Net Sales Reconciliation

We have provided organic net sales, a non-GAAP measure that excludes the impact of recent acquisitions and dispositions, because we believe it permits investors to better understand the performance of our historical business. We define organic net sales as net sales from our historical business derived by excluding the net sales from businesses acquired or exited in the preceding 12 months. After an acquired business has been part of our consolidated results for 12 months, the change in net sales thereafter is considered part of the increase or decrease in organic net sales.

**CONSOLIDATED**

| | GAAP to Non-GAAP Reconciliation | | | | | |
|---|---|---|---|---|---|---|
| | For Three Months Ended March 27, 2021 | | | For the Six Months Ended March 27, 2021 | | |
| | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic |
| | (in millions) | | | | | |
| Q2 FY 21 | $ 935.3 | $ 76.1 | $ 859.2 | $ 1,527.5 | $ 76.4 | $ 1,451.1 |
| Q2 FY 20 | $ 703.2 | $ 5.9 | $ 697.3 | $ 1,186.1 | $ 7.8 | $ 1,178.3 |
| $ increase | $ 232.1 | | $ 161.9 | $ 341.4 | | $ 272.8 |
| % increase | 33.0 % | | 23.2 % | 28.8 % | | 23.2 % |

**PET**

| | GAAP to Non-GAAP Reconciliation | | | | | |
|---|---|---|---|---|---|---|
| | For Three Months Ended March 27, 2021 | | | For the Six Months Ended March 27, 2021 | | |
| | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic |
| | (in millions) | | | | | |
| Q2 FY 21 | $ 492.0 | $ — | $ 492.0 | $ 928.4 | $ — | $ 928.4 |
| Q2 FY 20 | $ 405.5 | $ 5.9 | $ 399.6 | $ 772.1 | $ 7.8 | $ 764.3 |
| $ increase | $ 86.5 | | $ 92.4 | $ 156.3 | | $ 164.1 |
| % increase | 21.3 % | | 23.1 % | 20.2 % | | 21.5 % |

**GARDEN**

| | GAAP to Non-GAAP Reconciliation | | | | | |
|---|---|---|---|---|---|---|
| | For Three Months Ended March 27, 2021 | | | For the Six Months Ended March 27, 2021 | | |
| | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic | Net sales (GAAP) | Effect of acquisition & divestitures on increase in net sales | Net sales organic |
| | (in millions) | | | | | |
| Q2 FY 21 | $ 443.3 | $ 76.1 | $ 367.2 | $ 599.1 | $ 76.4 | $ 522.7 |
| Q2 FY 20 | $ 297.7 | $ — | $ 297.7 | $ 414.0 | $ — | $ 414.0 |
| $ increase | $ 145.6 | | $ 69.5 | $ 185.1 | | $ 108.7 |
| % increase | 48.9 % | | 23.3 % | 44.7 % | | 26.3 % |

**Adjusted EBITDA Reconciliation**

| | GAAP to Non-GAAP Reconciliation For the Three Months Ended March 27, 2021 | | | |
|---|---|---|---|---|
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | $ 72,954 |
| Interest expense, net | — | — | — | 10,151 |
| Other income | — | — | — | (704) |
| Income tax expense | — | — | — | 21,564 |
| Net income attributable to noncontrolling interest | — | — | — | 645 |
| Sum of items below operating income | — | — | — | 31,656 |
| Income (loss) from operations | $ 65,962 | $ 62,058 | $ (23,410) | $ 104,610 |
| Depreciation & amortization | 8,804 | 8,882 | 1,168 | $ 18,854 |
| Adjusted EBITDA | $ 74,766 | $ 70,940 | $ (22,242) | $ 123,464 |

**Adjusted EBITDA Reconciliation**

| | GAAP to Non-GAAP Reconciliation For the Three Months Ended March 28, 2020 | | | |
|---|---|---|---|---|
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | $ 42,704 |
| Interest expense, net | — | — | — | 9,336 |
| Other expense | — | — | — | 979 |
| Income tax expense | — | — | — | 12,648 |
| Net income attributable to noncontrolling interest | — | — | — | 438 |
| Sum of items below operating income | — | — | — | 23,401 |
| Income (loss) from operations | $ 43,161 | $ 43,476 | $ (20,532) | $ 66,105 |
| Depreciation & amortization | 2,595 | 9,170 | 1,411 | 13,176 |
| Adjusted EBITDA | $ 45,756 | $ 52,646 | $ (19,121) | $ 79,281 |

**Adjusted EBITDA Reconciliation**

| | GAAP to Non-GAAP Reconciliation For the Six Months Ended March 27, 2021 | | | |
|---|---|---|---|---|
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | $ 78,567 |
| Interest expense, net | — | — | — | 30,920 |
| Other income | — | — | — | (1,456) |
| Income tax expense | — | — | — | 22,945 |
| Net income attributable to noncontrolling interest | — | — | — | 674 |
| Sum of items below operating income | — | — | — | 53,083 |
| Income (loss) from operations | $ 70,613 | $ 105,583 | $ (44,546) | $ 131,650 |
| Depreciation & amortization | 11,442 | 17,967 | 2,360 | 31,769 |
| Adjusted EBITDA | $ 82,055 | $ 123,550 | $ (42,186) | $ 163,419 |

| **Adjusted EBITDA Reconciliation** | **GAAP to Non-GAAP Reconciliation For the Six Months Ended March 28, 2020** | | | |
|---|---|---|---|---|
| | **Garden** | **Pet** | **Corp** | **Total** |
| | **(in thousands)** | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | $ 38,287 |
| Interest expense, net | — | — | — | 17,973 |
| Other expense | — | — | — | 674 |
| Income tax expense | — | — | — | 10,920 |
| Net income attributable to noncontrolling interest | — | — | — | 316 |
| Sum of items below operating income | — | — | — | 29,883 |
| Income (loss) from operations | $ 36,278 | $ 72,213 | $ (40,321) | $ 68,170 |
| Depreciation & amortization | 5,308 | 18,242 | 2,766 | 26,316 |
| Adjusted EBITDA | $ 41,586 | $ 90,455 | $ (37,555) | $ 94,486 |

### Inflation

Our revenues and margins are dependent on various economic factors, including rates of inflation, energy costs, consumer attitudes toward discretionary spending, currency fluctuations, and other macro-economic factors which may impact levels of consumer spending. In certain fiscal periods, we have been adversely impacted by rising input costs related to domestic inflation, particularly relating to grain and seed prices, fuel prices and the ingredients used in our garden controls and fertilizer. Rising costs in those periods have made it difficult for us to increase prices to our retail customers at a pace sufficient to enable us to maintain margins.

During fiscal 2020 and in the first six months of fiscal 2021, commodity costs as well as freight and labor costs increased. In both fiscal 2020 and the first six months of fiscal 20221, tariffs implemented had a negative impact in instances where we were unable to pass through the incremental costs.

### Weather and Seasonality

Our sales of lawn and garden products are influenced by weather and climate conditions in the different markets we serve. Our Garden segment's business is highly seasonal. In fiscal 2020, the weather during the peak gardening season was particularly favorable. In fiscal 2020, approximately 67% of our Garden segment's net sales and 57% of our total net sales occurred during our second and third fiscal quarters. Substantially all of the Garden segment's operating income is typically generated in this period, which has historically offset the operating loss incurred during the first fiscal quarter of the year.

### Liquidity and Capital Resources

We have financed our growth through a combination of internally generated funds, bank borrowings, supplier credit, and sales of equity and debt securities to the public.

Our business is seasonal and our working capital requirements and capital resources track closely to this seasonal pattern. Generally, during the first fiscal quarter, accounts receivable reach their lowest level while inventory, accounts payable and short-term borrowings begin to increase. During the second fiscal quarter, receivables, accounts payable and short-term borrowings increase, reflecting the build-up of inventory and related payables in anticipation of the peak lawn and garden selling season. During the third fiscal quarter, inventory levels remain relatively constant while accounts receivable peak and short-term borrowings start to decline as cash collections are received during the peak selling season. During the fourth fiscal quarter, inventory levels are at their lowest, and accounts receivable and payables are substantially reduced through conversion of receivables to cash.

We service two broad markets: pet supplies and lawn and garden consumables. Our pet supplies businesses involve products that have a year round selling cycle with a slight degree of seasonality. As a result, it is not necessary to maintain large quantities of inventory to meet peak demands. Our lawn and garden businesses are highly seasonal with approximately 67% of our Garden segment's net sales occurring during the second and third fiscal quarters. This seasonality requires the shipment of large quantities of product well ahead of the peak consumer buying periods. To encourage retailers and distributors to stock large quantities of inventory, industry practice has been for manufacturers to give extended credit terms and/or promotional discounts.

### *Operating Activities*

Net cash used by operating activities increased by $27.5 million, from $92.7 million for the six months ended March 28, 2020, to $120.2 million for the six months ended March 27, 2021. The increase in cash used was due primarily to changes in our working capital accounts for the period ended March 27, 2021, as compared to the prior year period, primarily an increase in inventory, due to our seasonal build in preparation for the lawn and garden season and the overall increased demand for our products.

### *Investing Activities*

Net cash used in investing activities increased $741.0 million, from $24.4 million for the six months ended March 28, 2020 to $765.4 million during the six months ended March 27, 2021. The increase in cash used in investing activities was due primarily to acquisition activity in the current year and increased capital expenditures in the current year compared to the prior year, partially offset by proceeds received from the sale of our Breeder's Choice business during the first quarter of fiscal 2021 and decreased investments in the current year compared to the prior year. During the first quarter of fiscal 2021, we acquired DoMyOwn for approximately $81 million. During the second quarter of fiscal 2021, we acquired Hopewell Nursery on December 31, 2020 for approximately $81 million and Green Garden Products on February 11, 2021 for approximately $571 million.

### *Financing Activities*

Net cash provided by financing activities increased $319.6 million, from $49.2 million of cash used for the six months ended March 28, 2020, to $270.5 million of cash provided for the six months ended March 27, 2021. The increase in cash provided by financing activities during the current year was due primarily to the issuance of $500 million of our 2030 Notes and net borrowings under our senior secured credit facility of $190 million, partially offset by the repayment of our 2023 Notes and the corresponding premium paid on extinguishment as well as debt issuance costs incurred on the issuance of the 2030 Notes. There were also decreased open market purchases of our common stock during the current year period as compared to the prior year. During the six months ended March 27, 2021, we did not make any open market purchases of our common stock. During the six months ended March 28, 2020, we repurchased approximately 0.2 million shares of our voting common stock (CENT) on the open market at an aggregate cost of approximately $5.8 million, or approximately $26.53 per share, and 1.6 million shares of our non-voting Class A common stock (CENTA) on the open market at an aggregate cost of approximately $41.4 million, or approximately $25.89 per share.

We expect that our principal sources of funds will be cash generated from our operations and, if necessary, borrowings under our $400 million asset backed revolving credit facility. Based on our anticipated cash needs, availability under our asset backed revolving credit facility and the scheduled maturity of our debt, we believe that our sources of liquidity should be adequate to meet our working capital, capital spending and other cash needs for at least the next 12 months. However, we cannot assure you that these sources will continue to provide us with sufficient liquidity and, should we require it, that we will be able to obtain financing on terms satisfactory to us, or at all.

We believe that cash flows from operating activities, funds available under our asset backed loan facility, and arrangements with suppliers will be adequate to fund our presently anticipated working capital and capital expenditure requirements for the foreseeable future. We anticipate that our capital expenditures, which are related primarily to replacements and expansion of and upgrades to plant and equipment and also investment in our continued implementation of a scalable enterprise-wide information technology platform, will be approximately $75 million in fiscal 2021, of which we have invested approximately $34 million year to date.

As part of our growth strategy, we have acquired a number of companies in the past, and we anticipate that we will continue to evaluate potential acquisition candidates in the future. If one or more potential acquisition opportunities, including those that would be material, become available in the near future, we may require additional external capital. In addition, such acquisitions would subject us to the general risks associated with acquiring companies, particularly if the acquisitions are relatively large.

### *Total Debt*

At March 27, 2021, our total debt outstanding was $979.0 million, as compared with $693.7 million at March 28, 2020.

### *Senior Notes*

*Issuance of $500 million 4.125% Senior Notes due 2030 and Redemption of $400 million 6.125% Senior Notes due 2023*

In October 2020, we issued $500 million aggregate principal amount of 4.125% senior notes due October 2030 (the "2030 Notes"). In November 2020, we used a portion of the net proceeds to redeem all of our outstanding 6.125% senior notes due November 2023 (the "2023 Notes") at a redemption price of 101.531% plus accrued and unpaid interest, and to pay related fees and expenses, with the remainder for general corporate purposes.

We incurred approximately $8.0 million of debt issuance costs associated with this transaction, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2030 Notes.

As a result of our redemption of the 2023 Notes, we incurred a call premium payment of $6.1 million, overlapping interest expense for 30 days of approximately $1.4 million and a $2.5 million non-cash charge for the write-off of unamortized deferred financing costs related to the 2023 Notes. These amounts are included in interest expense in the condensed consolidated statements of operations.

The 2030 Notes require semiannual interest payments on October 15 and April 15, commencing April 15, 2021. The 2030 Notes are unconditionally guaranteed on a senior basis by each of our existing and future domestic restricted subsidiaries which are borrowers under or guarantors of our senior secured revolving credit facility or guarantee our other debt.

We may redeem some or all of the 2030 Notes at any time, at our option, prior to October 15, 2025 at a price equal to 100% of the principal amount plus a "make-whole" premium. Prior to October 15, 2023, we may redeem up to 40% of the original aggregate principal amount of the notes with the proceeds of certain equity offerings at a redemption price of 104.125% of the principal amount of the notes. We may redeem some or all of the 2030 Notes, at our option, in whole or in part, at any time on or after October 15, 2025 for 102.063%, on or after October 15, 2026 for 101.375%, on or after October 15, 2027 for 100.688% and on or after October 15, 2028 for 100.0%, plus accrued and unpaid interest.

The holders of the 2030 Notes have the right to require us to repurchase all or a portion of the 2030 Notes at a purchase price equal to 101.0% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2030 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. We were in compliance with all financial covenants as of March 27, 2021.

*$300 Million 5.125% Senior Notes due 2028*

On December 14, 2017, we issued $300 million aggregate principal amount of 5.125% senior notes due February 2028 (the "2028 Notes"). We used the net proceeds from the offering to finance acquisitions and for general corporate purposes.

We incurred approximately $4.8 million of debt issuance costs in conjunction with this transaction, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2028 Notes.

The 2028 Notes require semiannual interest payments on February 1 and August 1. The 2028 Notes are unconditionally guaranteed on a senior basis by our existing and future domestic restricted subsidiaries who are borrowers under or guarantors of our senior secured revolving credit facility or who guarantee the 2030 Notes.

We may redeem some or all of the 2028 Notes at any time, at our option, prior to January 1, 2023 at the principal amount plus a "make whole" premium. We may redeem some or all of the 2028 Notes, at our option, at any time on or after January 1, 2023 for 102.563%, on or after January 1, 2024 for 101.708%, on or after January 1, 2025 for 100.854% and on or after January 1, 2026 for 100.0%, plus accrued and unpaid interest.

The holders of the 2028 Notes have the right to require us to repurchase all or a portion of the 2028 Notes at a purchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2028 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. We were in compliance with all financial covenants as of March 27, 2021.

***Issuance of $400 million 4.125% Senior Notes due 2031***

In April 2021, we issued $400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes"). The 2031 Notes require interest payments on April 30 and October 30 of each year, beginning October 30, 2021. The 2031 Notes are unconditionally guaranteed on a senior basis by each of our existing and future domestic restricted subsidiaries which are borrowers under or guarantors of our Amended Credit Facility. We used the net proceeds from the offering to repay all amounts outstanding under our Amended Credit Facility, with the remainder for general corporate purposes. We incurred debt issuance costs of approximately $6 million in conjunction with this issuance, which will be amortized over the term of the 2031 Notes.

We may redeem some or all of the 2031 Notes, at our option, at any time on or after April 30, 2026, at a redemption price of 102.063%, at any time on or after April 30, 2027 at a redemption price of 101.375%, at any time on or after April 30, 2028 at a redemption price of 100.688%, and at any time on or after April 30, 2029 at 100.000%, plus accrued and unpaid interest. We may also redeem up to 40% of the notes using the proceeds of certain equity offerings before April 30, 2024, at a redemption price equal to 104.125% of the principal amount thereof, plus accrued and unpaid interest, if any, to but excluding, the redemption date. In addition, at any time prior to April 30, 2026, we may redeem some or all of the notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The 2031 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions.

### *Asset-Based Loan Facility Amendment*

On September 27, 2019, we entered into a Second Amended and Restated Credit Agreement (“Amended Credit Agreement”). The Amended Credit Agreement amended and restated the previous credit agreement dated April 22, 2016 and continues to provide up to a $400.0 million principal amount senior secured asset-based revolving credit facility, with up to an additional $200 million principal amount available with the consent of the Lenders, as defined, if we exercise the accordion feature set forth therein (collectively, the “Amended Credit Facility”). The Amended Credit Facility matures on September 27, 2024. We may borrow, repay and reborrow amounts under the Amended Credit Facility until its maturity date, at which time all amounts outstanding under the Credit Facility must be repaid in full.

The Amended Credit Facility is subject to a borrowing base that is calculated using a formula initially based upon eligible receivables and inventory minus certain reserves and adjustments. The Amended Credit Facility also allows us to add real property to the borrowing base so long as the real property is subject to a first priority lien in favor of the Administrative Agent for the benefit of the Lenders. Net availability under the Amended Credit Facility was $210 million as of March 27, 2021. The Amended Credit Facility includes a $50 million sublimit for the issuance of standby letters of credit and an increased $40 million sublimit for short-notice borrowings. We incurred approximately $1.6 million of debt issuance costs in conjunction with this transaction, which included underwriter fees and legal expenses. The debt issuance costs are being amortized over the term of the Amended Credit Facility. As of March 27, 2021, there were borrowings of $190 million outstanding and no letters of credit outstanding under the Credit Facility. There were other letters of credit of $1.6 million outstanding as of March 27, 2021.

Borrowings under the Amended Credit Facility bear interest at an index based on LIBOR or, at our option, the Base Rate (defined as the highest of (a) the SunTrust prime rate, (b) the Federal Funds Rate plus 0.50%, (c) one-month LIBOR plus 1.00%), plus, in either case, an applicable margin based on our consolidated senior leverage ratio and (d) 0.00%. Such applicable margin for LIBOR-based borrowings fluctuates between 1.00%-1.50%, and was 1.00% as of March 27, 2021, and such applicable margin for Base Rate borrowings fluctuates between 0.00%-0.50%, and was 0.00% as of March 27, 2021. An unused line fee shall be payable monthly in respect of the total amount of the unutilized Lenders’ commitments and short-notice borrowings under the Amended Credit Facility. Letter of credit fees at the applicable margin on the average undrawn and unreimbursed amount of letters of credit shall be payable monthly and a facing fee of 0.125% shall be paid on demand for the stated amount of each letter of credit. We are also required to pay certain fees to the administrative agent under the Amended Credit Facility. As of March 27, 2021, the applicable interest rate related to Base Rate borrowings was 3.3%, and the applicable interest rate related to LIBOR-based borrowings was 1.1%.

Banks currently reporting information used to set LIBOR will stop doing so after 2021. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. We are monitoring their efforts, and we will likely amend contracts to accommodate any replacement rate where it is not already provided. Our Amended Credit Facility already anticipates the potential loss of LIBOR and defines procedures for establishing a replacement rate.

In July 2017, the Financial Conduct Authority in the United Kingdom, the governing body responsible for regulating LIBOR, announced that it no longer will compel or persuade financial institutions and panel banks to make LIBOR submissions after 2021. This decision is expected to result in the end of the use of LIBOR as a reference rate for commercial loans and other indebtedness. We have both LIBOR-denominated and Euro Interbank Offer Rate (EURIBOR)-denominated indebtedness. The transition to alternatives to LIBOR could be modestly disruptive to the credit markets, and while we do not believe that the impact would be material to us, we do not yet have insight into what the impacts might be.

The Amended Credit Facility continues to contain customary covenants, including financial covenants which require us to maintain a minimum fixed charge coverage ratio of 1.00:1.00 upon triggered quarterly testing (e.g. when availability falls below certain thresholds established in the agreement), reporting requirements and events of default. The Amended Credit Facility is secured by substantially all assets of the borrowing parties. We were in compliance with all financial covenants under the Credit Facility during the period ended March 27, 2021.

### Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

In October 2020, Central (the "Parent/Issuer") issued $ 500 million of 2030 Notes and in November 2020, we redeemed our $400 million of 2023 Notes at price of 101.531% plus accrued and unpaid interest. In December 2017, Central issued $300 million of 2028 Notes. The 2030 Notes and 2028 Notes are fully and unconditionally guaranteed on a joint and several senior basis by each of our existing and future domestic restricted subsidiaries (the "Guarantors") which are borrowers under or guarantors of our senior secured revolving credit facility ("Credit Facility"). The 2030 Notes and 2028 Notes are unsecured senior obligations and are subordinated to all of our existing and future secured debt, including our Credit Facility, to the extent of the value of the collateral securing such indebtedness. There are no significant restrictions on the ability of the Guarantors to make distributions to the Parent/Issuer. Certain subsidiaries and operating divisions of the Company do not guarantee the 2030 or 2028 Notes and are referred to as the Non-Guarantors.

The Guarantors jointly and severally, and fully and unconditionally, guarantee the payment of the principal and premium, if any, and interest on the 2030 and 2028 Notes when due, whether at stated maturity of the 2030 and 2028 Notes, by acceleration, call for redemption or otherwise, and all other obligations of the Company to the holders of the 2030 and 2028 Notes and to the trustee under the indenture governing the 2030 and 2028 Notes (the "Guarantee"). The Guarantees are senior unsecured obligations of each Guarantor and are of equal rank with all other existing and future senior indebtedness of the Guarantors.

The obligations of each Guarantor under its Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such Guarantor under the guarantee not constituting a fraudulent conveyance or fraudulent transfer under Federal or state law.

The Guarantee of a Guarantor will be released:

(1) upon any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation), in accordance with the governing indentures, to any person other than the Company;

(2) if such Guarantor merges with and into the Company, with the Company surviving such merger;

(3) if the Guarantor is designated as an Unrestricted Subsidiary; or

(4) if the Company exercises its legal defeasance option or covenant defeasance option or the discharge of the Company's obligations under the indentures in accordance with the terms of the indentures.

The following tables present summarized financial information of the Parent/Issuer subsidiaries and the Guarantor subsidiaries. All intercompany balances and transactions between subsidiaries under Parent/Issuer and subsidiaries under the Guarantor have been eliminated. The information presented below excludes eliminations necessary to arrive at the information on a consolidated basis. In presenting the summarized financial statements, the equity method of accounting has been applied to the Parent/Issuer's interests in the Guarantor Subsidiaries. The summarized information excludes financial information of the Non-Guarantors, including earnings from and investments in these entities.

**Summarized Statements of Operations**

| | Six Months Ended March 27, 2021 | | Fiscal Year Ended September 26, 2020 | |
|---|---|---|---|---|
| | Parent/Issuer | Guarantors | Parent/Issuer | Guarantors |
| | (in thousands) | | | |
| Net sales | $ 459,381 | $ 975,121 | $ 839,425 | $ 1,720,279 |
| Gross profit | $ 105,803 | $ 311,689 | $ 195,893 | $ 555,616 |
| Income (loss) from operations | $ 6,638 | $ 129,966 | $ 2,724 | $ 187,114 |
| Equity in earnings of Guarantor subsidiaries | $ 101,530 | $ — | $ 148,349 | $ — |
| Net income (loss) | $ (18,993) | $ 101,530 | $ (33,326) | $ 148,349 |

**Summarized Balance Sheet Information**

| | As of March 27, 2021 | | As of September 26, 2020 | |
|---|---|---|---|---|
| | Parent/Issuer | Guarantors | Parent/Issuer | Guarantors |
| | (in thousands) | | | |
| Current assets | $ 341,034 | $ 764,246 | $ 900,416 | $ 560,919 |
| Intercompany receivable from Non-guarantor subsidiaries | 688,458 | 61,391 | 36,329 | 61,595 |
| Other assets | 2,248,493 | 1,647,149 | 2,042,206 | 1,631,167 |
| Total assets | $ 3,277,985 | $ 2,472,786 | $ 2,978,951 | $ 2,253,681 |
| | | | | |
| Current liabilities | $ 169,264 | $ 278,360 | $ 170,378 | $ 247,810 |
| Long-term debt | 978,887 | — | 693,956 | — |
| Other liabilities | 1,020,008 | 103,420 | 1,095,288 | 101,912 |
| Total liabilities | $ 2,168,159 | $ 381,780 | $ 1,959,622 | $ 349,722 |

**Off-Balance Sheet Arrangements**

There have been no material changes to the information provided in our Annual Report on Form 10-K for the fiscal year ended September 26, 2020 regarding off-balance sheet arrangements.

**Contractual Obligations**

Except as discussed in Note 8. Long Term Debt, related to our issuance of the 2030 Notes and the 2031 Notes and redemption of 2023 Notes, there have been no material changes outside the ordinary course of business in our contractual obligations set forth in the Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources in our Annual Report on Form 10-K for the fiscal year ended September 26, 2020.

**New Accounting Pronouncements**

Refer to Footnote 1 in the notes to the condensed consolidated financial statements for new accounting pronouncements.

**Critical Accounting Policies, Estimates and Judgments**

There have been no material changes to our critical accounting policies, estimates and assumptions or the judgments affecting the application of those accounting policies since our Annual Report on Form 10-K for the fiscal year ended September 26, 2020.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has been no material change in our exposure to market risk from that discussed in our Annual Report on Form 10-K for the fiscal year ended September 26, 2020.

**Item 4. Controls and Procedures**

(a) *Evaluation of Disclosure Controls and Procedures.* Our Chief Executive Officer and principal financial officer have reviewed, as of the end of the period covered by this report, the "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) that ensure that information relating to the Company required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported in a timely and proper manner and that such information is accumulated and communicated to our management, including our Chief Executive Officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon this review, such officers concluded that our disclosure controls and procedures were effective as of March 27, 2021.

(b) *Changes in Internal Control Over Financial Reporting*. During December 2020 through February 2021, we completed the acquisitions of DoMyOwn, Hopewell Nursery and Green Garden Products. Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company. In conducting our evaluation of the effectiveness of our internal control over financial reporting, we excluded the three recent acquisitions from our evaluation for the period ended March 27, 2021. We are in the process of integrating the three acquisitions into our system of internal control over financial reporting.

Except as noted above, there were no other changes in our internal control over financial reporting during the second quarter of fiscal 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

**Item 1. Legal Proceedings**

In 2012, Nite Glow Industries, Inc and its owner, Marni Markell, ("Nite Glow") filed suit in the U.S. District Court for New Jersey against the Company alleging that the applicator developed and used by the Company for certain of its branded topical flea and tick products infringes a patent held by Nite Glow and asserted related claims for breach of contract and misappropriation of confidential information based on the terms of a Non-Disclosure Agreement. On June 27, 2018, a jury returned a verdict in favor of Nite Glow on each of the three claims and awarded damages of approximately $12.6 million. The court ruled on post-trial motions in early June 2020, reducing the judgment amount to $12.4 million and denying the plaintiff's request for attorneys' fees. The Company has filed its notice of appeal and the plaintiffs have cross-appealed. The Company intends to vigorously pursue its rights on appeal and believes that it will prevail on the merits. While the Company believes that the ultimate resolution of this matter will not have a material impact on the Company's consolidated financial statements, the outcome of litigation is inherently uncertain and the final resolution of this matter may result in expense to the Company in excess of management's expectations.

From time to time, we are involved in certain legal proceedings in the ordinary course of business. Except as discussed above, we are not currently a party to any other legal proceedings that management believes would have a material effect on our financial position or results of operations.

## Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Item 1A to Part I of our Form 10-K for the fiscal year ended September 26, 2020.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth the repurchases of any equity securities during the fiscal quarter ended March 27, 2021 and the dollar amount of authorized share repurchases remaining under our stock repurchase program.

| Period | Total Number of Shares (or Units) Purchased | | Average Price Paid per Share (or Units) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1) (2) | |
|---|---|---|---|---|---|---|
| December 27, 2020 - January 30, 2021 | 11,286 | (3) | $ 39.28 | — | $ 100,000,000 | |
| January 31, 2021 - February 27, 2021 | 3,759 | (3) | $ 43.67 | — | $ 100,000,000 | |
| February 28, 2021 - March 27, 2021 | 1,112 | (3) | $ 45.53 | — | $ 100,000,000 | |
| Total | 16,157 | | $ 40.73 | — | $ 100,000,000 | (4) |

(1) During the fourth quarter of fiscal 2019, our Board of Directors authorized a $100 million share repurchase program, (the "2019 Repurchase Authorization"). The 2019 Repurchase Authorization has no fixed expiration date and expires when the amount authorized has been used or the Board withdraws its authorization. The repurchase of shares may be limited by certain financial covenants in our credit facility that restrict our ability to repurchase our stock. As of March 27, 2021, we had $100 million of authorization remaining under our 2019 Repurchase Authorization.

(2) In February 2019, our Board of Directors authorized us to make supplemental stock purchases to minimize dilution resulting from issuances under our equity compensation plans (the "Equity Dilution Authorization"). In addition to our regular share repurchase program, we are permitted to purchase annually a number of shares equal to the number of shares of restricted stock and stock options granted in the prior fiscal year, to the extent not already repurchased, and the current fiscal year. The Equity Dilution Authorization has no fixed expiration date and expires when the Board withdraws its authorization.

(3) Shares purchased during the period indicated represent withholding of a portion of shares to cover taxes in connection with the vesting of restricted stock and do not reduce the dollar value of shares that may be purchased under our stock repurchase plan.

(4) Excludes 1.6 million shares remaining under our Equity Dilution Authorization as of March 27, 2021.

## Item 3. Defaults Upon Senior Securities

Not applicable

## Item 4. Mine Safety Disclosures

Not applicable

## Item 5. Other Information

Not applicable

## Item 6. Exhibits

| Exhibit Number | Exhibit | Incorporated by Reference | | | | Filed Herewith | Filed, Not Furnished |
|---|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | | |
| 2.1 | Agreement and Plan of Merger, dated December 30, 2020, between Central Garden & Pet Company and Flora Parent, Inc.[1] | 8-K | 001-33268 | 2.1 | 2/17/2021 | | |
| 4.1 | Twelfth Supplemental Indenture, dated as of March 10, 2021 by P&M Solutions, LLC, the Company, the other Guarantors and Wells Fargo Bank, National Association as trustee. | | | | | X | |
| 4.2 | Thirteenth Supplemental Indenture, dated effective as of April 9, 2021 by (i) Flora Parent, Inc., (ii) Seed Holdings, Inc., (iii) Plantation Products, LLC, (iv) Ferry-Morse Seed Company, (v) Livingston Seed Company, (vi) MARTEAL LTD, (vii) A.E. MCKENZIE CO. ULC, the Company, the other Guarantors and Wells Fargo Bank, National Association, as trustee. | | | | | X | |
| 4.3 | First Amendment to Second Amended and Restated Credit Agreement as of March 29, 2021 by and among Central Garden & Pet Company, each of the other Borrowers party hereto, and the Guarantors party hereto, the other Borrowers and Guarantors, the Lenders party hereto, and Truist Bank, successor by merger to SunTrust Bank, as the administrative agent. | | | | | X | |
| 22 | List of Guarantor Subsidiaries | | | | | X | |
| 31.1 | Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X | |
| 31.2 | Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | X | |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350. | | | | | X | |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350. | | | | | X | |

| | | | |
|---|---|---|---|
| 101 | The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 27, 2021, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Cash Flows, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Balance Sheets, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags. | | X |
| 104 | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2021, formatted in Inline XBRL (included as Exhibit 101) | | |

* Management contract or compensatory plan or arrangement

(1) Portions of the exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.

**SIGNATURES**

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

CENTRAL GARDEN & PET COMPANY
Registrant

Dated: May 6, 2021

/s/ TIMOTHY P. COFER

Timothy P. Cofer
Chief Executive Officer
*(Principal Executive Officer)*

/s/ NICHOLAS LAHANAS

Nicholas Lahanas
Chief Financial Officer
*(Principal Financial Officer)*

# TWELFTH SUPPLEMENTAL INDENTURE

TWELFTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated effective as of March 10, 2021, by P & M Solutions, LLC, a Georgia limited liability company (the "Subsidiary Guarantor"), a direct subsidiary of Central Garden & Pet Company, a Delaware corporation (the "Company"), the Company, the other Guarantors (as defined in the Indenture referred to herein) and Wells Fargo Bank, National Association, as trustee under the indenture referred to below (the "Trustee").

**W I T N E S S E T H**

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (as supplemented from time to time, the "Base Indenture"), dated as of March 8, 2010;

WHEREAS, the Company executed that certain Seventh Supplemental Indenture dated as of December 14, 2017 (the "Seventh Supplemental Indenture"), providing for the issuance of 5.125% Senior Notes due 2028 (the "2028 Notes") and the Eleventh Supplemental Indenture dated as of October 16, 2020 (the "Eleventh Supplemental Indenture" and together with the Base Indenture and the Seventh Supplemental Indenture, the "Indenture"), providing for the issuance of 4.125% Senior Notes due 2030 (the "2030 Notes" and collectively with the 2028 Notes, the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Subsidiary Guarantor will execute and deliver to the Trustee a supplemental indenture pursuant to which the Subsidiary Guarantor will unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Seventh Supplemental Indenture and the Eleventh Supplemental Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsidiary Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition will have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Subsidiary Guarantor hereby agree to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Guarantee and in the Seventh Supplemental Indenture and the Eleventh Supplemental Indenture, including but limited to Articles 10 thereof.

3. EXECUTION AND DELIVERY. The Subsidiary Guarantor agrees that the Guarantee will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of the Guarantee.

4. NO RECOURSE AGAINST OTHERS. No past, present or future director, manager, officer, employee, incorporator, stockholder or agent of the Subsidiary Guarantor, as such, will have any liability for any obligations of the Company or the Subsidiary Guarantor under the Notes, the Guarantee, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

5. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy will be an original, but all of them together represent the same agreement. Signatures of the parties hereto transmitted by facsimile or PDF may be used in lieu of the originals shall be deemed to be their original signatures for all purposes. This Supplemental Indenture shall be valid, binding, and enforceable against a party when executed and delivered by an authorized individual on behalf of the party by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the UCC (collectively, "Signature Law"), in each case to the extent applicable. Each faxed, scanned, or photocopied manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any other party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For the avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and will not affect the construction hereof.

8. THE TRUSTEE. The Trustee makes no representation as to and will not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this

Supplemental Indenture or the Guarantee or for or in respect of the recitals contained herein, all of which recitals are made solely by the Subsidiary Guarantor and the Company.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

**P & M SOLUTIONS, LLC**

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Secretary

**CENTRAL GARDEN & PET COMPANY**

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Secretary

**GUARANTORS:**

All-Glass Aquarium Co., Inc.,
AQUATICA TROPICALS, inc.,
ARDEN COMPANIES, LLC,
B2E Biotech Llc,
B2E Corporation,
B2E Manufacturing, LLC,
B2E MICROBIALS, LLC,
BLUE SPRINGS HATCHERY, INC.,
C & S PRODUCTS CO., INC.,
Farnam Companies, Inc.,
FLORIDA TROPICAL DISTRIBUTORS
INTERNATIONAL, INC.,
Four Paws Products Ltd.,
FOURSTAR MICROBIAL LLC,
Gro Tec, Inc.,
Gulfstream Home & Garden, Inc.,
HYDRO-ORGANICS WHOLESALE,
IMS SOUTHERN, LLC,
IMS TRADING, LLC,
Kaytee Products, Incorporated,
K&H MANUFACTURING, LLC,
Matson, LLC,
MIDWEST TROPICALS LLC,
New England Pottery, LLC,
nexgen turf research, llc,
Pennington Seed, Inc.,
Pets International, Ltd.,
quality pets, llc,
SEGREST, INC.,
SEGREST FARMS, INC.,
SUN PET, LTD.,
T.F.H. Publications, Inc., and
Wellmark International

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Authorized Officer of each above listed entity

**WELLS FARGO BANK, NATIONAL ASSOCIATION**
as Trustee

By: /s/ Nancy Chouanard
Name: Nancy Chouanard
Title: Vice President

# THIRTEENTH SUPPLEMENTAL INDENTURE

THIRTEENTH SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated effective as of April 9, 2021, by (i) Flora Parent, Inc., a Delaware corporation, (ii) Seed Holdings, Inc., a Delaware corporation, (iii) Plantation Products, LLC, a Delaware limited liability company, (iv) Ferry-Morse Seed Company, a Delaware corporation, (v) Livingston Seed Company, a Delaware corporation, (vi) MARTEAL, LTD., a California corporation, (vii) SUSTAINABLE AGRICO LLC, a Delaware limited liability company, (viii) A.E. MCKENZIE CO. ULC, a British Columbia corporation (each of (i)-(viii), a "Subsidiary Guarantor" and, collectively, the "Subsidiary Guarantors"), each Subsidiary Guarantor a direct or indirect subsidiary of Central Garden & Pet Company, a Delaware corporation (the "Company"), (ix) the Company, the other Guarantors (as defined in the Indenture referred to herein) and (x) Wells Fargo Bank, National Association, as trustee under the indenture referred to below (the "Trustee").

## W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (as supplemented from time to time, the "Base Indenture"), dated as of March 8, 2010;

WHEREAS, the Company executed that certain Seventh Supplemental Indenture dated as of December 14, 2017 (the "Seventh Supplemental Indenture"), providing for the issuance of 5.125% Senior Notes due 2028 (the "2028 Notes") and the Eleventh Supplemental Indenture dated as of October 16, 2020 (the "Eleventh Supplemental Indenture" and together with the Base Indenture and the Seventh Supplemental Indenture, the "Indenture"), providing for the issuance of 4.125% Senior Notes due 2030 (the "2030 Notes" and collectively with the 2028 Notes, the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Subsidiary Guarantors will execute and deliver to the Trustee a supplemental indenture pursuant to which the Subsidiary Guarantors will unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Seventh Supplemental Indenture and the Eleventh Supplemental Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Subsidiary Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition will have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Subsidiary Guarantors hereby agree to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Guarantee and in the Seventh Supplemental Indenture and the Eleventh Supplemental Indenture, including but limited to Articles 10 thereof.

3. EXECUTION AND DELIVERY. Each Subsidiary Guarantor agrees that the Guarantee will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of the Guarantee.

4. NO RECOURSE AGAINST OTHERS. No past, present or future director, manager, officer, employee, incorporator, stockholder or agent of the Subsidiary Guarantors, as such, will have any liability for any obligations of the Company or any Subsidiary Guarantor under the Notes, the Guarantee, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

5. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy will be an original, but all of them together represent the same agreement. Signatures of the parties hereto transmitted by facsimile or PDF may be used in lieu of the originals shall be deemed to be their original signatures for all purposes. This Supplemental Indenture shall be valid, binding, and enforceable against a party when executed and delivered by an authorized individual on behalf of the party by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the UCC (collectively, "Signature Law"), in each case to the extent applicable. Each faxed, scanned, or photocopied manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any other party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For the avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and will not affect the construction hereof.

8. THE TRUSTEE. The Trustee makes no representation as to and will not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the Guarantee or for or in respect of the recitals contained herein, all of which recitals are made solely by the Subsidiary Guarantors and the Company.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

**FLORA PARENT, INC.**,
**SEED HOLDINGS, INC.**,
**PLANTATION PRODUCTS, LLC**,
**FERRY-MORSE SEED COMPANY**,
**LIVINGSTON SEED COMPANY**,
**MARTEAL, LTD.**,
**SUSTAINABLE AGRICO LLC,** and
**A.E. MCKENZIE CO. ULC**

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Secretary of each above listed entity

**CENTRAL GARDEN & PET COMPANY**

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Secretary

**GUARANTORS:**

All-Glass Aquarium Co., Inc.,
AQUATICA TROPICALS, inc.,
ARDEN COMPANIES, LLC,
B2E Biotech Llc,
B2E Corporation,
B2E Manufacturing, LLC,
B2E MICROBIALS, LLC,
BLUE SPRINGS HATCHERY, INC.,
C & S PRODUCTS CO., INC.,
Farnam Companies, Inc.,
FLORIDA TROPICAL DISTRIBUTORS
INTERNATIONAL, INC.,
Four Paws Products Ltd.,
FOURSTAR MICROBIAL LLC,
Gro Tec, Inc.,
Gulfstream Home & Garden, Inc.,
HYDRO-ORGANICS WHOLESALE,
IMS SOUTHERN, LLC,
IMS TRADING, LLC,
Kaytee Products, Incorporated,
K&H MANUFACTURING, LLC,
Matson, LLC,
MIDWEST TROPICALS LLC,
New England Pottery, LLC,
nexgen turf research, llc,
P & M SOLUTIONS, LLC
Pennington Seed, Inc.,
Pets International, Ltd.,
quality pets, llc,
SEGREST, INC.,
SEGREST FARMS, INC.,
SUN PET, LTD.,
T.F.H. Publications, Inc., and
Wellmark International

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Authorized Officer of each above listed entity

**WELLS FARGO BANK, NATIONAL ASSOCIATION**
as Trustee

By: /s/ Michael Tu
Name: Michael Tu
Title: Vice President

# FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this " Agreement") is made and entered into as of March 29, 2021, by and among CENTRAL GARDEN & PET COMPANY, a Delaware corporation (" Borrower Representative"), each of the other Borrowers party hereto, and the Guarantors party hereto (the Borrower Representative, the other Borrowers and the Guarantors, collectively, the "Credit Parties"), the Lenders party hereto, and TRUIST BANK, successor by merger to SunTrust Bank, as the administrative agent for itself and on behalf of the Lenders (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, the Credit Parties, the Lenders, and the Administrative Agent have executed and delivered that certain Second Amended and Restated Credit Agreement dated as of September 27, 2019 (as may be further amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, on October 16, 2020, Borrowers refinanced the 2015 Notes (as defined in the Credit Agreement) with 2020 Notes (as defined below);

WHEREAS, Borrowers seek to incur additional unsecured notes; and

WHEREAS, in connection with such additional unsecured notes, the Credit Parties have requested that the Administrative Agent and the Lenders party hereto amend certain provisions of the Credit Agreement as set forth herein, and the Administrative Agent and the Lenders party hereto have agreed to such amendments, in each case subject to the terms and conditions hereof.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, each of the parties hereto hereby covenants and agrees as follows:

SECTION 1. Definitions. Unless otherwise specifically defined herein, each term used herein (and in the recitals above) which is defined in the Credit Agreement shall have the meaning assigned to such term in the Credit Agreement. Each reference to "hereof," "hereunder," "herein," and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

SECTION 2. Amendments to Credit Agreement.

(a) The following new definitions shall be inserted in Section 1.1 of the Credit Agreement in proper alphabetical order:

"2020 Notes" shall mean the senior notes due 2030 issued on October 16, 2020, pursuant to the Indenture.

"2021 Notes" shall mean the senior notes, to be due no earlier than five years from the date of issuance thereof, issued prior to May 31, 2021, pursuant to the New Indenture.

"New Indenture" shall mean, that certain Indenture, to be dated prior to May 31, 2021.

(b) The following definitions in Section 1.1 of the Credit Agreement are amended and restated in their entirety so that each reads, in its entirety, as follows:

"Immaterial Subsidiary" shall mean any Subsidiary (other than a Borrower) designated by the Borrower Representative to the Administrative Agent as an "Immaterial Subsidiary" and that meets each of the following criteria as of the last day of the most recent fiscal quarter for which financial statements have been delivered to the Administrative Agent pursuant to Sections 7.1(b) or 7.2: (a) the assets of such Subsidiary (together with all other Immaterial Subsidiaries and their respective Subsidiaries) constitute less than ten percent (10%) of the total Consolidated Net Tangible Assets of the Parent and its Restricted Subsidiaries as of such date; and (b) such Subsidiary (together with all other Immaterial Subsidiaries and their respective Subsidiaries) contributed less than ten percent (10%) of EBITDA of the Parent and its Restricted Subsidiaries for the four (4) fiscal quarter period ending on such date; provided, that no Subsidiary shall be or be designated as an "Immaterial Subsidiary" if such Subsidiary has provided a Guaranty of, or pledged any Collateral as security for, the 2017 Notes, the 2020 Notes, the 2021 Notes or any other Material Indebtedness.

"Indenture" shall mean, collectively, that certain Indenture, dated as of March 8, 2010, supplemented by that certain First Supplemental Indenture, dated as of March 8, 2010, that certain Second Supplemental Indenture, dated as of February 13, 2012, that certain Third Supplemental Indenture, dated as of November 9, 2015, that certain Fourth Supplemental Indenture, dated as of March 25, 2016, that certain Fifth Supplemental Indenture, dated as of December 23, 2016, that certain Sixth Supplemental Indenture, dated as of June 24, 2017, that certain Seventh Supplemental Indenture, dated as of December 14, 2017, that certain Eighth Supplemental Indenture, dated as of December 14, 2017, that certain Ninth Supplemental Indenture, dated as of March 30, 2019, that certain Tenth Supplemental Indenture, dated as of June 29, 2019, that certain Eleventh Supplemental Indenture, dated as of October 16, 2020, and that certain Twelfth Supplemental Indenture, dated as of March 10, 2021.

"Maturity Date" shall mean the earliest to occur of (a) September 27, 2024, (b) such earlier date as payment of the Loans shall be due (whether by acceleration or otherwise), or (c) so long as the 2017 Notes, the 2020 Notes or the 2021 Notes are still outstanding, the date that is 90 days before the maturity of the 2017 Notes, the 2020 Notes or the 2021 Notes (or if the 2017 Notes, the 2020 Notes and/or the 2021 Notes are refinanced with Permitted Refinancing Indebtedness and/or Indebtedness permitted under clause (i) of Section 8.1, the date that is 90 days before the maturity of such refinanced Indebtedness).

"Restricted Payment" shall mean (a) Dividends, (b) loans by any Credit Party or any of their Restricted Subsidiaries to any holder of Equity Interests in a Credit Party or Restricted Subsidiary other than loans to a holder of Equity Interests that is a Credit Party or (c) any payment of management, consulting, professional or similar fees (but not including compensation paid to any Person for services rendered by such Person in his or her capacity as an employee of a Credit Party or Restricted Subsidiary) payable by any Credit Party or any Restricted Subsidiary of a Credit Party to any Affiliate, (d) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, by the Parent or any of its Restricted Subsidiaries of any Equity Interests issued by the Parent or any of its Restricted Subsidiaries now or hereafter outstanding by the Parent or any of its Restricted Subsidiaries, as the case may be, except for any redemption, retirement, sinking funds or similar payment payable solely in such other shares or units of the same class of Equity Interests or any class of Equity Interests which are junior to that class of Equity Interests; (e) any cash payment made to redeem, purchase, repurchase, or retire, or obtain the surrender of, any outstanding warrants, options, or other rights to acquire any Equity Interests issued by the Parent or any of its Restricted Subsidiaries now or hereafter outstanding, including, without limitation, any payment in connection with any Person's exercise of any "put" right; and (f) any payment made to repay, redeem, purchase, repurchase, or retire, or obtain the surrender of, the 2017 Notes, the 2020 Notes, the 2021 Notes or any other Indebtedness which is subordinated to the Obligations.

(c) Section 2.1(f)(v) of the Credit Agreement is amended by replacing "the 2015 Notes and the 2017 Notes" as it appears therein with "the 2017 Notes, the 2020 Notes and the 2021 Notes".

(d) Section 6.20(b)(v) of the Credit Agreement is amended by replacing "the 2015 Notes or the 2017 Notes" as it appears therein with "the 2017 Notes, the 2020 Notes or the 2021 Notes".

(e) Section 8.1(d) of the Credit Agreement is amended and restated in its entirety, as follows:

(d) unsecured Indebtedness under the 2017 Notes, the 2020 Notes or 2021 Notes, together with any refinancing thereof which consists (whether singly or in combination) of (i) Permitted Refinancing Indebtedness in respect such 2017 Notes, 2020 Notes or 2021 Notes and (ii) any Indebtedness permitted under clause (i) of this Section 8.1;

i.Section 8.4(c) of the Credit Agreement is amended and restated in its entirety, as follows:

(c) the Parent may (i) make regularly scheduled payments of interest on the 2017 Notes, the 2020 Notes or 2021 Notes, and (ii) repay the 2017 Notes, the 2020 Notes or 2021 Notes in full in connection with a Permitted Refinancing thereof or the incurrence of other Indebtedness otherwise permitted pursuant to Section 8.1(i).

ii.Section 8.13 of the Credit Agreement is amended by replacing “2015 Notes or 2017 Notes” as it appears therein with “2017 Notes, 2020 Notes, or 2021 Notes”.

SECTION 3. Conditions Precedent. This Agreement shall become effective only upon satisfaction or waiver of the following conditions precedent except as otherwise agreed between the Borrowers and the Administrative Agent:

iii.The Administrative Agent’s receipt of this Agreement duly executed by each of (i) the Credit Parties, (ii) the Majority Lenders, and (iii) the Administrative Agent; and

iv.The Credit Parties shall have paid all other fees due and payable on or prior to the effective date of this Agreement, including, without limitation, all reasonable out-of-pocket costs and expenses of the Administrative Agent incurred in connection with the transactions contemplated hereby and required to be reimbursed by the Credit Parties hereunder or under any other Loan Document.

SECTION 4. Miscellaneous Terms.

v.Loan Document. For avoidance of doubt, the Credit Parties, the Lenders party hereto, and the Administrative Agent each hereby acknowledges and agrees that this Agreement is a Loan Document.

vi.Effect of Agreement. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding, and enforceable obligations of the Credit Parties.

vii.No Novation or Mutual Departure. The Credit Parties expressly acknowledge and agree that (i) there has not been, and this Agreement does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than with respect to the amendments contained in Section 2 above, and (ii) nothing in this Agreement shall affect or limit the Administrative Agent’s or any Lender’s right to demand payment of liabilities owing from any Credit Party to the Administrative Agent or the Lender under, or to demand strict performance of the terms, provisions, and conditions of, the Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Credit Agreement or the other Loan Documents.

viii.Ratification. The Credit Parties hereby restate, ratify, and reaffirm all of their obligations and covenants set forth in the Credit Agreement and the other Loan Documents to which they are parties effective as of the date hereof.

ix.No Default. To induce Lenders to enter into this Agreement, Borrowers hereby acknowledge and agree that, as of the date hereof, and after giving effect to the terms hereof, there exists (i) no Default or Event of Default and (ii) no right of offset, defense, counterclaim,

claim, or objection in favor of Borrowers or arising out of or with respect to any of the Loans or other obligations of Borrowers owed to Lenders under the Credit Agreement or any other Loan Document.

x. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

xi. Fax or Other Transmission. Delivery by one or more parties hereto of an executed counterpart of this Agreement via facsimile, telecopy, or other electronic method of transmission pursuant to which the signature of such party can be seen (including, without limitation, Adobe Corporation's Portable Document Format) shall have the same force and effect as the delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability, or binding effect of this Agreement.

xii. Recitals Incorporated Herein. The preamble and the recitals to this Agreement are hereby incorporated herein by this reference.

xiii. Section References. Section titles and references used in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

xiv. Further Assurances. The Credit Parties agree to take, at the Credit Parties' expense, such further actions as the Administrative Agent shall reasonably request from time to time to evidence the amendments set forth herein and the transactions contemplated hereby.

xv. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

xvi. Severability. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, each of the Borrowers, Administrative Agent and Lenders party hereto has caused this Agreement to be duly executed by its duly authorized officer as of the day and year first above written.

BORROWERS

**CENTRAL GARDEN & PET COMPANY**
**ALL-GLASS AQUARIUM CO., INC.**
**B2E BIOTECH, LLC**
**B2E CORPORATION**
**FARNAM COMPANIES, INC.**
**FOUR PAWS PRODUCTS, LTD.**
**GRO TEC, INC.**
**GULFSTREAM HOME & GARDEN, INC.**
**KAYTEE PRODUCTS INCORPORATED**
**MATSON, LLC**
**NEW ENGLAND POTTERY, LLC**
**PENNINGTON SEED, INC.**
**PETS INTERNATIONAL, LTD.**
**T.F.H. PUBLICATIONS, INC.**
**WELLMARK INTERNATIONAL**
**IMS SOUTHERN, LLC**
**IMS TRADING, LLC**
**HYDRO-ORGANICS WHOLESALE**
**SEGREST, INC.**
**BLUE SPRINGS HATCHERY, INC.**
**SEGREST FARMS, INC.**
**FLORIDA TROPICAL DISTRIBUTORS INTERNATIONAL, INC.**
**SUN PET, LTD.**
**AQUATICA TROPICALS, INC.**
**K&H MANUFACTURING, LLC**
**QUALITY PETS, LLC**
**MIDWEST TROPICALS LLC**
**NEXGEN TURF RESEARCH, LLC**
**B2E MICROBIALS, LLC**
**B2E MANUFACTURING, LLC**
**FOURSTAR MICROBIAL PRODUCTS LLC**
**ARDEN COMPANIES, LLC**
**C & S PRODUCTS CO., INC.**

By: /s/ George Yuhas
Name: George A. Yuhas
Title: Secretary

GUARANTORS

**P & M SOLUTIONS, LLC**

By: /s/ George A. Yuhas
Name: George A. Yuhas
Title: Secretary

ADMINISTRATIVE AGENT AND A LENDER:

**TRUIST BANK**, as the Administrative Agent and a Lender

By: /s/ Stephen D. Metts
Name: Stephen D. Metts
Title: Director

LENDERS:

**U.S. BANK NATIONAL ASSOCIATION**, as a Lender

By: /s/ Christopher Nairne
Christopher Nairne
Senior Vice President

**BMO HARRIS BANK N.A.**, as a Lender

By: /s/ Kara Goodwin
Name: Kara Goodwin
Title: Managing Director

**BANK OF THE WEST**, as a Lender

By: /s/ Adriana Collins
Name: Adriana Collins
Title: Director

**BANK OF AMERICA, N.A.**, as a Lender

By: /s/ Tyler Sims
Name: Tyler Sims
Title: Senior Vice President

**COBANK, ACB**, as a Lender

By: /s/ James J. Trankle
Name: James J. Trankle
Title: Managing Director

**JPMORGAN CHASE BANK**, as a Lender

By: /s/ Lynn Braum
Name: Lynn Braum
Title: Executive Director

**KEYBANK NATIONAL ASSOCIATION**, as a Lender

By: /s/ Andrew Blickensderfer
Name: Andrew Blickensderfer
Title: Vice President

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as a Lender

By: /s/ Bryan Wei
Name: Bryan Wei
Title: Authorized Signatory

Exhibit 22

## LIST OF GUARANTOR SUBSIDIARIES

The following subsidiaries of Central Garden & Pet Company (the "Company") were, as of March , 2020, guarantors of the Company's $500 million aggregate principal amount of 4.125% senior notes due October 2030, and the Company’s $300 million aggregate principal amount of 5.125% senior notes due February 2028.

| NAME OF GUARANTOR SUBSIDIARY | JURISDICTION OF FORMATION |
|---|---|
| All-Glass Aquarium Co., Inc. | Wisconsin |
| B2E Biotech, LLC | Delaware |
| B2E Corporation | New York |
| Farnam Companies, Inc. | Arizona |
| Four Paws Products, Ltd. | New York |
| Gro Tec, Inc. | Georgia |
| Gulfstream Home & Garden, Inc. | Florida |
| Kaytee Products, Incorporated | Wisconsin |
| Matson, LLC | Washington |
| New England Pottery, LLC | Delaware |
| Pennington Seed, Inc. | Delaware |
| Pets International, Ltd. | Illinois |
| T.F.H. Publications, Inc. | Delaware |
| Wellmark International | California |
| IMS Southern, LLC | Utah |
| IMS Trading, LLC | Utah |
| Hydro-Organics Wholesale | California |
| Segrest, Inc. | Delaware |
| Blue Springs Hatchery, Inc. | Delaware |
| Segrest Farms, Inc. | Delaware |
| Florida Tropical Distributors International, Inc. | Delaware |
| Sun Pet, Ltd. | Delaware |
| Aquatica Tropicals, Inc. | Delaware |
| K&H Manufacturing, LLC | Delaware |
| Quality Pets, LLC | Utah |
| Midwest Tropicals LLC | Utah |
| Nexgen Turf Research, LLC | Oregon |
| B2E Microbials, LLC | Delaware |
| B2E Manufacturing, LLC | Delaware |
| Fourstar Microbial Products LLC | Delaware |
| Arden Companies, LLC | Michigan |
| P&M Solutions, LLC | Georgia |
| C&S Products Co., Inc. | Iowa |

**EXHIBIT 31.1**

I, Timothy P. Cofer, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 27, 2021 of Central Garden & Pet Company;

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, 2021

/s/ TIMOTHY P. COFER

Timothy P. Cofer

Chief Executive Officer

*(Principal Executive Officer)*

**EXHIBIT 31.2**

I, Nicholas Lahanas, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 27, 2021 of Central Garden & Pet Company;

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, 2021

/s/ Nicholas Lahanas

Nicholas Lahanas
Chief Financial Officer
*(Principal Financial Officer)*

**EXHIBIT 32.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying quarterly report on Form 10-Q of Central Garden & Pet Company for the quarter ended March 27, 2021 (the “Report”), I, Timothy P. Cofer, Chief Executive Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Report presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

May 6, 2021

/s/ TIMOTHY P. COFER
Timothy P. Cofer
Chief Executive Officer
*(Principal Executive Officer)*

**EXHIBIT 32.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying quarterly report on Form 10-Q of Central Garden & Pet Company for the quarter ended March 27, 2021 (the "Report"), I, Nicholas Lahanas, Principal Financial Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Report presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

May 6, 2021

/s/ NICHOLAS LAHANAS
Nicholas Lahanas
Chief Financial Officer
*(Principal Financial Officer)*