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DELTA REPORT

10-Q

CENTA - CENTRAL GARDEN & PET CO

10-Q - DECEMBER 28, 2024 COMPARED TO 10-Q - JUNE 29, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2071
CHANGES	48
DELETIONS	990
ADDITIONS	1033

REFINITIV

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

FORM 10-Q
(Mark One)

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 June 29, 2024December 28, 2024

or

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

For the transition period from ______to to

Commission File Number: 001-33268

Central Garden & Pet Company

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

1340 Treat Blvd., Suite 600, Walnut Creek, California94597

(Address of principal executive offices)

(925) **(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 M
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 1 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 fi requirements for the past 90 days. ý Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 40 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 su files). ý Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, o 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	ý	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 ar 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 Yesý 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 July 31, 2024 January 29, 2025 11,077,612 10,718,231

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements (Unaudited):	
	Condensed Consolidated Balance Sheets as of June 29, 2024 December 28, 2024, June 24, 2023 December 30, 2023 and Sept	4
	Condensed Consolidated Statements of Operations Three and Nine Months Ended June 29, 2024 December 28, 2024 and June	5
	Condensed Consolidated Statements of Comprehensive Income Three and Nine Months Ended June 29, 2024 December 28, 20 30, 2023	6
	Condensed Consolidated Statements of Cash Flows Nine Three Months Ended June 29, 2024 December 28, 2024 and June 24,	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22 21
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	36 29
Item 4.	Controls and Procedures	37 29

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	38 29
Item 1A.	Risk Factors	38 29
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38 30
Item 3.	Defaults Upon Senior Securities	39 30
Item 4.	Mine Safety Disclosures	39 30
Item 5.	Other Information	39 30
Item 6.	Exhibits	39 31

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, projected cost savings, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate i the industries and markets 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 examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are express in good faith, and we believe there is a reasonable basis for them, but we cannot assure you that our expectations, beliefs and projections 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 30, 2023September 28, 2024, in 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-look looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect future events or circumstance except as required by law. Presently known risk factors include, but are not limited to, the following factors:

•impact of inflation and interest rates, economic uncertainty and other adverse macro-economic macroeconomic conditions;

•impacts of tariffs or a trade war;

•risks associated with international sourcing, including from China;

•fluctuations in energy prices, fuel and related petrochemical costs;

Table of Contents

•declines in consumer spending and the associated increased inventory risk;

•seasonality and fluctuations in our operating results and cash flow;

•adverse weather conditions and climate change;

•the success of our Central to Home strategy and our Cost and Simplicity program;

•fluctuations in market prices for seeds and grains and other raw materials, including the impact of the recent significant decline declines in grass seed market prices on our inventory valuation;

- our inability to pass through cost increases in a timely manner;
  - our ability to recruit and retain members of our management team and employees, including a Chief Executive Officer, to support our businesses;
  - fluctuations in energy prices, fuel and related petrochemical costs;
  - declines in consumer spending and increased inventory risk during economic downturns;
  - reductions in demand for product categories that benefited from the COVID-19 pandemic;
  - adverse weather conditions;
  - the success of our Central to Home strategy and our Cost and Simplicity program;
  - risks associated with our acquisition strategy, including our ability to successfully integrate acquisitions and the impact of purchase accounting on our financial results;
  - material weaknesses relating to the internal controls of recently acquired companies;
  - seasonality and fluctuations in our operating results and cash flow;
  - supply shortages in pet birds, small animals and fish;
  - dependence on a small number of customers for a significant portion of our business;
  - consolidation trends in the retail industry;

•risks associated with new product introductions, including the risk that our new products will not produce sufficient sales to recoup our investment;

•dependence on a small number of customers for a significant portion of our business;

•consolidation trends in the retail industry;

•supply shortages in pet birds, small animals and fish;

•reductions in demand for our product categories;

•competition in our industries;

•continuing implementation of an enterprise resource planning information technology system;

•regulatory issues;
•potential environmental liabilities;
• risks associated with international sourcing;
• impacts of tariffs or a trade war;
•access to and cost of additional capital;
•the impact of product recalls;
•risks associated with our acquisition strategy, including our ability to successfully integrate acquisitions and the impact of purchase accounting on our financial results;
•potential goodwill or intangible asset impairment;

Table of Contents

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)

	June 29, 2024	June 24, 2023	September 30, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	$ 570,398	$ 333,139	$ 488,730
Restricted cash	13,980	13,542	14,143
Accounts receivable (less allowance for credit losses and customer allowances of $24,838, $29,245 and $25,797)	507,524	492,850	332,890
Inventories, net	784,775	865,496	838,188
Prepaid expenses and other	33,493	36,655	33,172
Total current assets	1,910,170	1,741,682	1,707,123
Plant, property and equipment, net	384,373	392,332	391,768
Goodwill	546,436	546,436	546,436
Other intangible assets, net	472,854	512,175	497,228
Operating lease right-of-use assets	188,506	172,379	173,540
Other assets	105,539	54,943	62,553
Total	$ 3,607,878	$ 3,419,947	$ 3,378,648
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable	$ 191,041	$ 198,406	$ 190,902
Accrued expenses	276,751	247,517	216,241
Current lease liabilities	53,363	50,209	50,597
Current portion of long-term debt	290	255	247
Total current liabilities	521,445	496,387	457,987
Long-term debt	1,189,366	1,187,498	1,187,956
Long-term lease liabilities	151,038	132,419	135,621
Deferred income taxes and other long-term obligations	150,249	156,537	144,271

Equity:			
Common stock, $0.01 par value: 11,077,612, 11,098,584 and 11,077,612 shares outstanding at June 29, 2024, June 24, 2023 and September 30, 2023	111	111	111
Class A common stock, $0.01 par value: 54,719,533, 54,408,159 and 54,472,902 shares outstanding at June 29, 2024, June 24, 2023 and September 30, 2023	547	544	544
Class B stock, $0.01 par value: 1,602,374 shares outstanding at June 29, 2024, June 24, 2023 and September 30, 2023	16	16	16
Additional paid-in capital	595,646	588,597	594,282
Retained earnings	1,000,527	858,217	859,370
Accumulated other comprehensive loss	(3,199)	(1,955)	(2,970)
Total Central Garden & Pet Company shareholders' equity	1,593,648	1,445,530	1,451,353
Noncontrolling interest	2,132	1,576	1,460
Total equity	1,595,780	1,447,106	1,452,813
Total	$ 3,607,878	$ 3,419,947	$ 3,378,648

5
Table of Contents

CENTRAL GARDEN & PET COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts, unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Net sales	$ 996,348	$ 1,023,269	$ 2,530,971	$ 2,559,936
Cost of goods sold	679,290	705,217	1,756,188	1,810,547
Gross profit	317,058	318,052	774,783	749,389
Selling, general and administrative expenses	201,122	195,222	556,988	548,112
Operating income	115,936	122,830	217,795	201,277
Interest expense	(14,720)	(14,542)	(43,412)	(43,887)
Interest income	4,504	1,408	12,016	2,287
Other income	225	853	1,047	3,147
Income before income taxes and noncontrolling interest	105,945	110,549	187,446	162,824
Income tax expense	25,468	27,000	43,733	39,446
Income including noncontrolling interest	80,477	83,549	143,713	123,378
Net income attributable to noncontrolling interest	753	423	1,572	570
Net income attributable to Central Garden & Pet Company	$ 79,724	$ 83,126	$ 142,141	$ 122,808
Net income per share attributable to Central Garden & Pet Company:				
Basic	$ 1.21	$ 1.27	$ 2.17	$ 1.87
Diluted	$ 1.19	$ 1.25	$ 2.13	$ 1.84
Weighted average shares used in the computation of net income per share:				

Basic	65,850	65,580	65,636	65,577
Diluted	66,945	66,725	66,848	66,832

	Three Months Ended	
	December 28, 2024	December 30, 2023
Net sales	$ 656,436	$ 634,533
Cost of goods sold	460,737	455,688
Gross profit	195,699	178,845
Selling, general and administrative expenses	167,707	170,433
Operating income	27,992	8,412
Interest expense	(14,470)	(14,316)
Interest income	6,740	4,609
Other income (expense)	(1,717)	993
Income (Loss) before income taxes and noncontrolling interest	18,545	(302)
Income tax expense (benefit)	4,364	(869)
Income including noncontrolling interest	14,181	567
Net income attributable to noncontrolling interest	172	137
Net income attributable to Central Garden & Pet Company	$ 14,009	$ 430

Table of Contents

CENTRAL GARDEN & PET COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
Income including noncontrolling interest	$ 80,477	$ 83,549	$ 143,713	$ 123,378
Other comprehensive income (loss):				
Foreign currency translation	(374)	1,646	(229)	2,191
Total comprehensive income	80,103	85,195	143,484	125,569
Comprehensive income attributable to noncontrolling interest	753	423	1,572	570
Comprehensive income attributable to Central Garden & Pet Company	$ 79,350	$ 84,772	$ 141,912	$ 124,999

	Three Months Ended	
	December 28, 2024	December 30, 2023
Income including noncontrolling interest	$ 14,181	$ 567
Other comprehensive income (loss):		
Foreign currency translation	(2,035)	859
Total comprehensive income	12,146	1,426
Comprehensive income attributable to noncontrolling interest	172	137
Comprehensive income attributable to Central Garden & Pet Company	$ 11,974	$ 1,289

See notes to condensed consolidated financial statements.

7

Table of Contents

CENTRAL GARDEN & PET COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, unaudited)

	Nine Months Ended	
	June 29, 2024	**June 24, 2023**
Cash flows from operating activities:		
Net income	$ 143,713	$ 123,378
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	68,069	65,504
Amortization of deferred financing costs	2,013	2,023
Non-cash lease expense	39,183	38,180
Stock-based compensation	15,138	20,632
Deferred income taxes	3,622	9,125
Facility closures and business exit costs	16,385	13,923
Other operating activities	3,531	(450)
Change in assets and liabilities (excluding businesses acquired):		
Accounts receivable	(169,867)	(115,358)
Inventories	58,705	69,610
Prepaid expenses and other assets	(383)	6,530
Accounts payable	(2,968)	(12,248)
Accrued expenses	51,213	44,221
Other long-term obligations	2,352	(55)
Operating lease liabilities	(38,902)	(37,449)

Net cash provided by operating activities	191,804	227,566
Cash flows from investing activities:		
Additions to plant, property and equipment	(33,096)	(40,850)
Payments to acquire companies, net of cash acquired	(59,818)	—
Investments	(1,500)	(500)
Other investing activities	(175)	(100)
Net cash used in investing activities	(94,589)	(41,450)
Cash flows from financing activities:		
Repayments of long-term debt	(289)	(223)
Borrowings under revolving line of credit	—	48,000
Repayments under revolving line of credit	—	(48,000)
Repurchase of common stock, including shares surrendered for tax withholding	(14,755)	(33,409)
Payment of contingent consideration liability	(63)	(33)
Distribution to noncontrolling interest	(900)	—
Net cash used by financing activities	(16,007)	(33,665)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	297	2,046
Net increase in cash, cash equivalents and restricted cash	81,505	154,497
Cash, cash equivalents and restricted cash at beginning of period	502,873	192,184
Cash, cash equivalents and restricted cash at end of period	$ 584,378	$ 346,681
Supplemental information:		
Cash paid for interest	$ 48,853	$ 49,419
Cash paid for income taxes	$ 38,027	$ 5,363
New operating lease right of use assets	$ 56,849	$ 25,424

Three Months Ended

8

CENTRAL GARDEN & PET COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended June 29, 2024December 28, 2024

(Unaudited)

1. Basis of Presentation

The condensed consolidated balance sheets of Central Garden & Pet Company and subsidiaries (the “Company” or “Central”) as of June 2 December 28, 2024 and June 24, 2023December 30, 2023, the condensed consolidated statements of operations, the condensed consolic of comprehensive income for the three and nine months ended June 29, 2024 and June 24, 2023, and the condensed consolidated statements of cash flows for the ninethree months ended June 29, 2024December 28, 2024 and June 24, 2023 December 30, 2023 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 it: foreign subsidiaries 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 nine months ended June 29, 202 2024 are not necessarily indicative of the operating results that may be expected for the entire fiscal year. These interim financial statemen should be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2023September 28, 2024, which has previously been file and Exchange Commission. The September 30, 2023September 28, 2024 balance sheet presented herein was derived from the audited fi

Stock Dividend

In December 2023, the Board of Directors approved a stock dividend in the form of one share of the Company's Class A Common Stock for every four outstanding shares of its Common Stock, Class A Common Stock and Class B Stock. Dividend shares of Class A Common Stock were distributed on February 8, 2024, to stockholders of record as of January 8, 2024.

The stock dividend did not affect the number of the Company's authorized shares, and the par value of each share of stock remained unchanged. Proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise vesting of all stock options, restricted stock and performance share units outstanding at January 8, 2024, which resulted in a proportional increase in the number of vesting stock options, restricted stock and performance share units, and, in the case of stock options, a proportional decrease in the exercise price of all such stock options.

Unless noted, all Class A Common Stock share and per share amounts contained in the condensed consolidated financial statements and management's discussion and analysis have been retroactively adjusted to reflect the one-for-four stock dividend. The legal form of th stock dividend was accounted for as a stock split as the Company concluded that shareholders were not receiving a distribution of earnings

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 condensed consolidated balance sheets and as net income attributable to noncontrolling interest in the condensed consolidated statements of operations. See Note 7, 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 credit agreements related to normal business transactions. These agreements require the Company to maintain specified amounts of cash 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.

Credit Risk

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 June 29, 2024December 28, 2024, June 24, 2023December 2024, respectively. respectively

	June 29, 2024	June 24, 2023	September 30, 2023
		(in thousands)	
Cash and cash equivalents	$ 570,398	$ 333,139	$ 488,730
Restricted cash	13,980	13,542	14,143
Total cash, cash equivalents and restricted cash	$ 584,378	$ 346,681	$ 502,873

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	December 28, 2024	December 30, 2023	September 28, 2024
	(in thousands)		
Cash and cash equivalents	$ 618,020	$ 341,419	$ 753,550
Restricted cash	14,649	14,200	14,853
Total cash, cash equivalents and restricted cash	$ 632,669	$ 355,619	$ 768,403

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. The Company maintains an allowance for credit losses related to its trade accounts receivable associated with future expected credit losses resulting from 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 condition

Revenue Recognition

Revenue Recognition and Nature of Products and Services

The Company manufactures, markets and distributes a wide variety of 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 (approximately one percent of consolidated net sales) comprising 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 shipme to, or receipt at, customers’ locations, as determined by the specific terms of the contract, and when control over the finished goods transfe to retail consumers in consignment arrangements. These revenue arrangements generally have single performance obligations. Non-produ 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, trac 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. 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 comp

components.

Sales Incentives and Other Promotional Programs

Table of Contents

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 circumstance 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 a 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 includ 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 a expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor, and othe 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 te and is recorded in interest expense (based on a front-loaded interest expense pattern) for finance leases and is recorded in cost of sales o selling, general and administrative expenses (on a straight-line basis) for operating leases. All operating lease cash payments and interest 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

Recently Issued and Adopted Accounting Updates

There are were no recently issued and adopted accounting pronouncements that are anticipated to have had a material impact on the Com financial statements.

Accounting Standards Not Yet Adopted

Segment Reporting

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* This ASU requires enhanced disclosures about significant segment expenses regularly provided to the chief operating decisio maker that are included within each reported measure of segment profit or loss, and also requires all annual disclosures currently required Topic 280 to be included in interim periods. ASU No. 2023-07 is to be applied retrospectively for all periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after Dece December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's disclosures.

Income Taxes

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* This ASU primarily requires enhanced disclosures and disaggregation of income tax information by jurisdiction in the annual income tax reconciliation and quantitative and qualitative disclosures regarding income taxes paid. ASU No. 2023-09 is to be applied prospectively, wit the option to apply the standard retrospectively, effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact that the adoption of this guidance will have on the Company's disclosures.

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

11

The Company's financial instruments include cash and equivalents, short term short-term investments, consisting of money market account term borrowings, and accrued liabilities. The carrying amount of these instruments approximates fair value because of their short-term natu

Assets and Liabilities Measured at Fair Value on a Recurring Basis

TheIn the prior year quarter, the Company's financial assets and liabilities measured at fair value on a recurring basis consist consisted of contingent consideration within Level 3 of the fair value hierarchy. Such amounts are not material for all periods presented. material.

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 June 29, 2024December 28, 2024
30, 2023, the Company was not required to measure any significant non-financial assets and liabilities at fair value.

Fair Value of Other Financial Instruments

In April 2021, the Company issued $400$400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes"). The estimated fair value of the Company's 2031 Notes as of June 29, 2024December 28, 2024, June 24, 2023December 30, 2023 and Sep
$353.8 million $326.0 million, $354.7 million and $327.1$367.2 million, respectively, compared to a carrying value of $395.9$396.2 million $
$396.0 million, respectively.

In October 2020, the Company issued $500$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 June 29, 2024December 28, 2024, June 24, 2023December 30, 2023
$451.2 million, $413.8 million$454.7 million and $417.0 million$465.2 million, respectively, compared to a carrying value of $495.0 million$4
million, respectively.

In December 2017, the Company issued $300$300 million aggregate principal amount of 5.125% senior notes due February 2028 (the "20
"2028 Notes"). The estimated fair value of the Company's 2028 Notes as of June 29, 2024December 28, 2024, June 24, 2023December 3
2024 was $291.6 million$291.9 million, $280.7 million$293.5 million and $279.5 million$299.2 million, respectively, compared to a carrying
$298.4 million, respectively.

The estimated fair value is based on quoted market prices for these notes, which are Level 1 2 inputs within the fair value hierarchy.

3. Acquisitions

On November 3, 2023, the Company acquired TDBBS, LLC ("TDBBS"), a provider of premium natural dog chews and treats for approximately $60 million. The Company has not yet finalized the allocation of the purchase price to the fair value of the tangible assets, in
scale to its dog and cat business and enhances Central's the Company's eCommerce and direct-to-consumer capabilities. The purchase pr

exceeded the estimated fair value of the net tangible assets acquired by approximately $45 million, of which $23 million was allocated to identified intangible assets and approximately $5 million to goodwill in the Company's condensed consolidated balance sheet as of Decemb
28, 2024. Financial results of TDBBS have been included in the results of operations within the Pet segment since the date of acquisition.

The following table summarizes the purchase price and recording of fair values of the assets acquired and liabilities assumed as of the acquisition date and subsequent adjustments.

	Amounts Recognized as of Acquisition Date (1)
Current assets, net of cash and cash equivalents acquired	$ 22,968
Fixed assets	2,369
Goodwill	4,925
Operating lease right-of-use assets	3,956
Deferred tax assets	15,859
Other intangible assets, net	22,970
Current liabilities	(9,094)
Long-term lease liabilities	(3,727)

4. Inventories, net

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

	June 29, 2024	June 24, 2023	September 30, 2023
		(in thousands)	
Raw materials	$ 257,294	$ 286,869	$ 270,672

Work in progress	151,797	158,406	166,394
Finished goods	348,110	399,555	384,903
Supplies	27,574	20,666	16,219
Total inventories, net	$ 784,775	$ 865,496	$ 838,188

	December 28, 2024	December 30, 2023	September 28, 2024
	(in thousands)		
Raw materials	$ 249,850	$ 279,098	$ 256,419
Work in progress	145,794	179,768	146,041
Finished goods	403,268	468,547	338,762
Supplies	16,870	20,985	16,721
Total inventories, net	$ 815,782	$ 948,398	$ 757,943

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. The qualitative assessment evaluates factors including macro-economic macroeconomic conditions, industry-specific and company-specific cor and regulatory environments and historical performance. If it is determined that it is more likely than not that the fair value of the reporting u 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 t performing the quantitative goodwill impairment test, which compares the estimated fair value of our reporting units to their related carrying values, including goodwill. Impairment is indicated if the estimated fair value of the reporting unit is less than its carrying value, and an impairment charge is recognized for the differential. 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 recorde for the ninethree months ended June 29, 2024December 28, 2024 and June 24, 2023December 30, 2023.

13

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)		
June 29, 2024					
Marketing-related intangible assets – amortizable		$ 22.1	$ (22.0)	$ —	$ 0.1
Marketing-related intangible assets – nonamortizable		252.5	—	(29.4)	223.1
Total		274.7	(22.0)	(29.4)	223.2
Customer-related intangible assets – amortizable		416.4	(168.4)	(10.3)	237.7
Other acquired intangible assets – amortizable	(1)	39.7	(33.4)	(0.3)	6.0
Other acquired intangible assets – nonamortizable	(1)	7.1	—	(1.2)	5.9
Total		46.8	(33.4)	(1.5)	11.9
Total other intangible assets, net		$ 737.9	$ (223.8)	$ (41.2)	$ 472.9

		Gross	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
			(in millions)		
June 24, 2023					
Marketing-related intangible assets – amortizable		$ 22.1	$ (21.3)	$ —	$ 0.8
Marketing-related intangible assets – nonamortizable		252.5	—	(26.0)	226.5
Total		274.6	(21.3)	(26.0)	227.3
Customer-related intangible assets – amortizable		416.4	(140.3)	(7.3)	268.8
Other acquired intangible assets – amortizable	(1)	39.7	(29.5)	—	10.2
Other acquired intangible assets – nonamortizable	(1)	7.1	—	(1.2)	5.9
Total		46.8	(29.5)	(1.2)	16.1
Total other intangible assets, net		$ 737.8	$ (191.2)	$ (34.5)	$ 512.2

		Gross	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
			(in millions)		
September 30, 2023					
Marketing-related intangible assets – amortizable		$ 22.1	$ (21.5)	$ —	$ 0.6
Marketing-related intangible assets – nonamortizable		252.5	—	(29.4)	223.1
Total		274.6	(21.5)	(29.4)	223.7
Customer-related intangible assets – amortizable		416.4	(147.4)	(10.3)	258.8
Other acquired intangible assets – amortizable	(1)	39.7	(30.5)	(0.3)	8.9
Other acquired intangible assets – nonamortizable	(1)	7.1	—	(1.2)	5.9
Total		46.8	(30.5)	(1.5)	14.8
Total other intangible assets, net		$ 737.8	$ (199.4)	$ (41.2)	$ 497.2

Gross	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
(in millions)			

assets in each of the succeeding five years is estimated to be approximately $29 million$25 million per year from fiscal 2024 2025 through t
$23 million per year from fiscal 2027 2028 through fiscal 2028. 2029.

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7. Long-Term Debt

Long-term debt consists of the following:

Senior notes, interest at 5.125%, payable semi-annually, principal due February 2028
Senior notes, interest at 4.125%, payable semi-annually, principal due October 2030
Senior notes, interest at 4.125%, payable semi-annually, principal due April 2031
Unamortized debt issuance costs
Net carrying value
Asset-based revolving credit facility, interest at SOFR plus a margin of 1.00% to 1.50% or Base Rate plus a margin of 0.0% to 0.50%, final
Other notes payable
Total
Less current portion
Long-term portion

	December 28, 2024	December 30, 2023	September 28, 2024
	(in thousands)		
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	500,000	500,000
Senior notes, interest at 4.125%, payable semi-annually, principal due April 2031	400,000	400,000	400,000
Unamortized debt issuance costs	(9,873)	(11,759)	(10,345)
Net carrying value	1,190,127	1,188,241	1,189,655
Asset-based revolving credit facility, interest at SOFR plus a margin of 1.00% to 1.50% or Base Rate plus a margin of 0.0% to 0.50%, final maturity December 2026.	—	—	—
Other notes payable	317	1,318	393
Total	1,190,444	1,189,559	1,190,048
Less current portion	(173)	(466)	(239)
Long-term portion	$ 1,190,271	$ 1,189,093	$ 1,189,809

Senior Notes

$400 million4.125% Senior Notes due 2031

In April 2021, the Company issued $400$400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes")
The Company used a portion of the net proceeds from the offering to repay all outstanding borrowings under its Credit Facility, with the remainder used for general corporate purposes.

The Company incurred approximately $6.0$6 million of debt issuance costs in conjunction with this issuance, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2031 Notes.

The 2031 Notes require semi-annual interest payments on April 30 and October 30. 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 th
Company's Credit Facility. The 2031 Notes were issued in a private placement under Rule 144A and will not be registered under the Securities Act of 1933.

15

The 2030 Notes require semiannual interest payments on October 15 and April 15. 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 th
Company's Credit Facility.

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. The Company may redeem some or all of the 2030 Notes, at its option, in whole or i
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
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 June 29, 2024December 28, 2024.

$300 million5.125% Senior Notes due 2028

In December 2017, the Company issued $300 million$300 million aggregate principal amount of 5.125% senior notes due February 2028 (t
"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$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 the Company's Credit Facility.

The Company may redeem some or all of the 2028 Notes, at its option, at any time during 2024through December 31, 2025 for 101.708%,
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
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 June 29, 2024December 28, 2024.

Asset-Based Loan Facility Amendment

On December 16, 2021, the Company entered into a Third Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a $750$750 million principal amount senior secured asset-based revolving credit facility, with up to an additi
$400 million principal amount available with the consent of the Lenders, as defined, if the Company exercises the uncommitted accordion feature set forth therein (collectively, the "Credit Facility"). The Credit Facility matures on December 16, 2026. The Company may borrow, repay and reborrow amounts under the Credit Facility until its maturity date, at which time all amounts outstanding under the Credit Facility must be repaid in full.

The Credit Facility is subject to a borrowing base that is calculated using a formula based upon eligible receivables and inventory, and at the Company's election, eligible real property, minus certain reserves. Proceeds of the Credit Facility will be used for general corporate purposes. Net availability under the Credit Facility was approximately $550$547 million as of June 29, 2024December 28, 2024. The Cred

$50 million sublimit for the issuance of standby and commercial letters of credit and a $75$75 million sublimit for swing loan borrowings. As
2024, there were no borrowings outstanding and no letters of credit outstanding under the Credit Facility. Outside of the Credit Facility, ther
were other standby and commercial letters of credit of $1.1 million$3.0 million outstanding as of June 29, 2024December 28, 2024.
Borrowings under the Credit Facility bear interest at a rate based on SOFR (which will not be less than 0.00%) 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 Truist Bank prime rate, (b) the Federal Funds Rate plus 0.50%, (c) one-month SOFR plus 1.00% and (d)

16

The Company incurred approximately $2.4$2.4 million of debt issuance costs in conjunction with this transaction, which included lender fees and legal expenses. The debt issuance costs are being amortized over the term of the Credit Facility.

The Credit Facility contains customary covenants, including financial covenants which require the Company to maintain a minimum fixed charge coverage ratio of 1:1:1 upon triggered quarterly testing (e.g. when availability falls below certain thresholds established in the agreement), reporting requirements and events of default. The Credit Facility is secured by substantially all assets of the borrowing parties, including (i) pledges of 100% of the stock or other equity interest of each domestic subsidiary that is directly owned by such entity and (ii) 65% of the stock or other equity interest of each foreign subsidiary that is directly owned by such entity, in each case subject to customary exceptions. The Company was in compliance with all financial covenants under the Credit Facility as of June 29, 2024December 28, 2024

17

8. 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 ninethree months ended June 29, 2024December 28, 2024 and June 24, 2023December 30, 2023.

	Controlling Interest				
	Common Stock	Class A Common Stock	Class B Stock	Additional Paid In Capital	Reta
Balance September 30, 2023	$ 111	$ 544	$ 16	$ 594,282	$
Comprehensive income	—	—	—	—	
Amortization of share-based awards	—	—	—	4,169	
Restricted share activity, including net share settlement	—	(1)	—	(1,918)	
Issuance of common stock, including net share settlement of stock options	—	2	—	(1,583)	
Repurchase of stock	—	—	—	(438)	
Distribution to Noncontrolling interest	—	—	—	—	
Balance December 30, 2023	$ 111	$ 545	$ 16	$ 594,512	$
Comprehensive income	—	—	—	—	
Amortization of share-based awards	—	—	—	2,163	
Restricted share activity, including net share settlement	—	1	—	(4,344)	
Issuance of common stock, including net share settlement of stock options	—	1	—	(195)	
Balance March 30, 2024	$ 111	$ 547	$ 16	$ 592,136	$
Comprehensive income	—	—	—	—	
Amortization of share-based awards	—	—	—	3,895	
Restricted share activity, including net share settlement	—	(1)	—	(1,863)	
Issuance of common stock, including net share settlement of stock options	—	1	—	1,478	
Balance June 29, 2024	$ 111	$ 547	$ 16	$ 595,646	$

	Controlling Interest	
		Common Stock
Balance September 24, 2022		

Balance September 28, 2024	111	$ 544	$ 16	$ 598,098	$ 959,511	$
Comprehensive income (loss)	—	—	—	—	14,009	
Amortization of share-based awards	—	—	—	3,648	—	
Restricted share activity, including net share settlement	—	(1)	—	(1,810)	—	
Issuance of common stock, including net share settlement of stock options	—	1	—	1,789	—	
Repurchase of stock	(4)	(13)	—	(14,948)	(37,176)	
Balance December 24, 2022						
Balance December 24, 2022						
Balance December 24, 2022						
Comprehensive income (loss)						

18

10. Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted per share computations for net income availal

	Three Months Ended June 29, 2024			Nine Months Ended June 29, 2024		
	Income	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
	(in thousands, except per share amounts)					
Basic EPS:						
Net income available to common shareholders	$ 79,724	65,850	$ 1.21	$ 142,141	65,636	$ 2.17
Effect of dilutive securities:						
Options to purchase common stock	—	197	—	—	265	(0.01)
Restricted shares	—	698	(0.01)	—	774	(0.03)
Performance stock units	—	200	(0.01)	—	173	—
Diluted EPS:						
Net income available to common shareholders	$ 79,724	66,945	$ 1.19	$ 142,141	66,848	$ 2.13

continuing operations.

	Three Months Ended December 28, 2024			Three Months Ended June 24, 2023			Nine Months Ended June 24, 2023			Three Months Ended	
	Income			**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**	**Shares**	**Per Share**
	(in thousands, except per share amounts)						**(in thousands, except per share amounts)**				
Basic EPS:											
Net income available to common shareholders	$ 14,009	64,552	$ 0.22								

Net income available to common shareholders				
Net income available to common shareholders				
Effect of dilutive securities:				
Options to purchase common stock				
Options to purchase common stock				
Options to purchase common stock		—	110	—
Restricted shares	—	633	(0.01)	
Performance stock units	—	154	—	
Diluted EPS:				

11. 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. Substantially all of the Company's assets and operations relate to its business in the United States. Financial information relating to the Company's business segments is presented in the table below.

	Three Months Ended		Nine Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
	(in thousands)			
Net sales:				
Pet segment	$ 508,002	$ 503,329	$ 1,397,454	$ 1,394,352
Garden segment	488,346	519,940	$ 1,133,517	1,165,584
Total net sales	$ 996,348	$ 1,023,269	$ 2,530,971	$ 2,559,936
Operating income (loss)				
Pet segment	83,068	59,969	189,115	154,779
Garden segment	62,519	88,088	110,699	126,887
Corporate	(29,651)	(25,227)	(82,019)	(80,389)
Total operating income	115,936	122,830	217,795	201,277
Interest expense - net	(10,216)	(13,134)	(31,396)	(41,600)
Other income	225	853	1,047	3,147

Income tax expense	25,468	27,000	43,733	39,446
Income including noncontrolling interest	80,477	83,549	143,713	123,378
Net income attributable to noncontrolling interest	753	423	1,572	570
Net income attributable to Central Garden & Pet Company	$ 79,724	$ 83,126	$ 142,141	$ 122,808
Depreciation and amortization:				
Pet segment	$ 10,979	$ 10,060	$ 32,901	$ 30,647
Garden segment	11,008	10,823	33,028	32,483
Corporate	725	818	2,140	2,374
Total depreciation and amortization	$ 22,712	$ 21,701	$ 68,069	$ 65,504

	Three Months Ended	
	December 28, 2024	December 30, 2023
	(in thousands)	
Net sales:		
Pet segment	$ 427,462	$ 409,222
Garden segment	228,974	225,311
Total net sales	$ 656,436	$ 634,533
Operating income (loss)		
Pet segment	51,257	43,388
Garden segment	2,423	(9,886)

20

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

	Three Months Ended December 28, 2024				Three Months Ended June 29, 2024			Nine Months Ended June 29, 2024		
		Pet Segment			Pet Segment	Garden Segment	Total	Pet Segment	Garden Segment	Total
			(in millions)				(in millions)			(in millions)
Other pet products	$ 124.9	$ —	$ 124.9							
Dog and cat products	160.7	—	160.7							
Other manufacturers' products	105.0	42.2	147.2							
Wild bird products	36.9	53.5	90.4							
Other garden supplies										
Other garden supplies										
Other garden supplies		—	133.2	133.2						
Total	$ 427.5	$ 228.9	$ 656.4							

	Three Months Ended June 24, 2023	Nine Months Ended June 24, 2023

	Pet Segment	Garden Segment	Total	Pet Segment	Garden Segment	Total
		(in millions)			(in millions)	
Other pet products	$ 208.9	$ —	$ 208.9	$ 542.6	$ —	$ 542.6
Dog and cat products	136.0	—	136.0	396.9	—	396.9
Other manufacturers' products	100.3	107.9	208.2	306.7	249.7	556.4
Wild bird products	58.1	81.5	139.6	148.2	222.6	370.8
Other garden supplies	—	330.5	330.5	—	693.3	693.3
Total	$ 503.3	$ 519.9	$ 1,023.3	$ 1,394.4	$ 1,165.6	$ 2,559.9

	Three Months Ended December 30, 2023		
	Pet Segment	Garden Segment	Total
	(in millions)		
Other pet products	$ 127.7	$ —	$ 127.7
Dog and cat products	145.3	—	145.3
Other manufacturers' products	100.3	46.6	146.9
Wild bird products	35.9	50.8	86.7
Other garden supplies	—	127.9	127.9
Total	$ 409.2	$ 225.3	$ 634.5

21

12. 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 the resolution of which management believes could have a material effect on the Company's financi 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 bas 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.$12.6 million. The court ruled on post-trial motions in early June 2020, reducing the j amount to $12.4$12.4 million and denying the plaintiff's request for attorneys' fees. The Company filed its notice of appeal and the plaintiffs appealed. On July 14, 2021, the Federal Circuit Court of Appeals issued its decision on the appeal. The Federal Circuit concluded that the Company did not infringe plaintiff's patent and determined that the breach of contract claim raised no non-duplicative damages and should dismissed. The court affirmed the jury's liability verdict on the misappropriation of confidential information claim but ordered a new trial on damages on that single claim limited to the "head start" benefit, if any, generated by the confidential information. The retrial of on the head start" damages issue concluded in early March 2024, but no decision has been issued by the court. The Company intends to vigorously pursue its defenses in any future proceedings and believes that it will prevail on the merits as to the head start damages issue. 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.

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.

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

Our Company

Central Garden & Pet Company (“Central”) is a market leader in the garden pet and pet garden industries in the United States. For over 40 4
Central has proudly nurtured happy and healthy homes by bringing marketed innovative and trusted solutions to consumers helping lawns g
communities grow stronger. We manage our operations through two reportable segments: Pet and Garden.

Our Pet segment includes dog and cat supplies such as dog treats and chews, toys, pet beds and containment, grooming products, waste management and training pads, pet containment; pads; supplies for aquatics, small animals, reptiles and pet birds including toys, cages enc
food and supplements; products for equine and livestock, animal and household health and insect control products; live fish and small animals as well as outdoor cushions. These products are sold under brands such as Aqueon®Aqueon®, Cadet®Cadet®, C&S®, Comfort Zone®Zone®, Farnam®Farnam®,
Four Paws®Paws®, K&H Pet Products® ("K&H") Kaytee®, Kaytee®, Nylabone® Nylabone® and Zilla Zilla®. ®.

Our Garden segment includes lawn and garden consumables such as grass seed, vegetable, flower and herb packet seed; wild bird feed, bird houses and other birding accessories; weed, grass, and other herbicides, insecticide and pesticide products; fertilizers and live plants. These products are sold under brands such as Amdro®, Ferry-Morse®, Pennington® and Sevin®.

In fiscal 2023,2024, our consolidated net sales were $3.3 billion $3.2 billion, of which our Pet segment, or Pet, accounted for approximately and our Garden segment, or Garden, accounted for approximately $1.4 billion. In fiscal 2023, 2024, our operating income was $211 million
consisting of income from our Pet segment of $198 million $203 million, income from our Garden segment of $123 million $82 million and co
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 2024 Third2025First Quarter Financial Performance:

•Net sales decreased $27.0 million increased $21.9 million, or 2.6%3.5%, from the prior year quarter to $996 million$656.4 million. Organic
$18.3 million, and Garden organic segment sales decreasing 3.7% increased $3.6 million.

22

•Selling, general and administrative expense increased $5.9 million decreased $2.7 million from the prior year quarter to $201.1 million$167
percentage of net sales increased 110 decreased 140 basis points to 20.2%25.5%.

•Operating income declined $6.9 million increased $19.6 million from the prior year quarter to $115.9 million$28.0 million. On a non-GAAP b

•Net Income in the thirdfirst quarter of fiscal 20242025 was $79.7 million$14.0 million, or $1.19$0.21 per diluted share, compared to $83.1 r
$0.01 per diluted share, in the thirdfirst quarter of fiscal 2023. On a non-GAAP basis, net income was $88.2 million, or $1.32 per diluted sha

Facility Closures and business exit

During the third quarter of fiscal year
2024 as part of our Cost and Simplicity program and in response to changing market conditions, we decided to exit the pottery business wh

During the second quarter of fiscal year 2024, as part of our Cost and Simplicity program we decided to close a manufacturing facility in Chico, California. Additionally, in the second quarter, we began the Southeast consolidation of four distribution locations into one new modern facility, which we expect to be completed by year-end. As a result, we incurred approximately $5.3 million of one-time costs, including $2.5 million in cost of goods sold and $2.8 million in selling, general and administrative costs, comprised of charges for facility closures, severance, and impairment of inventory, the majority of which were non-cash.

Anticipated Inventory Write-Down in Fourth Quarter

In August 2024, given the recent significant decrease in market prices for grass seed, we determined it will be necessary to write down the value of our grass seed inventory. We currently anticipate a charge in the range of $15-20 million in our fourth quarter of fiscal 2024.

Stock Dividend

In December 2023, our Board of Directors approved a stock dividend in the form of one share of the Company's Class A Common Stock for every four outstanding shares of its Common Stock, Class A Common Stock and Class B Stock. Dividend shares of Class A Common Stock were distributed on February 8, 2024, to stockholders of record as of January 8, 2024

. The Company believes the stock dividend will increase liquidity, which should benefit stockholders and provide the Company with more fle

The stock dividend did not affect the number of the Company's authorized shares and the par value of each share of stock remained unchanged. Proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise or vesting of all stock options, restricted stock and performance share units outstanding at January 8, 2024, which resulted in a proportional increase in the vesting of such stock options, restricted stock and performance share units, and, in the case of stock options, a proportional decrease in the exercise price of all such stock options.

Unless noted, all Class A Common share and per share amounts contained in the condensed consolidated financial statements and this management's discussion and analysis have been retroactively adjusted to reflect the one-for-four stock dividend.

Results of Operations

Three Months Ended June 29, 2024 December 28, 2024

Compared with Three Months Ended June 24, 2023 December 30, 2023

Net Sales

Net sales for the three months ended June 29, 2024 decreased $27.0 millionDecember 28, 2024, increased $21.9 million, or 2.6%3.5%, to

the three months ended June 24, 2023December 30, 2023. Organic net Net sales increased in both segments and was volume-based, ber

shipments, which excludes the impact was favorably impacted by a shift forward of sales previously expected in our acquisition of TDBBS i

promotional activities in our independent garden channel distribution business in July 2023, decreased 2.9%. Our branded Pet business. B

increased $0.3 million.

Pet net sales increased $4.7 million$18.3 million, or 0.9%4.5%, to $508.0 million$427.5 million for the three months ended June 29, 2024D

three months ended June 24, 2023. Pet organic net sales, which excludes the impact of our acquisition of TDBBS in NovemberDecember :

in Pet were volume-based and professional businesses. benefitted from the favorable timing of shipments. Sales of consumables increase

products declined, though the decline was at a lower rate than in previous quarters. Pet branded product sales increased $1.4 million$13.6

sales of other manufacturers' products increased $3.3 million$4.7 million.

Garden net sales decreased $31.7 million increased $3.6 million, or 6.1%1.6%, to $488.3 million$228.9 million for the three months ended .

23

Pet operating income increased $23.1 million$7.9 million, or 38.5%18.1%, to $83.1 million$51.3 million for the three months ended June 29

million for the three months ended June 24, 2023December 30, 2023, and Pet operating margin improved 140 basis points to 12.0%. Pet c

and margin increased due to a $4.7 million increase in higher net sales and an improved gross margin partially offset by increased higher se

expenses.

Garden operating income decreased $25.6 million improved $11.3 million to $62.5 million income of $2.4 million for the three months ended

operating loss of $8.9 million for the three months ended June 24, 2023December 30, 2023, and Garden operating margin improved to 1.1

operating income decreased increased due to lower higher net sales, and a decrease in an improved gross margin partially offset by and lov

Corporate operating expense increased $4.5 million decreased $0.4 million, or 17.5%1.5%, to $29.7 million for from the three months

partially offset by increased third-party expenses, primarily legal costs, and increased salary and variable compensation expense. spend.

Net Interest Expense

Net interest expense for the three months ended June 29, 2024December 28, 2024 decreased $2.9 million$2.0 million, or 22.2%20.4%, to

for the three months ended June 24, 2023December 30, 2023. The decrease in net interest expense was due to increased interest income
our higher cash balance during the current quarter. quarter. Debt outstanding on June 29, 2024December 28, 2024 was $1,189.7 million$1.
million at June 24, 2023December 30, 2023.

Other Income (Expense)

Other income 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 decreased $0.6 million$2.7 million to $0.2 million an expense of income$1.7 million for
2024 from $0.8 million income of income$1.0 million for the three months quarter ended June 24, 2023December 30, 2023. The decrease i
currency losses in the current year quarter as compared to foreign currency gains. gains in the prior year quarter.

Income Taxes

Our effective income tax rate was 24.0%23.5% for the quarter ended June 29, 2024 and 24.4%December 28, 2024. Income tax expense v
quarter ended June 24, 2023December 28, 2024, compared to an income tax benefit of $0.9 million for the quarter ended December 30, 20
increase in our effective income tax rate was due primarily to an increased tax benefit from stock compensation expense for the quarter end
earnings.

Net Income and Earnings Per Share

Net income in the thirdfirst quarter of fiscal 20242025 was $79.7 million$14.0 million, or $1.19$0.21 per diluted share, compared to $83.1 m
share, in the thirdfirst quarter of fiscal 2023. 2024. The decrease increase in net income and earnings per share was due to $6.9 million dec
income partially offset by decreased and lower net interest expense in the current year quarter. On a non-GAAP basis, net income in the thi

Nine Months Ended June 29, 2024
Compared with Nine Months Ended June 24, 2023

Net Sales

Net sales for the nine months ended June 29, 2024 decreased $29 million, or 1.1%, to $2,531 million from $2,560 million for the nine months ended June 24, 2023. Organic net sales decreased $33 million, or 1.3%, as compared to the prior year nine-month period. Our branded product sales decreased $16 million, and sales of other manufacturers' products decreased $13 million.

Pet net sales increased $3 million, or 0.2%, to $1,397 million for the nine months ended June 29, 2024 from $1,394 million for the nine months ended June 24, 2023. Pet organic sales, which exclude net sales from the acquisition of TDBBS in November 2023, declined $45 million, or 3.2%, as compared to the prior year nine-month period. The decline in organic net sales was due primarily to lower sales of durable items impacting outdoor cushions, pet beds and aquatics. Pet branded sales decreased $2 million, and sales of other manufacturer's products increased $5 million.

Garden net sales decreased $32 million, or 2.8%, to $1,134 million for the nine months ended June 29, 2024 from $1,166 million for the nine months ended June 24, 2023. Garden organic net sales increased $12 million, or 1.1%. The increase in organic net sales was primarily in our branded controls business and in grass seed, partially offset by lower sales in wild bird feed. Garden branded sales decreased $14 million, and sales of other manufacturers' products decreased $18 million.

Gross Profit

24

Adjusted EBITDA Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended December 28, 2024			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	$ —	$ —	$ —	$ 14,009
Interest expense, net	—	—	—	7,730
Other expense	—	—	—	1,717
Income tax expense	—	—	—	4,364
Net income attributable to noncontrolling interest	—	—	—	172

Income (loss) from operations	51,257	2,423	(25,688)	27,992
Depreciation & amortization	10,080	11,131	723	21,934
Noncash stock-based compensation	—	—	5,510	5,510
Adjusted EBITDA	$ 61,337	$ 13,554	$ (19,455)	$ 55,436

Adjusted EBITDA Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended December 30, 2023			
	Pet	Garden	Corporate	Total
	(in thousands)			
Net income attributable to Central Garden & Pet Company	$ —	$ —	$ —	$ 430
Interest expense, net	—	—	—	9,707
Other income	—	—	—	(993)
Income tax benefit	—	—	—	(869)
Net income attributable to noncontrolling interest	—	—	—	137
Income (loss) from operations	43,388	(8,886)	(26,090)	8,412
Depreciation & amortization	10,798	11,006	741	22,545
Noncash stock-based compensation	—	—	6,021	6,021
Adjusted EBITDA	$ 54,186	$ 2,120	$ (19,328)	$ 36,978

- **Inflation** Facility closures and business exit: we have excluded the charges related to our decision to exit the pottery business and the

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 supplemental information to investors and management.

1. During the third quarter of fiscal 2024, we recognized incremental expense of $11.1 million in the consolidated statement of operations, from the decision to exit the pottery business, the closure of a live goods distribution facility in Delaware and the relocation of our grass seed research facility.

2. During the second quarter of fiscal 2024, we recognized incremental expense of $5.3 million in the consolidated statement of operations, from the closure of a manufacturing facility in Chico, California and the consolidation of our Southeast distribution network.

3. During the third quarter of fiscal 2023, we recognized incremental expense of $13.9 million in the consolidated statement of operations, from the closure of a leased manufacturing and distribution pet bedding facility in Athens, Texas.

Net Income and Diluted Net Income Per Share Reconciliation

	GAAP to Non-GAAP Reconciliation			
	Three Months Ended		Nine Months Ended	
	June 29, 2024	June 24, 2023	June 29, 2024	June 24, 2023
	(in thousands, except per share amounts)			
GAAP net income attributable to Central Garden & Pet Company	$ 79,724	$ 83,126	$ 142,141	$ 122,808
Facility closures & business exit	(1) 11,115	(3) 13,921	(1) (2) 16,385	(3) 13,921
Tax effect of facility closures & business exit	(2,590)	(3,373)	(3,823)	(3,373)
Non-GAAP net income attributable to Central Garden & Pet Company	$ 88,249	$ 93,674	$ 154,703	$ 133,356

25

We service two broad markets: pet supplies and lawn and garden supplies. Our pet supplies businesses 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. Ou lawn and garden businesses are highly seasonal with approximately 67%66% of our Garden segment's net sales occurring during the secc third fiscal quarters. This seasonality requires the shipment of large quantities of product well ahead of the peak consumer buying periods. 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 providedused by operating activities decreased by $35.8 million$1.0 million, from $227.6 million$69.8 million for the ninethree mo

$68.8 million for the ninethree months ended June 29, 2024December 28, 2024. The decrease in cash providedused by operating activitie

changes in our working capital accounts for the nine-month period ended June 29, 2024December 28, 2024, as compared to the prior year

accounts receivable partially offset by decreased inventory and accounts receivables. inventories.

Investing Activities

Net cash used in investing activities increased $53.1 milliondecreased $61.1 million, from $41.5 million$70.5 million for the ninethree mont

million during the ninethree months ended June 29, 2024December 28, 2024. The increasedecrease in cash used in investing activities wa

acquisition activity partially offset byin the prior year and decreased capital expenditures in the current year.

Financing Activities

Net cash used by financing activities decreased $17.7 millionincreased $47.7 million, from $33.7 million$7.8 million for the ninethree month

$55.4 million for the ninethree months ended June 29, 2024December 28, 2024. The decreaseincrease in cash used by financing activities

due primarily to decreasedincreased open market purchases of our common stock during the current year as compared to the prior year. D

December 28, 2024, we repurchased approximately 0.1 million 1.3 million shares of our non-voting Class A common stock (CENTA) on the

at an aggregate cost of approximately $39.9 million and 0.4 million shares of our voting common stock (CENT) on the open market at an

aggregate cost of approximately $12.3 million. During the three months ended December 30, 2023, we repurchased approximately 49,000

shares of our non-voting Class A common stock (CENTA) on the open market at an aggregate cost of approximately $1.4 million, or approx

We expect that our principal sources of funds will be cash generated from our operations and, if necessary, borrowings under our $750 mill

million Credit Facility. Based on our anticipated cash needs, availability under our 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. months and beyond. However, we cannot assure you that these sources will continue to provide us with sufficient liquidity

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 Credit 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 th 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 $60 millior

fiscal 2024,2025, of which we have invested approximately $33 million$6 million through June 29, 2024December 28, 2024.

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 t general risks associated with acquiring companies, particularly if the acquisitions are relatively large.

Total Debt

At June 29, 2024December 28, 2024, our total debt outstanding was $1,189.7 million$1,190.4 million, as compared with $1,187.8 million$1

Senior Notes

$400 million4.125% Senior Notes due 2031

In April 2021, we issued $400$400 million aggregate principal amount of 4.125% senior notes due April 2031 (the "2031 Notes"). We used a portion of the net proceeds from the offering to repay all outstanding borrowings under our Credit Facility, with the remainder used for general corporate purposes.

We incurred approximately $6.0$6 million of debt issuance costs in conjunction with this issuance, which included underwriter fees and legal, accounting and rating agency expenses. The debt issuance costs are being amortized over the term of the 2031 Notes.

26

The 2031 Notes require semi-annual interest payments on April 30 and October 30. 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 Credit

Facility. The 2031 Notes were issued in a private placement under Rule 144A and will not be registered under the Securities Act of 1933.
We may redeem some or all of the 2031 Notes at any time, at our option, prior to April 30, 2026 at the principal amount plus a "make whole" premium. We may redeem some or all of the 2031 Notes at our option, at any time on or after April 30, 2026 for 102.063%, on or aft April 30, 2027 for 101.375%, on or after April 30, 2028 for 100.688% and on or after April 30, 2029 for 100.0%, plus accrued and unpaid int interest.
The holders of the 2031 Notes have the right to require us to repurchase all or a portion of the 2031 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 specific kinds c of control.
The 2031 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 June 29, 2024December 28, 2024.

$500 million4.125% Senior Notes due 2030

In October 2020, we issued $500$500 million aggregate principal amount of 4.125% senior notes due October 2030 (the "2030 Notes"). 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 used for genera 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.
The 2030 Notes require semiannual interest payments on October 15 and April 15. 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 Credit Fac Facility.
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. We may redeem some or all of the 2030 Notes, at our option, in whole or in part, at any tir 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 (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 June 29, 2024December 28, 2024.

$300 Million 5.125% Senior Notes due 2028

In December 2017, we issued $300 million$300 million aggregate principal amount of 5.125% senior notes due February 2028 (the "2028 N We used the net proceeds from the offering to finance acquisitions and for general corporate purposes.
We incurred approximately $4.8 million$4.8 million of debt issuance costs in conjunction with this transaction, which included underwriter fe 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 Credit Facility.
We may redeem some or all of the 2028 Notes at our option, at any time during 2024 through December 31, 2025 for 101.708%, on or after 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 101.0% 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. We were in compliance with all financial covenants as of June 29, 2024December 28, 2024.

Asset-Based Loan Facility Amendment

On December 16, 2021, we entered into a Third Amended and Restated Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for a $750 million principal amount senior secured asset-based revolving credit facility, with up to an additional $400 m million principal amount available with the consent of the Lenders, as defined, if we exercise the uncommitted accordion feature set forth therein (collectively, the “Credit Facility”). The Credit Facility matures on December 16, 2026. We may borrow, repay and reborrow amounts under the Credit Facility until its maturity date, at which time all amounts outstanding under the Credit Facility must be repaid in full.

The Credit Facility is subject to a borrowing base that is calculated using a formula based upon eligible receivables and inventory, and at our election, eligible real property, minus certain reserves. Proceeds of the Credit Facility will be used for general corporate purposes. Ne availability under the Credit Facility was approximately $550$547 million as of June 29, 2024December 28, 2024. The Credit Facility includ sublimit for the issuance of standby and commercial letters of credit and a $75$75 million sublimit for swing loan borrowings. As of June 29 were no borrowings outstanding and no letters of credit outstanding under the Credit Facility. Outside of the Credit Facility, there were other standby and commercial letters of credit of $1.1 million$3.0 million outstanding as of June 29, 2024December 28, 2024.

Borrowings under the Credit Facility bear interest at a rate based on SOFR (which will not be less than 0.00%) or, at our option, the Base Rate, plus, in either case, an applicable margin based on our usage under the Credit Facility. Base Rate is defined as the highest of (the Truist Bank prime Bank rate, (b) the Federal Funds Rate plus 0.50%, (c) one-month SOFR plus 1.00% and (d) 0.00%. The applicable n for SOFR-based borrowings fluctuates between 1.00%-1.50%-1.50%, and was 1.00% as of June 29, 2024December 28, 2024, and such th Rate borrowings fluctuates between 0.00%-0.50%-0.50%, and was 0.00% as of June 29, 2024December 28, 2024. An unused line fee sha in respect of the total amount of the unutilized Lenders’ commitments and short-notice borrowings under the Credit Facility. Standby letter c margin on the average undrawn and unreimbursed amount of standby letters of credit are payable quarterly and a facing fee of 0.125% is payable quarterly for the stated amount of each letter of credit. We are also required to pay certain fees to the administrative agent under th Credit Facility. The Credit Facility was amended on May 15, 2023 to transition from LIBOR to SOFR. As of

June 29,December 28, 2024, the interest rate applicable to Base Rate borrowings was 8.5%7.5%, and the interest rate applicable to one-month SOFR-based borrowings was 6.3%5.4%.

We incurred approximately $2.4$2.4 million of debt issuance costs in conjunction with this transaction, which included lender fees and lega expenses. The debt issuance costs are being amortized over the term of the Credit Facility.

The Credit Facility contains customary covenants, including financial covenants which require us to maintain a minimum fixed charge coverage ratio of 1:1:1 upon triggered quarterly testing (e.g. when availability falls below certain thresholds established in the agreement), reporting requirements and events of default. The Credit Facility is secured by substantially all assets of the borrowing parties, including (i) pledges of 100% of the stock or other equity interest of each domestic subsidiary that is directly owned by such entity and (ii) 65% of the stock or other equity interest of each foreign subsidiary that is directly owned by such entity, in each case subject to customary exceptions. We were in compliance with all financial covenants under the Credit Facility as of June 29, 2024December 28, 2024.

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

Central (the "Parent/Issuer") issued $400 million of 2031 Notes in April 2021, $500 million$500 million of 2030 Notes in October 2020, and million of 2028 Notes in December 2017. The 2031 Notes, 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 guarantors of our Credit Facility. The 2031 Notes, 2030 Notes and 2028 Notes are unsecured senior obligations and are subordinated to all of our existing ar 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 division of the Company do not guarantee the 2031, 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 2031, 2030 and 2028 Notes when due, whether at stated maturity of the 2031, 2030 and 2028 Notes, by acceleration, call fc redemption or otherwise, and all other obligations of the Company to the holders of the 2031, 2030 and 2028 Notes and to the trustee unde the indenture governing the 2031, 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 well, 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;

28
(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	**Summarized Statements of Operations**	**Nine Months Ended June 29, 2024**	**Fiscal Year Ended September 30, 2023**	**Three Months Ended December 28, 2024**
	Parent/Issuer		**Parent/Issuer**	**Guarantors** / **Parent/Issuer**
		(in thousands)		
Net sales	$ 171,663	$ 483,634	$ 694,083	$ 2,491,748
Gross profit	$ 40,673	$ 153,198	$ 154,310	$ 771,737
Income (loss) from operations	$ (572)	$ 30,200	$ (6,164)	$ 189,406
Equity in earnings of Guarantor subsidiaries	$ 27,175	$ —	$ 163,797	$ —
Net income (loss)	$ (9,063)	$ 27,175	$ (58,047)	$ 163,797

Summarized Balance Sheet Information	**As of June 29, 2024**		**As of September 30, 2023**	
	Parent/Issuer	**Guarantors**	**Parent/Issuer**	**Guarantors**
		(in thousands)		
Current assets	$ 747,285	$ 1,111,445	$ 661,660	$ 999,218
Intercompany receivable from Non-guarantor subsidiaries	69,887	—	69,404	—
Other assets	3,879,787	3,141,949	3,402,000	2,762,797
Total assets	$ 4,696,959	$ 4,253,394	$ 4,133,064	$ 3,762,015
Current liabilities	$ 160,944	$ 350,401	$ 155,793	$ 294,686
Intercompany payable from Non-guarantor subsidiaries	—	2,342	—	766
Long-term debt	1,189,184	182	1,187,771	186
Other liabilities	1,741,153	235,314	1,308,736	60,611
Total liabilities	$ 3,091,281	$ 588,239	$ 2,652,300	$ 356,249

Summarized Balance Sheet Information	As of December 28, 2024		As of September 28, 2024	
	Parent/Issuer	Guarantors	Parent/Issuer	Guarantors
	(in thousands)			
Current assets	$ 840,292	$ 996,562	$ 936,497	$ 896,476
Intercompany receivable from Non-guarantor	82,168	—	76,084	—

29

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our exposure to market risk from that discussed disclosed in our Annual Report on Form 10-K f
year ended September 30, 2023September 28, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our Principal Executive Officer and Principal Financial Officer, evaluated have reviewed, as of the effectiveness
covered by this report, the "disclosure controls and procedures, as such terms are procedures" (as defined in the Securities Exchange Act o
15d-15(e) promulgated under) that ensure that information relating to the Exchange Act, as of June 29, 2024. Based on such evaluation, o
Exchange Act is (i) recorded, processed, summarized and reported as in a timely and when required proper manner and (ii) that such inform
communicated to our management, including the our Principal Executive Officer and Principal Financial Officer, as appropriate to allow time
decisions regarding required disclosure. Based upon this review, such officers concluded that our disclosure controls and procedures were

Previously Reported Material Weaknesseseffective as of December 28, 2024.

Changes in Item 9A, "Controls and Procedures" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023,

Our management, with the SEC on November 28, 2023, we identified deficiencies in the design participation of our Principal Executive Off
any change in our internal control over financial reporting as occurred during the first quarter of September 30, 2023 fiscal 2025. Managem

After giving full consideration to these material weaknesses, and the additional analyses and other procedures we performed to ensure that our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q were prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, our management has concluded that our condensed consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. GAAP.

Management's Plan to Remediate the Material Weaknesses

Our management has been engaged in developing and implementing remediation plans to address the material weaknesses described above. These remediation efforts are ongoing and include the following:

- Enhancing the design and control procedures of the Live Plant and Green Garden ITGC's to ensure that the control activities related to ITGCs are functioning appropriately;
- Improving the control environment in relation to personnel training and accountability for the Sarbanes-Oxley Act of 2002 ("SOX") control activities;
- Hiring additional personnel in the IT/SOX department with an appropriate level of knowledge and experience to ensure appropriate design and implementation of our processes and procedures; and
- Expanding controls to address the design and operation of internal controls related to the revenue processes for our Live Plants business.

In fiscal 2024 to-date, we have designed and implemented controls for the Live Plant and Green Garden ITGC's and the controls relating to the Live Plant revenue process to ensure we address the root causes of the material weaknesses. Additionally, we developed and delivered enhanced SOX compliance training to control owners. We have supplemented our IT/SOX staff and are currently testing the operating effectiveness of the ITGC's and controls relating to the Live Plant revenue process. Additionally, we have enhanced our communication by holding frequent meetings with key management personnel and periodically updating members of the Audit Committee regarding the SOX program and remediation efforts.

We are committed to maintaining a strong internal control environment and believe this remediation plan represents a significant improvement in our controls. However, the identified material weaknesses in internal control over financial reporting will not be considered remediated until the enhanced controls have been in operation for a sufficient period of time for our management to conclude that the controls are effective.

Changes in Internal Control over Financial Reporting

Other than the changes associated with the material weaknesses and remediation actions noted above, there There have been no changes in our

30

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 June 29, 2024December 28, 2024 an amount of authorized share repurchases remaining under our stock repurchase program. programs.

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)	
March 31, 2024 - May 4, 2024	—		$ —	—	$ 81,951,000	(4)
May 5, 2024 - June 1, 2024	46,849	(3)	$ 39.77	—	$ 81,951,000	
June 2, 2024 - June 29, 2024	—	(3)	$ —	—	$ 81,951,000	
Total	46,849		$ 39.77	—	$ 81,951,000	

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 (1)(2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)(2)
September 29, 2024 - November 2, 2024	1,270,368	(1) (2) (3)	$ 30.77	1,261,989	$ 44,329,000
November 3, 2024 - November 30, 2024	415,643	(1) (3)	$ 32.00	415,643	$ 31,028,000
December 1, 2024 - December 28, 2024	44,593	(3)	$ 35.03	—	$ 131,028,000
Total	1,730,604		$ 31.17	1,677,632	$ 131,028,000(4)

(1)During the fourth quarter of fiscal In August 2019, our Board of Directors authorized a share repurchase program to purchase up to $100 (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. In December 2024, our Board of Directors authorized a $100 million increase in the share repurchase program, (the "2019 "2024 Repurchase Authorization"). The 2019 2024 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 June 29, 2024December 28, 2024, we had $82.0 million $131 million of authorization remaining under our 2024 Authorization and 2019 Repurchase Authorization. Authorization, collectively.

(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 "Equity Dilution Authorization" Authorization"). In addition to our regular share r Authorizations, 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 include 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 0.3 million During the period, we repurchased 1,677,632 shares remaining under our the two programs, 1,321,243 CENTA sha shares, including 37,563 shares repurchased under the Equity Dilution Authorization as of June 29, 2024. and 1,640,069 shares repurchas 2019 Repurchase Authorization.

Item 3. **Defaults Upon Senior Securities**

Not applicable

Item 4. **Mine Safety Disclosures**

Not applicable

Item 5. **Other Information**

During the quarter ended June 29, 2024 December 28, 2024, none of our directors or officers informed us of the adoption, modification or t of a "Rule 10b5-1 trading arrangement"or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

Item 6. **Exhibits**

Exhibit Number	Exhibit	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed Herewith	Furnished, Not Filed
4.1 10.23	Second Supplemental Indenture and Guarantee, Promotion Letter of Niko Lahanas dated as of February 7, 2024 among (i) BRP 26, 2024					X	
4.2 22	Fifteenth Supplemental Indenture (this “Supplemental Indenture”), dated effective as List of February 7, 2024, by (i) BRP Hold N					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				X	

Quarterly Report
on Form 10-Q for
the quarter ended
June 29, 2024,
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

market price of company shares (CENTA) at the close of the market on the grant date. The amount of an equity grant is not guaranteed and will be based upon both your individual and Central's performance, as determined by the Board in its sole discretion. Equity grants are typically awarded annually in February.

Your existing health and welfare and retirement benefits will remain unchanged.

3.STOCK OWNERSHIP REQUIREMENT. During your employment as CEO, you agree to own capital stock of Central with a value of not less than four (4) times your annual base salary. You will not be required to purchase additional stock to achieve this ownership requirement; *provided*, *however*, that you will be required to hold 50% of the net after-tax shares received from the vesting of equity awards and the exercise of stock options until the minimum stock ownership guidelines are attained. For purposes of this paragraph, “ownership” means: (a) shares you own outright; (b) shares you hold in a 401(k) plan; (c) shares you beneficially own (*e.g.*, in a family trust); (d) unvested restricted stock/units you hold subject only to vesting criteria; (e) deferred shares; and (f) 20% of the exercisable “in-the-money” value of stock options.

4.SECTION 409A. For purposes of Internal Revenue Code Section 409A, the regulations and other guidance thereunder and any state law of similar effect (collectively “Section 409A”), each payment that is paid pursuant to this letter is hereby designated as a separate payment. The parties intend that all payments made or to be made under this letter comply with, or are exempt from, the requirements of Section 409A so that none of the payments will be subject to the adverse tax penalties imposed under Section 409A, and any ambiguities herein will be interpreted to so comply or be so exempt. Notwithstanding the foregoing, if any payments in connection with your separation from service do not qualify for any reason to be exempt from Section 409A and you are, at the time of your separation from service, a “specified employee,” as defined in Treasury Regulation Section 1.409A-1(i) (*i.e.*, you are a “key employee” of a publicly traded company), each such payment will not be made until the first regularly scheduled payroll date of the 7th month after your separation from service and, on such date (or, if earlier, the date of your death), you will receive all payments that would have been paid during such period in a single lump sum.

5.EMPLOYMENT STATUS. Your employment with Central remains “at will” in that it can be terminated with or without cause, and with or without notice, at any time at the option of either Central or yourself, except as otherwise detailed below. The terms of this offer letter, therefore, do not and are not intended to alter the at-will nature of the relationship.

6.TERMINATION IN THE EVENT OF INCAPACITY OR DEATH. If you become physically or mentally disabled or incapacitated such that it is the reasonable, good faith opinion of Central that you are unable to perform the services required as CEO with or without reasonable accommodation, then after four (4) months of continuous physical or mental disability, your employment will be terminated. During the four (4) month period, you will be entitled to the continuation of your compensation; however, such continued payments by Central shall be integrated with any disability, workers’ compensation, or other insurance payments received, such that the total amount does

3

not exceed the compensation as provided by this letter. For purposes of this paragraph, physical or mental disability does not include any disability arising from current use of alcohol or drugs or related issues. If your employment is terminated due to incapacity or death, all previously granted stock options and restricted stock shall continue to vest in accordance with their terms for a period of one year after termination of employment (after which further vesting shall cease), and with respect to stock options, shall remain exercisable until the laws expiration date of each such stock option.

Sincerely,

/s/ William E. Brown

William E. Brown

Chairman of the State of New York. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT P

SECTION 3.2 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.3 Ratification of Indenture; Supplemental Indentures Part of Indenture; No Liability of Trustee. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of a Note heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or any New Guarantor’s Guarantee. Additionally, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Company, the New Guarantors and the Guarantors, and the Trustee makes no representation with respect to any such matters. All of the provisions contained in the Indenture in respect of the rights, privileges, immunities, protections, indemnities, powers, and duties of the Trustee shall be applicable in respect of this Supplemental Indenture as fully and with like force and effect as though fully set forth in full herein. The Company hereby confirms to the Trustee that this Supplemental Indenture has not resulted in a material modification of the Notes for Foreign Accounting Tax Compliance Act (“FATCA”) purposes. The Company shall give the Trustee prompt written notice of any material modification of the Notes deemed to occur for FATCA purposes. The Trustee shall assume that no material modification for FATCA purposes has occurred regarding the Notes, unless the Trustee receives written notice of such modification from the Company. Accepted:

SECTION 3.4 /s/ Niko LahanasCounterparts. This Supplemental Indenture shall be valid, binding and enforceable against a party when e

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. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For the avoidance of doubt, original manual signatures

4160-9672-1229.4

shall be used for execution or indorsement of writings when required under the Uniform Commercial Code or other Signature Law due to the character or intended character of the writings.