

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

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

August 4, 2021

Central Garden & Pet Company

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction
of incorporation)

001-33268

(Commission File
Number)

68-0275553

(IRS Employer
Identification Number)

1340 Treat Boulevard, Suite 600, Walnut Creek, California

(Address of principal executive offices)

94597

(Zip Code)

Registrant's telephone number, including area code

(925) 948-4000

(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class

Common Stock

Class A Common Stock

Trading Symbol(s)

CENT

CENTA

Name of each exchange on which registered

The NASDAQ Stock Market LLC

The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On August 4, 2021, Central Garden & Pet Company issued a press release announcing its financial results for the third fiscal quarter ended June 26, 2021. A copy of the press release is attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

[Exhibit 99.1](#) [Press release dated August 4, 2021.](#)

Exhibit 104 Cover Page Interactive Data File – the cover page iXBRL tags are embedded within the Inline XBRL document

SIGNATURES

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

CENTRAL GARDEN & PET COMPANY

By: /s/ Nicholas Lahanas
Nicholas Lahanas
Chief Financial Officer
(Principal Financial Officer)

Dated: August 4, 2021

Central Garden & Pet Announces Record Q3 Fiscal 2021 Results

Q3 fiscal 2021 net sales increased 24% to \$1,037 million

Q3 fiscal 2021 diluted EPS grew 8% to \$1.37

Raises outlook for fiscal 2021 diluted GAAP EPS to \$2.45 or better

Raises outlook for fiscal 2021 diluted Non-GAAP EPS to \$2.62 or better

WALNUT CREEK, Calif.--(BUSINESS WIRE)--August 4, 2021--Central Garden & Pet Company (NASDAQ: CENT, CENTA) ("Central"), a market leader in the Garden and Pet industries, today announced financial results for its fiscal 2021 third quarter ended June 26, 2021.

"We delivered another record quarter due to the strong demand for our Pet and Garden brands and our team's hard work and dedication," said Tim Cofer, CEO of Central Garden & Pet. "We are encouraged by the early progress on our Central to Home strategy and our third quarter results especially when we consider the extraordinary growth in the prior year quarter. Given our robust year-to-date performance, we are raising our outlook for fiscal 2021."

Fiscal 2021 Third Quarter Financial Results

Net sales increased 24% to \$1,037 million compared to \$833 million a year ago, driven largely by recent acquisitions, which contributed \$137 million to the quarter, and organic growth in both segments. Organic sales increased 9%.

Gross margin was 30.9%, a decline of 50 basis points compared to a year ago, driven primarily by the impact of initial purchase accounting related to recent acquisitions as well as cost inflation in areas such as key commodities, labor and freight.

Operating income increased 8% to \$113 million from \$105 million a year ago. Operating margin was 10.9%, a decline of 170 basis points primarily driven by gross margin compression, rising logistics cost and heightened investment spending.

Net interest expense was \$13 million compared to \$11 million a year ago primarily due to higher debt outstanding.

The Company's net income increased 11% to \$76 million from \$69 million a year ago. Diluted earnings per share for the quarter grew 8% to \$1.37 from \$1.27 in the prior year quarter. Adjusted EBITDA increased 14% to \$134 million from \$118 million a year ago.

Garden Segment Fiscal 2021 Third Quarter Results

Net sales for the Garden segment increased 42% to \$529 million driven by a \$137 million contribution from recent acquisitions as well as organic growth of 5%, with notable strength in live plants, distribution and wild bird feed.

Garden segment operating income increased 3% to \$67 million and operating margin declined 480 basis points to 12.7%, primarily driven by inventory-related purchase accounting. Garden segment adjusted EBITDA increased 15% to \$78 million from \$68 million in the prior year quarter, driven by contributions from recent acquisitions as well as volume strength and operating leverage.

Pet Segment Fiscal 2021 Third Quarter Results

Net sales for the Pet segment increased 10% to \$508 million driven by strong growth across the segment, with significant contributions from dog and cat, live animals, distribution and aquatics.

Pet segment operating income increased 12% to \$71 million, and operating margin grew 20 basis points to 14.0%. Pet segment adjusted EBITDA increased 9.8% to \$80 million from \$73 million a year ago, largely driven by stronger sales volume and favorable product mix as well as overhead efficiencies.

Additional Information

The Company's cash balance at the end of the quarter was \$517 million compared to \$495 million a year ago. Cash provided by operations during the quarter was \$299 million compared to \$182 million a year ago. The increase was driven primarily by favorable changes in working capital due to higher collection of receivables during the quarter compared to the prior year quarter.

Total debt as of June 26, 2021 was \$1,184 million compared to \$694 million at June 27, 2020. The Company's leverage ratio at the end of the third quarter, as defined in the Company's credit agreement, was 2.9x compared to 2.4x at the end of the prior year quarter.

The Company's effective tax rate was 22.5%, in line with the prior year quarter.

2021 Guidance

Given strong year-to-date results, the Company has updated its fiscal year outlook and now expects fiscal 2021 GAAP EPS to be at or above \$2.45. This guidance compares to the Company's previous guidance of 2021 GAAP EPS of \$2.25 or higher. The revised outlook includes the benefit of strong performance in the first nine months of fiscal 2021, the Company's anticipated investments in capacity expansion, brand building and eCommerce to drive sustainable growth, increasing costs for key commodities, labor and freight, resuming more normal levels of promotional activity, as well as headwinds associated with lapping almost ideal weather for the gardening season and a return to more normalized consumer demand patterns following extraordinary demand spanning two fiscal years. The revised outlook does not include the impact of recent acquisitions, as purchase accounting has not yet been finalized. Early estimates indicate that the net impact of the acquisitions (excluding the very recent addition of D&D) will be accretive to fiscal 2021 EPS in the range of \$0.11 to \$0.16.

Conference Call

The Company will host a conference call today at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss its third quarter fiscal 2021 results. The conference call and related materials can be accessed on the Company's website at <http://ir.central.com>.

Alternatively, to listen to the call by telephone, dial (201) 689-8345 (domestic and international) using confirmation #13720912.

About Central Garden & Pet

Central Garden & Pet (NASDAQ: CENT, CENTA) understands that home is central to life and has proudly nurtured happy and healthy homes for over 40 years. With 2020 net sales of \$2.7 billion, Central is on a mission to lead the future of the pet and garden industries. The Company's innovative and trusted products are dedicated to help lawns grow greener, gardens bloom bigger, pets live healthier and communities grow stronger. Central is home to a leading portfolio of more than 65 high-quality brands including Pennington, Nylabone, Kaytee, Amdro and Aqueon, strong manufacturing and distribution capabilities and a passionate, entrepreneurial growth culture. Central Garden & Pet is based in Walnut Creek, California and has 7,000 employees across North America and Europe. For additional information about Central, please visit the Company's website at www.central.com.

Safe Harbor Statement

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements contained in this release which are not historical facts, including expectations for increased levels of investment to drive capacity expansion, brand building and eCommerce, increases in labor and freight cost as well as key commodities, the accretive expectations for recent acquisitions, a return to more normalized consumer demand patterns, in addition to resuming more normal levels of travel and promotional activity and their impact on future growth, and earnings guidance for fiscal 2021, are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. All forward-looking statements are based upon the Company's current expectations and various assumptions. 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 release including, but not limited to, the following factors:

- our ability to successfully manage the impact of COVID-19 and its variants 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 recent acquisitions and the impact of purchase accounting on our financial results;
 - inflation and other adverse macro-economic conditions;
 - the potential for future reductions in demand for product categories, which increased during the COVID-19 pandemic;
 - the success of our 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 enterprise resource planning information technology systems;
 - 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.
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These risks and others are described in the Company's Securities and Exchange Commission filings. The Company undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise. The Company has not filed its Form 10-Q for the fiscal quarter ended June 26, 2021, so all financial results are preliminary and subject to change.

(Tables Follow)

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

| ASSETS | June 26, 2021 | June 27, 2020 | September 26, 2020 |
|---|---------------------|---------------------|---------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 517,052 | \$ 495,339 | \$ 652,712 |
| Restricted cash | 11,679 | 13,536 | 13,685 |
| Accounts receivable (less allowances of \$30,506, \$24,034 and \$27,661) | 494,432 | 503,288 | 391,773 |
| Inventories, net | 626,635 | 425,919 | 439,615 |
| Prepaid expenses and other | 32,955 | 29,211 | 27,498 |
| Total current assets | 1,682,753 | 1,467,293 | 1,525,283 |
| Plant, property and equipment, net | 306,229 | 239,240 | 244,667 |
| Goodwill | 289,955 | 289,854 | 289,955 |
| Other intangible assets, net | 125,069 | 138,305 | 134,924 |
| Operating lease right-of-use assets | 149,628 | 99,111 | 115,882 |
| Other assets | 569,870 | 30,166 | 28,653 |
| Total | \$ 3,123,504 | \$ 2,263,969 | \$ 2,339,364 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 237,050 | \$ 178,728 | \$ 205,234 |
| Accrued expenses | 234,314 | 174,776 | 201,436 |
| Current lease liabilities | 39,557 | 31,648 | 33,495 |
| Current portion of long-term debt | 86 | 98 | 97 |
| Total current liabilities | 511,007 | 385,250 | 440,262 |
| Long-term debt | 1,183,591 | 693,915 | 693,956 |
| Long-term lease liabilities | 115,178 | 71,458 | 86,516 |
| Deferred income taxes and other long-term obligations | 71,783 | 52,994 | 40,956 |
| Equity: | | | |
| Common stock, \$0.01 par value: 11,336,358, 11,300,810 and 11,336,358 shares outstanding at June 26, 2021, June 27, 2020 and September 26, 2020 | 113 | 113 | 113 |
| Class A common stock, \$0.01 par value: 42,726,118, 41,747,928 and 41,856,626 shares outstanding at June 26, 2021, June 27, 2020 and September 26, 2020 | 427 | 417 | 419 |
| Class B stock, \$0.01 par value: 1,612,374, 1,647,922 and 1,612,374 at June 26, 2021, June 27, 2020 and September 26, 2020 | 16 | 16 | 16 |
| Additional paid-in capital | 576,104 | 563,371 | 566,883 |
| Retained earnings | 665,534 | 497,192 | 510,781 |
| Accumulated other comprehensive loss | (1,831) | (1,684) | (1,409) |
| Total Central Garden & Pet Company shareholders' equity | 1,240,363 | 1,059,425 | 1,076,803 |
| Noncontrolling interest | 1,582 | 927 | 871 |
| Total equity | 1,241,945 | 1,060,352 | 1,077,674 |
| Total | \$ 3,123,504 | \$ 2,263,969 | \$ 2,339,364 |

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

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | June 26, 2021 | June 27, 2020 | June 26, 2021 | June 27, 2020 |
| Net sales | \$ 1,037,075 | \$ 833,483 | \$ 2,564,557 | \$ 2,019,540 |
| Cost of goods sold | 716,765 | 571,423 | 1,806,427 | 1,419,097 |
| Gross profit | 320,310 | 262,060 | 758,130 | 600,443 |
| Selling, general and administrative expenses | 207,069 | 157,420 | 513,239 | 427,633 |
| Operating income | 113,241 | 104,640 | 244,891 | 172,810 |
| Interest expense | (13,131) | (11,829) | (44,328) | (33,223) |
| Interest income | 45 | 358 | 322 | 3,779 |
| Other income (expense) | (1,086) | (3,541) | 370 | (4,215) |
| Income before income taxes and noncontrolling interest | 99,069 | 89,628 | 201,255 | 139,151 |
| Income tax expense | 22,315 | 20,291 | 45,260 | 31,211 |
| Income including noncontrolling interest | 76,754 | 69,337 | 155,995 | 107,940 |
| Net income attributable to noncontrolling interest | 568 | 537 | 1,242 | 853 |
| Net income attributable to Central Garden & Pet Company | <u>\$ 76,186</u> | <u>\$ 68,800</u> | <u>\$ 154,753</u> | <u>\$ 107,087</u> |
| Net income per share attributable to Central Garden & Pet Company: | | | | |
| Basic | <u>\$ 1.41</u> | <u>\$ 1.29</u> | <u>\$ 2.87</u> | <u>\$ 1.97</u> |
| Diluted | <u>\$ 1.37</u> | <u>\$ 1.27</u> | <u>\$ 2.80</u> | <u>\$ 1.95</u> |
| Weighted average shares used in the computation of net income per share: | | | | |
| Basic | 53,976 | 53,441 | 53,882 | 54,261 |
| Diluted | 55,658 | 54,168 | 55,236 | 54,984 |

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

| | Nine Months Ended | |
|---|-------------------|---------------|
| | June 26, 2021 | June 27, 2020 |
| Cash flows from operating activities: | | |
| Net income | \$ 155,995 | \$ 107,940 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 52,759 | 39,598 |
| Amortization of deferred financing costs | 1,577 | 1,397 |
| Non-cash lease expense | 29,914 | 25,893 |
| Stock-based compensation | 17,040 | 14,042 |
| Debt extinguishment costs | 8,577 | — |
| Loss on sale of business | 2,611 | — |
| Deferred income taxes | 6,992 | 5,447 |
| Loss (gain) on sale of property and equipment | 62 | (5) |
| Write-down of investments | — | 3,566 |
| Other | 2,083 | 3,666 |
| Change in assets and liabilities (excluding businesses acquired): | | |
| Accounts receivable | (49,099) | (203,140) |
| Inventories | (85,382) | 40,750 |
| Prepaid expenses and other assets | 33,571 | 1,007 |
| Accounts payable | 21,862 | 29,879 |
| Accrued expenses | 10,102 | 45,572 |
| Other long-term obligations | (640) | 117 |
| Operating lease liabilities | (29,402) | (26,809) |
| Net cash provided by operating activities | 178,622 | 88,920 |
| Cash flows from investing activities: | | |
| Additions to plant, property and equipment | (57,047) | (26,796) |
| Payments to acquire companies, net of cash acquired | (733,614) | — |
| Proceeds from the sale of business | 2,400 | — |
| Investments | — | (4,439) |
| Other investing activities | (633) | (562) |
| Net cash used in investing activities | \$ (788,894) | \$ (31,797) |
| Cash flows from financing activities: | | |
| Repayments of long-term debt | (400,072) | (88) |
| Proceeds from issuance of long-term debt | 900,000 | — |
| Borrowings under revolving line of credit | 858,000 | 200,000 |
| Repayments under revolving line of credit | (858,000) | (200,000) |
| Premium paid on extinguishment of debt | (6,124) | — |
| Repurchase of common stock, including shares surrendered for tax withholding | (7,811) | (57,703) |
| Payment of contingent consideration liability | (254) | (154) |
| Distribution to noncontrolling interest | (531) | (96) |
| Payment of financing costs | (14,109) | (948) |
| Net cash provided (used) by financing activities | 471,099 | (58,989) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 1,507 | 40 |
| Net decrease in cash, cash equivalents and restricted cash | (137,666) | (1,826) |
| Cash, cash equivalents and restricted cash at beginning of period | 666,397 | 510,701 |
| Cash, cash equivalents and restricted cash at end of period | \$ 528,731 | \$ 508,875 |
| Supplemental information: | | |
| Cash paid for interest | \$ 33,933 | \$ 35,330 |
| Cash paid for taxes | \$ 52,162 | \$ 15,714 |
| Operating lease right of use assets | \$ 63,503 | \$ 13,722 |

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 have not provided a reconciliation of non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis due to the potential significant variability and limited visibility of the excluded items. 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 a portion of 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 condensed 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.
 - (3) During the third quarter of fiscal 2020, we recorded a non-cash impairment charge for two private company investments. The impairment was recorded as part of other income (expense).
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| Net Income and Diluted Net Income Per Share Reconciliation | GAAP to Non-GAAP Reconciliation | | | |
|---|--|---------------|---------------------------|---------------|
| | For the Three Months Ended | | For the Nine Months Ended | |
| | June 26, 2021 | June 27, 2020 | June 26, 2021 | June 27, 2020 |
| | (in thousands, except per share amounts) | | | |
| GAAP net income attributable to Central Garden & Pet Company | \$ 76,186 | \$ 68,800 | \$ 154,753 | \$ 107,087 |
| Incremental expenses from note redemption and issuance (1) | — | — | 9,952 | — |
| Loss on sale of business (2) | — | — | 2,611 | — |
| Investment impairments (3) | — | 3,566 | — | 3,566 |
| Tax effect of incremental expenses, loss on sale and impairment | \$ — | \$ (807) | (2,825) | (800) |
| Non-GAAP net income attributable to Central Garden & Pet Company | \$ 76,186 | \$ 71,559 | \$ 164,491 | \$ 109,853 |
| GAAP diluted net income per share | \$ 1.37 | \$ 1.27 | \$ 2.80 | \$ 1.95 |
| Non-GAAP diluted net income per share | \$ 1.37 | \$ 1.32 | \$ 2.98 | \$ 2.00 |
| Shares used in GAAP and non-GAAP diluted net earnings per share calculation | 55,658 | 54,168 | 55,236 | 54,984 |

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 June 26, 2021 | | | For the Nine Months Ended June 26, 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) | | | | | |
| Q3 FY 21 | \$ 1,037.1 | \$ 137.0 | \$ 900.1 | \$ 2,564.6 | \$ 213.4 | \$ 2,351.2 |
| Q3 FY 20 | \$ 833.5 | \$ 5.6 | \$ 827.9 | \$ 2,019.5 | \$ 13.4 | \$ 2,006.1 |
| \$ increase | \$ 203.6 | | \$ 72.2 | \$ 545.1 | | \$ 345.1 |
| % increase | 24.4% | | 8.7% | 27.0% | | 17.2% |

Pet

| | GAAP to Non-GAAP Reconciliation | | | | | |
|-------------|--------------------------------------|---|-------------------|---|---|-------------------|
| | For Three Months Ended June 26, 2021 | | | For the Nine Months Ended June 26, 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) | | | | | |
| Q3 FY 21 | \$ 507.8 | \$ — | \$ 507.8 | \$ 1,436.2 | \$ — | \$ 1,436.2 |
| Q3 FY 20 | \$ 461.6 | \$ 5.6 | \$ 456.0 | \$ 1,233.7 | \$ 13.4 | \$ 1,220.3 |
| \$ increase | \$ 46.2 | | \$ 51.8 | \$ 202.5 | | \$ 215.9 |
| % increase | 10.0% | | 11.4% | 16.4% | | 17.7% |

Garden

| | GAAP to Non-GAAP Reconciliation | | | | | |
|-------------|--------------------------------------|---|-------------------|---|---|-------------------|
| | For Three Months Ended June 26, 2021 | | | For the Nine Months Ended June 26, 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) | | | | | |
| Q3 FY 21 | \$ 529.3 | \$ 137.0 | \$ 392.3 | \$ 1,128.4 | \$ 213.4 | \$ 915.0 |
| Q3 FY 20 | \$ 371.9 | \$ — | \$ 371.9 | \$ 785.8 | \$ — | \$ 785.8 |
| \$ increase | \$ 157.4 | | \$ 20.4 | \$ 342.6 | | \$ 129.2 |
| % increase | 42.3% | | 5.5% | 43.6% | | 16.4% |

Adjusted EBITDA Reconciliation

| | GAAP to Non-GAAP Reconciliation | | | |
|---|--|-----------|-------------|------------|
| | For the Three Months Ended June 26, 2021 | | | |
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | \$ 76,186 |
| Interest expense, net | — | — | — | 13,086 |
| Other expense | — | — | — | 1,086 |
| Income tax expense | — | — | — | 22,315 |
| Net income attributable to noncontrolling interest | — | — | — | 568 |
| Sum of items below operating income | — | — | — | 37,055 |
| Income (loss) from operations | \$ 67,037 | \$ 71,021 | \$ (24,817) | \$ 113,241 |
| Depreciation & amortization | 10,808 | 8,960 | 1,222 | 20,990 |
| Adjusted EBITDA | \$ 77,845 | \$ 79,981 | \$ (23,595) | \$ 134,231 |

Adjusted EBITDA Reconciliation

| | GAAP to Non-GAAP Reconciliation | | | |
|---|--|-----------|-------------|------------|
| | For the Three Months Ended June 27, 2020 | | | |
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | \$ 68,800 |
| Interest expense, net | — | — | — | 11,471 |
| Other expense | — | — | — | 3,541 |
| Income tax expense | — | — | — | 20,291 |
| Net income attributable to noncontrolling interest | — | — | — | 537 |
| Sum of items below operating income | — | — | — | 35,840 |
| Income (loss) from operations | \$ 64,941 | \$ 63,606 | \$ (23,907) | \$ 104,640 |
| Depreciation & amortization | 2,663 | 9,249 | 1,371 | 13,283 |
| Adjusted EBITDA | \$ 67,604 | \$ 72,855 | \$ (22,536) | \$ 117,923 |

| Adjusted EBITDA Reconciliation | GAAP to Non-GAAP Reconciliation For the Nine Months Ended June 26, 2021 | | | |
|---|--|------------|-------------|------------|
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | \$ 154,753 |
| Interest expense, net | — | — | — | 44,006 |
| Other income | — | — | — | (370) |
| Income tax expense | — | — | — | 45,260 |
| Net income attributable to noncontrolling interest | — | — | — | 1,242 |
| Sum of items below operating income | — | — | — | 90,138 |
| Income (loss) from operations | \$ 137,650 | \$ 176,604 | \$ (69,363) | \$ 244,891 |
| Depreciation & amortization | 22,250 | 26,927 | 3,582 | 52,759 |
| Adjusted EBITDA | \$ 159,900 | \$ 203,531 | \$ (65,781) | \$ 297,650 |

| Adjusted EBITDA Reconciliation | GAAP to Non-GAAP Reconciliation For the Nine Months Ended June 27, 2020 | | | |
|---|--|------------|-------------|------------|
| | Garden | Pet | Corp | Total |
| | (in thousands) | | | |
| Net income attributable to Central Garden & Pet Company | — | — | — | \$ 107,087 |
| Interest expense, net | — | — | — | 29,444 |
| Other expense | — | — | — | 4,215 |
| Income tax expense | — | — | — | 31,211 |
| Net income attributable to noncontrolling interest | — | — | — | 853 |
| Sum of items below operating income | — | — | — | 65,723 |
| Income (loss) from operations | \$ 101,219 | \$ 135,819 | \$ (64,228) | \$ 172,810 |
| Depreciation & amortization | 7,971 | 27,491 | 4,136 | 39,598 |
| Adjusted EBITDA | \$ 109,190 | \$ 163,310 | \$ (60,092) | \$ 212,408 |

Contacts

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