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

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2023

OR

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

For the transition period from to

Commission file number 001-11593

The Scotts Miracle-Gro Company

(Exact name of registrant as specified in its charter)

Ohio	**31-1414921**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

14111 Scottslawn Road, Marysville, Ohio 43041
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(937) 644-0011

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, $0.01 stated value	SMG	NYSE

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of Common Shares (the only common equity of the registrant) held by non-affiliates (for this purpose, executive officers and directors of the registrant are considered affiliates) as of March 31, 2023 (the last business day of the most recently completed second quarter) was approximately $2,895,917,514.

There were 56,552,916 Common Shares of the registrant outstanding as of November 17, 2023.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement for the registrant's 2024 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended September 30, 2023.

The Scotts Miracle-Gro Company
Annual Report on Form 10-K
For the Fiscal Year Ended September 30, 2023
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PART I

ITEM 1. *BUSINESS*

Company Description and Development of the Business

The discussion below describes the business conducted by The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro" and, together with its subsidiaries, the "Company," "we," "our" or "us"), including general developments in our business during fiscal 2023. Each reference in this Annual Report on Form 10-K ("Form 10-K") to a "fiscal" year is to our fiscal year ended or ending, as applicable, on September 30 of the referenced year. For additional information on recent business developments, see "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" of this Form 10-K.

Through our U.S. Consumer and Other segments, we are the leading manufacturer and marketer of branded consumer lawn and garden products in North America. Our products are marketed under some of the most recognized brand names in the consumer lawn and garden industry. Our key consumer lawn and garden brands include Scotts® and Turf Builder® lawn fertilizer and Scotts® grass seed products; Miracle-Gro® soil, plant food and gardening products; Ortho® herbicide and pesticide products; and Tomcat® rodent control and animal repellent products. We are the exclusive agent of the Monsanto Company, a subsidiary of Bayer AG ("Monsanto"), for the marketing and distribution of certain of Monsanto's consumer Roundup®[1] branded products within the United States ("U.S.") and certain other specified countries. In addition, we have an equity interest in Bonnie Plants, LLC, a joint venture with Alabama Farmers Cooperative, Inc. ("AFC"), focused on planting, growing, developing, distributing, marketing, and selling live plants.

Through our Hawthorne segment, we are a leading manufacturer, marketer and distributor of lighting, nutrients, growing media, growing environments and hardware products for indoor and hydroponic gardening in North America. Our key brands include General Hydroponics®, Gavita®, Botanicare®, Agrolux®, Gro Pro®, Mother Earth®, Grower's Edge®, HydroLogic Purification System® and Cyco®.

Scotts Miracle-Gro traces its heritage to a company founded by O.M. Scott in Marysville, Ohio in 1868. In the mid-1900s, we became widely known for the development of quality lawn fertilizers and grass seeds that led to the creation of a new industry – consumer lawn care. In the 1990s, we significantly expanded our product offering with three leading brands in the U.S. home lawn and garden industry. In fiscal 1995, through a merger with Stern's Miracle-Gro Products, Inc., which was founded by Horace Hagedorn and Otto Stern in Long Island, New York in 1951, we acquired the Miracle-Gro® brand, the industry leader in water-soluble garden plant foods. In fiscal 1999, we acquired the Ortho® brand in the United States and obtained exclusive rights to market Monsanto's consumer Roundup® brand within the United States and other contractually specified countries, thereby adding industry-leading weed, pest and disease control products to our portfolio. Today, the Scotts®, Turf Builder®, Miracle-Gro®, Ortho® and Roundup® brands make us the most widely recognized company in the consumer lawn and garden industry in the United States.

Business Segments

We divide our business into the following reportable segments:

- U.S. Consumer
- Hawthorne
- Other

U.S. Consumer consists of our consumer lawn and garden business in the United States. Hawthorne consists of our indoor and hydroponic gardening business. Other primarily consists of our consumer lawn and garden business in Canada. This division of reportable segments is consistent with how the segments report to and are managed by our Chief Executive Officer (the chief operating decision maker of the Company). In addition, Corporate consists of general and administrative expenses and certain other income and expense items not allocated to the business segments. Financial information about these segments for each of the three fiscal years ended September 30, 2023, 2022 and 2021 is presented in "NOTE 21. SEGMENT INFORMATION" of the Notes to Consolidated Financial Statements included in this Form 10-K.

[1] Roundup® is a registered trademark of Monsanto Technology LLC, a company affiliated with Monsanto Company.

Principal Products and Services

In our reportable segments, we manufacture, market and sell lawn and garden products in the following categories:

Lawn Care: The lawn care category is designed to help users grow and enjoy the lawn they want. Products within this category include lawn fertilizer products under the Scotts® and Turf Builder® brand names; grass seed products under the Scotts®, Turf Builder®, EZ Seed®, PatchMaster® and Thick'R Lawn™ brand and sub-brand names; and lawn-related weed, pest and disease control products primarily under the Scotts® brand name, including sub-brands such as GrubEx®. The lawn care category also includes spreaders and other durables under the Scotts® brand name, including Turf Builder® EdgeGuard® spreaders and Handy Green® II handheld spreaders.

Gardening and Landscape: The gardening and landscape category is designed to help consumers grow and enjoy flower and vegetable gardens and beautify landscaped areas. Products within this category include a complete line of water-soluble plant foods under the Miracle-Gro® brand and sub-brands such as LiquaFeed®, continuous-release plant foods under the Miracle-Gro® brand and sub-brands such as Shake 'N Feed®; potting mixes, garden soils, ground cover and mulches under the Miracle-Gro®, Scotts®, Hyponex® and Earthgro® brand names; plant-related pest and disease control products under the Ortho® brand; organic garden products under the Miracle-Gro® Performance Organics®, Miracle-Gro® Organic Choice®, Scotts®, Whitney Farms® and EcoScraps® brand names; and live goods and seeding solutions under the Miracle-Gro® brand. Hydroponic and indoor gardening focused growing media and nutrients products are marketed under the Mother Earth®, Botanicare®, General Hydroponics® and Cyco® brand names as well as brands owned by third parties for which we serve as distributor.

Hydroponic hardware and growing environments: This category is designed to provide durable goods to grow plants, flowers and vegetables using little or no soil. Products within this category include growing systems, trays, fans, filters, humidifiers, dehumidifiers, timers, instruments, water pumps, irrigation supplies and hand tools, and are marketed under the Botanicare®, Gro Pro®, AeroGarden® and HydroLogic Purification System® brand names as well as brands owned by third parties for which we serve as distributor.

Lighting: The lighting category is designed to provide growers a complete selection of lighting systems and components for use in hydroponic and indoor gardening applications. Products in this category include lighting sensors, controls, fixtures, reflectors, lamps, cords and hangars, and are marketed under the Gavita®, Agrolux® and Titan® brand names as well as brands owned by third parties for which we serve as distributor.

Controls: The controls category is designed to help consumers protect their homes from pests and maintain external home areas. Insect control products are marketed under the Ortho® brand name, including Ortho Max®, Home Defense® and Bug B Gon® sub-brands; rodent control products are marketed under the Tomcat® and Ortho® brands; selective weed control products are marketed under the Ortho Weed B Gon™ sub-brand; and non-selective weed killer products are marketed under the Groundclear® brand name. Hydroponic gardening focused controls products are marketed under the Alchemist® and General Hydroponics® brand names as well as brands owned by third parties for which we serve as distributor.

Marketing Agreement: We are Monsanto's exclusive agent for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products in the United States and certain other specified countries.

Effective August 1, 2019, we entered into the Third Amended and Restated Exclusive Agency and Marketing Agreement (the "Third Restated Agreement") pursuant to which we provide certain consumer and trade marketing program services, sales, merchandising, warehousing and other selling and marketing support for certain of Monsanto's consumer Roundup® branded products. The Company also performs other services on behalf of Monsanto, including manufacturing conversion services, pursuant to ancillary agreements. For additional details regarding the Third Restated Agreement, see "ITEM 1A. RISK FACTORS — Risks Related to Our Business — *In the event the Third Restated Agreement for Monsanto's consumer Roundup® products terminates or Monsanto's consumer Roundup® business materially declines, we would lose a substantial source of future earnings and overhead expense absorption*" of this Form 10-K and "NOTE 7. MARKETING AGREEMENT" of the Notes to Consolidated Financial Statements included in this Form 10-K.

Acquisitions and Divestitures

There were no material acquisitions or divestitures during fiscal 2023. Refer to "NOTE 8. ACQUISITIONS AND INVESTMENTS" of the Notes to the Consolidated Financial Statements included in this Form 10-K for more information regarding fiscal 2022 and fiscal 2021 acquisitions and investments.

Principal Markets and Methods of Distribution

We sell our products through our direct sales force, e-commerce website and our network of brokers and distributors primarily to home centers, mass merchandisers, warehouse clubs, large hardware chains, independent hardware stores, nurseries, garden centers, e-commerce platforms, food and drug stores, indoor gardening and hydroponic product distributors, retailers and growers.

The majority of our shipments to customers are made via common carriers or through distributors in the United States. We primarily utilize third parties to manage the key distribution centers for our consumer lawn and garden business, which are strategically located across the United States and Canada. For our Hawthorne business, we primarily self-manage distribution centers across the United States and Canada. Growing media products are generally shipped direct-to-store without passing through a distribution center.

Raw Materials

We purchase raw materials for our products from various sources. We are subject to market risk as a result of the fluctuating prices of raw materials, including urea and other fertilizer inputs, resins, diesel, gasoline, natural gas, sphagnum peat, bark and grass seed. Our objectives surrounding the procurement of these materials are to ensure continuous supply, minimize costs and improve supply and pricing predictability. We seek to achieve these objectives through negotiation of contracts with favorable terms directly with vendors. When appropriate, we commit to purchase a certain percentage of our needs in advance of the lawn and garden season to secure pre-determined prices. We also hedge certain commodities, particularly diesel and urea, to improve cost predictability and control. Sufficient raw materials were available during fiscal 2023.

Trademarks, Patents, Trade Secrets and Licenses

We believe that our trademarks, patents, trade secrets and licenses provide us with significant competitive advantages. We pursue a vigorous trademark protection strategy consisting of registration, renewal and maintenance of key trademarks and proactive monitoring and enforcement activities to protect against infringement. The Scotts®, Miracle-Gro®, Ortho®, Tomcat®, Hyponex®, Earthgro®, General Hydroponics®, Gavita®, Botanicare®, Agrolux® and Mother Earth® brand names and logos, as well as a number of product trademarks, including Turf Builder®, EZ Seed®, Organic Choice®, Home Defense Max®, Nature Scapes®, and Weed B Gon Max® are registered in the United States and/or internationally and are considered material to our business.

In addition, we actively develop and maintain an extensive portfolio of utility and design patents covering a variety of subject matters and technologies relevant to the business such as fertilizer, weed killer, chemical and growing media compositions and processes; grass seed varieties; mechanical dispensing devices such as applicators, spreaders and sprayers; lighting applications; and hydroponic growing systems. Our utility patents provide protection generally extending to 20 years from the date of filing, and some of our patents will continue well into the next decade. We also hold exclusive and non-exclusive patent licenses and supply arrangements permitting the use and sale of additional patented fertilizers, pesticides, electrical and mechanical devices. Although our portfolio of trade secrets, patents and patent licenses is important to our success, no single trade secret, patent or group of related patents, alone, is considered critical to the operation of any of our business segments or the business as a whole.

Seasonality and Backlog

Our North America consumer lawn and garden business is highly seasonal, with approximately 75% of our annual net sales occurring in our second and third fiscal quarters combined. Our annual sales for this business are further concentrated in our second and third fiscal quarters by retailers who rely on our ability to deliver products closer to when consumers buy our products. We anticipate significant orders for our North America consumer lawn and garden business for the upcoming spring season will start to be received late in the winter and continue through the spring season. Historically, substantially all orders have been received and shipped within the same fiscal year with minimal carryover of open orders at the end of the fiscal year.

Our Hawthorne segment is also impacted by seasonal sales patterns for certain product categories due to the timing of outdoor growing in North America during our second and third fiscal quarters, and the timing of certain controlled agricultural lighting project sales during our third and fourth fiscal quarters.

Significant Customers

Home Depot and Lowe's are our two largest customers and are the only customers that individually represent more than 10% of reported consolidated net sales during any of the three most recent fiscal years. For additional details regarding significant customers, see "ITEM 1A. RISK FACTORS — Risks Related to Our Business — *Because of the concentration of our sales to a small number of retail customers, the loss of one or more of, or a significant reduction in orders from, any of our top customers, or a material reduction in the inventory of our products that they carry, could adversely affect our financial results"* of this Form 10-K and "NOTE 21. SEGMENT INFORMATION" of the Notes to Consolidated Financial Statements included in this Form 10-K.

Competitive Marketplace

The markets in which we sell our products are highly competitive. We compete primarily on the basis of brand strength, product innovation, product quality, product performance, advertising, value, supply chain competency, field sales support, in-store sales support and the strength of our relationships with major retailers and distributors.

In the lawn and garden, pest control and indoor gardening and hydroponic markets, our products compete against private-label as well as branded products. Primary competitors include Spectrum Brands Holdings, Inc., Central Garden & Pet Company, Kellogg Garden Products, Oldcastle Retail, Inc., Lebanon Seaboard Corporation, Reckitt Benckiser Group plc, FoxFarm Soil & Fertilizer Company, Nanolux Technology, Inc., Sun Gro Horticulture, Inc., Advanced Nutrients, Ltd., SBM Life Science Corp., Woodstream Corporation, Sunday Lawn Care and Hydrofarm Holdings Group, Inc. In addition, we face competition from smaller regional competitors that operate in many of the areas where we compete.

In Canada, we face competition in the lawn and garden market from Premier Tech Ltd. and a variety of local companies including private label brands.

Research and Development

We continually invest in research and development, both in the laboratory and at the consumer level, to improve our products, manufacturing processes, packaging and delivery systems. Spending on research and development was $35.7 million, $45.3 million and $45.4 million in fiscal 2023, fiscal 2022 and fiscal 2021, respectively, including product registration costs of $12.4 million, $13.0 million and $12.3 million, respectively. In addition to our own research and development activities, we actively seek ways to leverage the research and development activities of our suppliers and other business partners.

Regulatory Considerations

Laws and regulations in the United States and other countries affect the manufacture, sale, distribution, use and/or application of our products in several ways. For example, in the United States, all pesticide products must comply with the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), and most pesticide products require registration with the U.S. Environmental Protection Agency (the "U.S. EPA") and similar state agencies before they can be sold or distributed. The use of certain pesticide products is also regulated by the U.S. EPA in addition to various local, state and federal environmental and/or public health agencies. These regulations may, for example, include requirements that only certified or professional users apply the product, that certain products be used only on certain types of locations (such as "not for use on sod farms or golf courses"), that users post notices on properties to which products have been or will be applied, or that may require notification to individuals in the vicinity that products will be applied in the future, or may ban the use of certain ingredients or categories of products altogether. Analogous regulatory regimes apply to certain pesticides that we sell or distribute in other countries.

Fertilizer and growing media products are also subject to various laws and regulations, some of which require registration, mandate labeling requirements, and/or govern the sale and distribution of the products. Our grass seed products are regulated in the U.S. by the Federal Seed Act and various state regulations. In addition, governmental agencies regulate the disposal, transport, handling and storage of waste, the remediation of contaminated sites, air and water discharges from our facilities, and workplace health and safety.

Governmental authorities generally require operating facilities to obtain permits (sometimes on an annual basis) relating to site-specific conditions and/or activities. For example, permits must be obtained in order to harvest peat and to discharge storm water run-off or water pumped from peat deposits. The permits typically specify the condition in which the property must be left after the peat is fully harvested, with the residual use typically being natural wetland habitats combined with open water areas. We are generally required by these permits to limit our harvesting and to restore the property consistent with the intended residual use. In some locations, these facilities have been required to create water retention ponds to control the sediment content of discharged water.

In addition, in 2021 the Biden Administration announced a multi-agency plan to address per- and polyfluoroalkyl substances ("PFAS") contamination nationwide. Agencies, including the U.S. EPA, the Department of Defense, the Food and Drug Administration, the U.S. Department of Agriculture, the Department of Homeland Security, and the Department of Health and Human Services, will take actions to prevent the release of PFAS into the air, drinking systems, and food supply and to expand cleanup efforts to remediate the impacts of PFAS pollution. As part of this announcement, the U.S. EPA released its PFAS Strategic Roadmap: EPA's Commitments to Action 2021-2024, which sets timelines by which the U.S. EPA plans to take specific actions during the first term of the Biden Administration. Further, many states have taken action to address PFAS concerns ranging from appropriation legislation to funding scientific research, bans on certain categories of consumer products containing PFAS and/or broad prohibitions on PFAS across all products. Complicating this patchwork of state regulation is that various jurisdictions may define PFAS differently. It is possible, therefore, that some of these actions will have an impact – direct or indirect – on our business.

Packaging has also become subject to increased governmental scrutiny in many states. Specifically, state legislation is seeking to reduce single use plastics and establish extended producer responsibility programs, which are designed to bolster the recycling industry by transferring the cost of packaging disposal to the manufacturers. Extended producer responsibility programs typically include targets and reporting responsibilities for, among other things, post-consumer recycling usage, compostable packaging, material reduction and refill strategies.

The expansion of our business may expand the regulatory oversight to which we are subject. If we enter new product categories and/or new jurisdictions, we may become subject to additional applicable legal and regulatory requirements.

For more information regarding how compliance with local, state, federal and foreign laws and regulations may affect us, see "ITEM 1A. RISK FACTORS — Risks Related to Regulation of Our Company — *Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase our costs of doing business or limit our ability to market all of our products*" of this Form 10-K.

Regulatory Matters

We are subject to various regulatory proceedings, none of which are expected to be material to our business. At September 30, 2023, $2.7 million was accrued for environmental matters. During fiscal 2023, fiscal 2022 and fiscal 2021, we expensed $0.4 million, $0.2 million and $0.5 million, respectively, for such environmental matters. We had no material capital expenditures during the last three fiscal years related to environmental or regulatory matters.

Human Capital

We believe our culture and commitment to our associates provides unique value to us and our shareholders. Every associate, and every job, is important to our success and helping us achieve our purpose. We seek to create an environment that values the health, safety and wellness of our teams, and we work to equip them with the knowledge and skills to serve our business and develop in their careers.

This discussion includes information regarding human capital matters that we believe may be of interest to shareholders generally. We recognize that certain other stakeholders (such as customers, employees and non-governmental organizations) may be interested in more detailed information on these topics. We encourage you to review the "Supporting Our People" section of our 2023 Corporate Responsibility Report, located on our website at https://scottsmiraclegro.com/responsibility/environmental-social-and-governance, for more detailed information regarding our human capital programs and initiatives. The contents of our corporate website are not incorporated by reference in this Form 10-K or in any other report or document we file with the Securities and Exchange Commission (the "SEC").

Associates

As of September 30, 2023, we employed approximately 5,500 associates. During peak sales and production periods in fiscal 2023, our workforce totaled approximately 7,250, comprised of approximately 6,500 employees including seasonal associates and approximately 750 in temporary labor. Included within these numbers, during fiscal 2023, we employed a total of approximately 2,500 full-time and seasonal in-store associates within the United States to help our retail partners merchandise our products in their lawn and garden departments directly to consumers. During fiscal 2023, we continued strategic reductions in our workforce as part of an ongoing series of organizational changes and initiatives intended to create operational and management-level efficiencies.

Engagement

The level of engagement created through our associate experience directly impacts our business. To advance engagement, we take a purposeful approach focused on enhancing the employee experience. Communication between members of our leadership team and our other associates impacts our success by building trust and improving collaboration and overall engagement. We gather the voices of our associates formally and informally throughout the year through, among other initiatives, executive town halls, pulse surveys and leadership skip-level meetings. This feedback is shared and leveraged as human capital initiatives are defined.

In light of our recent work force restructuring, we have prioritized ensuring that our associates have access to the information they need to understand the business decisions being made, the reasons behind them and how changes will impact them in their role. To accomplish this, we execute comprehensive change management plans to support our associates through business transitions. Recognizing there is value to associates in engaging directly with our leadership team, we host Town Hall meetings each quarter to disseminate enterprise-wide information and to allow interactive communication.

Diversity

We value our associates' diversity and encourage them to leverage their varied life experiences at our Company. This includes diversity in terms of gender, sexuality, race, thoughts, interests, languages, beliefs and more. We continue to hold ourselves accountable to fostering a positive workplace, one that creates a sense of belonging and community. This comes to life in the programs and support we provide our associates.

Our employee resource groups ("ERGs") are voluntary, associate-led groups usually formed by people with a common affinity such as gender, race, national origin, sexual orientation, military status or other attributes. Each ERG establishes a mission to positively impact the business by cultivating relationships through networking and developing talent through experiences, programs and mentoring. Our ERGs drive continuous improvement of our inclusive work environment and are open to all associates, regardless of the business department, location or management level. Our ERGs consist of the Scotts Women's Network, the Scotts Black Employees Network, the Scotts Veterans Network, the Scotts Young Professionals, Scotts GroPride and Scotts Associates for a Greener Earth.

Professional Development

We view development and retention of our associates as valuable components of our business operations and creating a culture of leadership throughout our Company. We offer both online micro-learning and virtual learning content that accelerates the development of practical skills and competencies. Content is selected by associates and updated frequently to align to the development needs of our associates and address trending topics. Our associates have the opportunity to learn new skills through exposure and involvement in business challenges. Our managers support associates as development happens on the job through cross-functional team assignments, expanded roles and rotational assignments. We provide a variety of learning tools and experiences to our associates to help them embrace a growth mindset that leads to higher levels of achievement and personal satisfaction. Our ongoing development processes are designed to grow knowledge, improve skills and capabilities, and achieve competence in specific behaviors to meet performance expectations and prepare for potential future roles within our Company.

Compensation and Benefits

Our passion extends far beyond gardening and growing to include the well-being of our associates. We are a Company that has been rooted in family since our founding in 1868, and one way we demonstrate this is our commitment to enhancing the health and financial security of our associates and their families and our support for everyday challenges through our LiveTotalHealth program – the Company's holistic and comprehensive approach to wellness. We formed a partnership with an innovative leader in the healthcare navigation and advocacy space to provide our associates and their family members with access to healthcare experts who can guide them throughout their healthcare journeys. We also believe financial health is a core component to our associates' overall wellbeing. We conduct an annual analysis of our pay and compensation practices, from both an external market and internal consistency perspective, to ensure that our pay decisions are fair and equitable.

Health and Safety

We maintain several health and safety programs to protect our team members, including our comprehensive Environmental Health and Safety ("EHS") management system. All associates and business partners, including contractors, are covered by our EHS management system. Our associates are encouraged to participate in safety committees to spur associate engagement with safety on a local and national level. To further manage health and safety risks, we develop compliance calendars that highlight dates for health and safety inspections and deadlines to meet voluntary and regulatory requirements. We use an EHS scorecard composed of leading and lagging indicators to evaluate our health and safety performance including progress measurements for safety training, behavioral-based safety observations, near-miss reporting, total recordable incident rate and lost time accident rate.

Information Systems

We understand the critical nature of real-time, measurable data and insights from a human capital perspective. Our cloud-based human capital management solution unifies our wide range of human relations functionality onto one single platform. This structure enables us to support the entire enterprise with qualitative and quantitative analytics specific to associate transactions, processes and programs, and connection to other organizational data creating a culture where data and analytics are the norm. The organization has embraced the scalable flexibility of the platform, and in doing so, has implemented other modules that integrate cohesively.

Environmental, Social and Governance

Our stakeholders, including shareholders, customers, suppliers, associates, communities as well as the environment and society, are essential to our business. We endeavor to make our workforce more inclusive, our business more sustainable, and our communities more engaged by maintaining strong environmental, social and governance ("ESG") practices.

In fiscal 2023, we published our 12th Corporate Responsibility Report, prepared in reference to the Global Reporting Initiative ("GRI") Standards (2021) and with consideration for the Sustainability Accounting Standards Board's ("SASB's") Chemicals industry standard. This report provides detailed information regarding our ESG strategy, focus areas and governance structure. The Company's ESG focus areas are Product Stewardship and Safety, Operations and Supply Chain, Associate Engagement and Wellness, Community Engagement and Governance and Transparency. The Company continues to benchmark, set and make progress towards goals and seek continuous improvement around these focus areas.

We publish our Corporate Responsibility Report and several ESG-related policies and statements on the ESG section of our corporate website, which is located at https://scottsmiraclegro.com/responsibility/environmental-social-and-governance. These policies and statements address environmental, health and safety and human rights concerns. We maintain a Supplier Code of Conduct that establishes the minimum standards that suppliers must satisfy to sell goods to or do business with the Company. Further ESG initiatives in fiscal 2023 included responding to the Carbon Disclosure Project's climate questionnaire and completing the S&P Corporate Sustainability Assessment. The contents of our corporate website are not incorporated by reference in this Form 10-K or in any other report or document we file with the SEC.

Website and General Information

We maintain a website at http://investor.scotts.com. Information on our websites will not be deemed incorporated by reference into, and do not form any part of, this Form 10-K or any other report or document that we file with or furnish to the SEC. We file reports with the SEC and make available, free of charge, on or through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as well as our proxy and information statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. *RISK FACTORS*

Cautionary Note Regarding Forward-Looking Statements

This Form 10-K, including the exhibits hereto and the information incorporated by reference herein, as well as our 2023 Annual Report to Shareholders (our "2023 Annual Report"), contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to risks and uncertainties. Information regarding activities, events and developments that we expect or anticipate will or may occur in the future, including, but not limited to, information relating to our future growth and profitability targets and strategies designed to increase total shareholder value, are forward-looking statements based on management's estimates, assumptions and projections. Forward-looking statements also include, but are not limited to, statements regarding our future economic and financial condition and results of operations, the plans and objectives of management and our assumptions regarding our performance and such plans and objectives, as well as the amount and timing of dividends and repurchases of common shares of Scotts Miracle-Gro ("Common Shares") or other uses of cash flows. Forward-looking statements generally can be identified through the use of words such as "guidance," "outlook," "projected," "believe," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "should" and other similar words and variations.

Forward-looking statements in this Form 10-K and our 2023 Annual Report are predictions only and actual results could differ materially from management's expectations due to a variety of factors, including those described below. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by such risk factors.

The forward-looking statements that we make in this Form 10-K and our 2023 Annual Report are based on management's current views and assumptions regarding future events and speak only as of their dates. We disclaim any obligation to update developments of these risk factors or to announce publicly any revisions to any of the forward-looking statements that we make, or to make corrections to reflect future events or developments, except as required by the federal securities laws.

Risks Related to Our Business

If we underestimate or overestimate demand for our products and do not maintain appropriate inventory levels, our net sales and/or working capital could be negatively impacted.

Our ability to manage our inventory levels to meet our customers' demand for our products is important for our business. Our production levels and inventory management goals for our products are based on estimates of demand, taking into account production capacity, timing of shipments, and inventory levels. If we overestimate or underestimate either channel or retail demand for any of our products during a given season, we may not maintain appropriate inventory levels, which could negatively impact our net sales, profit margins, net earnings, working capital and/or cash flow, hinder our ability to meet customer demand, result in loss of customers, or cause us to incur excess and obsolete inventory charges or excess warehouse storage costs.

An economic downturn and economic uncertainty may adversely affect demand for our products.

We have observed increased economic uncertainty in the U.S. including the potential for an economic recession. Impacts of such general economic weakness include, without limitation: falling overall demand for goods and services; reduced credit availability; reduced liquidity; volatility in credit, equity and foreign exchange markets; bankruptcies and rising interest rates. Adverse economic conditions have included or resulted, and could continue to include or result, in a significant increase in inflation, which could have a material adverse impact on our business, including our operating margins. Continued high inflation has had a negative impact on our operating margins in recent periods.

Disruptions in availability or increases in the prices of raw materials, fuel or transportation costs could adversely affect our results of operations.

We source many of our commodities and other raw materials on a global basis. The general availability and price of those raw materials can be affected by numerous forces beyond our control, including political instability, trade restrictions and other government regulations, duties and tariffs, price controls, changes in currency exchange rates and weather. A significant disruption in the availability or price of any of our key raw materials could negatively impact our business.

Increases in the prices of key commodities and other raw materials could adversely affect our ability to manage our cost structure. Market conditions may limit our ability to raise selling prices to offset increases in our raw material costs. Further, sustained price increases may lead to declines in volume as competitors may not adjust their prices or customers and/or consumers may decide not to pay the higher prices, which could lead to sales declines and loss of market share. Our projections may not accurately predict the volume impact of price increases, which could adversely affect our business, financial condition and results of operations.

Our proprietary technologies can limit our ability to locate or utilize alternative inputs for certain products. For certain inputs, new sources of supply may have to be qualified under regulatory standards, which can require additional investment and delay bringing a product to market. We utilize hedge agreements periodically to fix the prices of a portion of our urea and fuel needs. The hedge agreements are designed to mitigate the earnings and cash flow fluctuations associated with the costs of urea and fuel. In periods of declining prices, utilizing these hedge agreements may effectively increase our expenditures for these raw materials.

Because of the concentration of our sales to a small number of retail customers, the loss of one or more of, or a significant reduction in orders from, any of our top customers, or a material reduction in the inventory of our products that they carry, could adversely affect our financial results.

Our top two retail customers, Home Depot and Lowe's, together accounted for 47% of our fiscal 2023 net sales and 41% of our outstanding accounts receivable as of September 30, 2023. The loss of, or reduction in orders from any major customer for any reason (including, for example, changes in a retailer's strategy, reduction in inventories of our products that they maintain, claims or allegations that our products or products we market on behalf of third parties are unsafe, a decline in consumer demand, regulatory, legal or other external pressures or a change in marketing strategy), and customer disputes regarding shipments, fees, merchandise condition or related matters could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our inability to collect accounts receivable from one of our major customers, or a significant deterioration in the financial condition of one of these customers, including a bankruptcy filing or a liquidation, could also have a material adverse effect on our financial condition, results of operations and cash flows.

We do not have long-term sales agreements with, or other contractual assurances as to future sales to, any of our major retail customers. In addition, continued consolidation in the retail industry has resulted in an increasingly concentrated retail base, and as a result, we are significantly dependent upon sales to key retailers who have significant bargaining strength. To the extent such concentration continues to occur, our net sales and income from operations may be increasingly sensitive to deterioration in the financial condition of, or other adverse developments involving our relationship with, one or more of our

key customers. In addition, our business may be negatively affected by changes in the policies of our retailers, such as inventory reductions, limitations on access to shelf space, price demands and other conditions.

We may not successfully develop new product lines and products or improve existing product lines and products.

Our future success depends on creating and successfully competing in markets for our products including our ability to improve our existing product lines and products and to develop and manufacture new product lines and products to meet evolving consumer needs. We cannot provide any assurance that we will successfully develop and manufacture new product lines and products or product innovations that satisfy consumer needs or achieve market acceptance, or that we will develop, manufacture and market new product lines and products or product innovations in a timely manner. If we fail to successfully develop and manufacture new product lines and products or product innovations, our ability to maintain or grow our market share may be adversely affected, which could materially adversely affect our business, financial condition and results of operations. In addition, the development and introduction of new product lines and products and product innovations require substantial research and development expenditures, which we may be unable to recoup if such new product lines, products or innovations do not achieve market acceptance.

Many of the products we manufacture and market contain active ingredients that are subject to regulatory approval. The need to obtain such approval could delay the launch of new products or product innovations that contain active ingredients or otherwise prevent us from developing and manufacturing certain products and product innovations.

Our marketing activities may not be successful.

We invest substantial resources in advertising, consumer promotions and other marketing activities to maintain, extend and expand our brand image. Negative publicity about us or our brands, including publicity regarding product safety, quality, efficacy, environmental impacts (including packaging, energy and water use and matters related to climate impact and waste management) and other sustainability or similar issues, whether real or perceived, could occur and could be widely and rapidly disseminated, including through the use of social media sites. There can be no assurances that our marketing strategies will be effective or that the amount we invest in advertising activities will result in a corresponding increase in sales of our products. If our marketing initiatives are unsuccessful, including our ability to leverage new media such as digital media and social networks to reach existing and potential customers or our brands suffer damage to reputation due to real or perceived quality issues (which damage can be quickly multiplied by social media), we will have incurred significant expenses without the benefit of higher revenues.

The highly competitive nature of our markets could adversely affect our ability to maintain or grow revenues.

Each of our operating segments participates in highly competitive markets. Our products compete against national and regional products and private label products produced by various suppliers. Many of our competitors sell their products at prices lower than ours. Our most price sensitive consumers may trade down to lower priced products during challenging economic times or if current economic conditions worsen. We compete primarily on the basis of product innovation, product quality, product performance, value, brand strength, supply chain competency, field sales support, in-store sales support, the strength of our relationships with major retailers and advertising. Some of our competitors have significant financial resources. The strong competition that we face in all of our markets may prevent us from achieving our revenue goals, which may have a material adverse effect on our financial condition, results of operations and cash flows.

Our manufacturing operations, including our reliance on third-party manufacturers, could harm our business.

We may not be able to maintain or develop efficient, low-cost manufacturing capability and processes that will enable us to meet the quality, price, design and product standards or production volumes required to successfully manufacture our products. Even if we successfully maintain and develop our manufacturing capabilities and processes, we may not be able to do so in time to satisfy the requirements of our customers.

We rely on third parties to manufacture certain products. This reliance generates a number of risks, including decreased control over the production and related processes, which could lead to production delays or interruptions and inferior product quality control. In addition, performance problems at these third-party manufacturers could lead to cost overruns, shortages or other problems, which could increase our costs of production or result in delivery shortages or delays to our customers.

In addition, if one or more of our third-party manufacturers becomes insolvent or unwilling to continue to manufacture products of acceptable quality, at acceptable costs and in a timely manner, our ability to deliver products to our retail customers could be significantly impaired. Substitute manufacturers may not be available or, if available, may be unwilling or unable to manufacture the products we need on acceptable terms. Moreover, if customer demand for our products increases, we may be unable to secure sufficient additional capacity from our current third-party manufacturers, or others, on commercially reasonable terms, or at all.

Our business is subject to risks associated with sourcing and manufacturing outside of the U.S. and risks from tariffs and/or international trade wars.

We import many of our raw materials and finished goods from countries outside of the United States, including but not limited to China. Our import operations are subject to complex customs laws, regulations, tax requirements, and trade regulations, such as tariffs set by governments, either through mutual agreements or bilateral actions. Tariffs on goods imported into the U.S., particularly goods from China, have increased the cost of the goods we purchase. Additional tariffs could be imposed by the U.S. with relatively short notice to us. These governmental actions could have, and any similar future actions may have, a material adverse effect on our business, financial condition and results of operations. The overall effect of these risks is that our costs may increase or we may experience supply disruptions, which in turn may result in lower profitability if we are unable to offset such increases through higher prices, and/or that we may suffer a decline in sales if our customers do not accept price increases.

Our reliance on a limited base of suppliers may result in disruptions to our business and adversely affect our financial results.

Although we continue to implement risk mitigation strategies for single-source suppliers, we also rely on a limited number of suppliers for certain of our raw materials, product components and other necessary supplies, including certain active ingredients used in our products. If we are unable to maintain supplier arrangements and relationships, if we are unable to contract with suppliers at the quantity and quality levels needed for our business, or if any of our key suppliers becomes insolvent or experience other financial distress, we could experience disruptions in production, which could have a material adverse effect on our financial condition, results of operations and cash flows.

A significant interruption in the operation of our or our suppliers' facilities could impact our capacity to produce products and service our customers, which could adversely affect revenues and earnings.

Operations at our and our suppliers' facilities are subject to disruption for a variety of reasons, including fire, flooding or other natural disasters, disease outbreaks or pandemics, acts of war, terrorism, government shut-downs and work stoppages. A significant interruption in the operation of our or our suppliers' facilities could significantly impact our capacity to produce products and service our customers in a timely manner, which could have a material adverse effect on our revenues, earnings and financial position, particularly with respect to products that we manufacture at a limited number of facilities, such as our fertilizer and liquid products.

Disruptions to transportation channels that we use to distribute our products may adversely affect our margins and profitability.

We may experience disruptions to the transportation channels used to distribute our products, including increased congestion, a lack of transportation capacity, increased fuel expenses, import or export controls or delays, and labor disputes or shortages. Disruptions in our trucking capacity may result in reduced sales or increased costs, including the additional use of more expensive or less efficient alternatives to meet demand. Congestion can affect previously negotiated contracts with shipping companies, resulting in unexpected increases in shipping costs, reduction in our profitability or reduced sales.

Climate change and unfavorable weather conditions could adversely impact financial results.

Our consumer lawn and garden net sales in any year are susceptible to weather conditions in the markets in which our products are sold. For instance, periods of abnormally wet or dry weather can adversely impact the sale of certain products, while increasing demand for other products with the overall impact on the Company difficult to predict.

Climate change continues to receive increasing global attention. The effects of climate change could include changes in rainfall patterns, water shortages, changing storm patterns and intensities, and changing temperature levels. These changes could over time affect, for example, the availability and cost of raw materials, commodities and energy, which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require.

The increase in climate change attention has resulted in evolving policy, legal and regulatory changes which may impose substantial operational and compliance burdens. Collecting, measuring and analyzing information relating to such matters can be costly, time-consuming, dependent on third-party cooperation and unreliable. Furthermore, methodologies for measuring, tracking and reporting on such matters continue to change over time, which requires our processes and controls for such data to evolve as well. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers, in which case, the costs of raw materials and component parts could increase.

Consumers and businesses may independently change their behavior because of concerns regarding the impact of climate change and public perceptions. For example, consumers may elect to garden less frequently than historic patterns due to the unpredictability of weather patterns. Those consumers who are less directly impacted by climate change may also engage in

less gardening due to discomfort or concerns about perceptions stemming from the direct impact of climate change on others. Current or potential retail customers may pull back from all or parts of the lawn and garden category in response to softening consumer demand. Also, our ability to finance the development of climate resilient product offerings may suffer if consumers become less engaged in lawn and gardening.

Our failure to adequately manage the political, legal, regulatory, consumer and retail impacts of climate change could have a material adverse effect on our financial condition, results of operations and cash flows.

Our business could be negatively impacted by corporate citizenship and ESG matters and/or our reporting of such matters.

Certain investors, customers, consumers, employees, governmental authorities and other stakeholders are increasing their focus on corporate citizenship and sustainability matters. From time to time, we communicate certain initiatives, including goals, regarding environmental matters, responsible sourcing and social investments, including pursuant to our Corporate Responsibility Report. We could fail, or be perceived to fail, to achieve such initiatives or goals, or we could fail to fully and accurately report our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters. Our business could be negatively impacted by such matters. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

Product recalls or other product liability claims could materially and adversely affect our business, financial condition and results of operation.

Due to the highly regulated nature of our products, which are primarily designed for consumer use, we may be required to stop selling, return or recall products due to a variety of potential concerns including suspected or confirmed product contamination, adulteration, product mislabeling or misbranding, tampering, or other deficiencies. Product recalls or voluntary market withdrawals could result in significant losses due to their costs, the destruction of product inventory, and lost sales due to the unavailability of the product for a period of time. Adverse attention about these types of concerns, whether or not valid, may damage our reputation, discourage consumers from buying our products, or cause production and delivery disruptions that could negatively impact our sales and financial condition.

We may also suffer losses if our products or operations violate applicable laws or regulations, or if our products are alleged to cause damage to property, injury, illness, or death. A significant product liability, legal judgment or a related regulatory enforcement action against us, or a significant product recall or voluntary withdrawal, may materially and adversely affect our business, financial condition and results of operation.

If the perception of our brands or organizational reputation are damaged, our consumers, distributors and retailers may react negatively, which could materially and adversely affect our business, financial condition and results of operations.

We believe we have built our reputation on the efficacy and safety of our brands. Any incident that erodes consumer affinity for our brands or our business operations could significantly reduce our value and damage our business. For example, negative third-party research or media reports on our product safety or efficacy, whether accurate or not, may adversely affect consumer perceptions, which could cause the value of our brands to suffer and adversely affect our business. We may also be adversely affected by news or other negative publicity, regardless of accuracy, regarding other aspects of our business, such as:

- public health concerns, illness or safety;
- the perception of our environmental stewardship and the effects our business has on the environment;
- security breaches of confidential company, customer or employee information; or
- employee related claims relating to alleged employment discrimination, health care and benefit issues.

As part of our marketing initiatives, we have contracted with certain public figures to market and endorse our products. While we maintain specific selection criteria and are diligent in our efforts to seek out public figures that resonate genuinely and effectively with our consumer audience, the individuals we choose to market and endorse our products may fall into negative favor with the general public. Because our consumers may associate the public figures that market and endorse our products with us, any negative publicity on behalf of such individuals may cause negative publicity about us and our products. This negative publicity could materially and adversely affect our brands and reputation and our revenue and profits.

Certain of our products may be purchased for use in new and emerging industries or segments and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement approaches, judicial interpretations, and consumer perceptions.

We sell products, including hydroponic gardening products, that end users may purchase for use in new and emerging industries or segments, including the growing of cannabis, that may not grow or achieve market acceptance in a manner that we can predict. The demand for these products depends on the uncertain growth of these industries or segments. For example, our Hawthorne segment sales volume has decreased due to an oversupply of cannabis, which has driven cannabis wholesale prices down significantly and has resulted in a decrease in indoor and outdoor cultivation. The oversupply has been driven by the impacts of increased licensing activity across the U.S., significant capital investment in the cannabis production marketplace over the past several years, inconsistent enforcement of regulations and the market impacts of the COVID-19 pandemic.

In addition, we sell products that end users may purchase for use in industries or segments, including the growing of cannabis, that are subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement approaches, judicial interpretations, and consumer perceptions. For example, certain countries and 38 U.S. states have adopted frameworks that authorize, regulate, and tax the cultivation, processing, sale, and use of cannabis for medicinal and/or non-medicinal use, while the U.S. Controlled Substances Act and the laws of other U.S. states prohibit growing cannabis.

If we are unable to effectively execute our e-commerce business, our reputation and operating results may be harmed.

We sell certain of our products over the Internet through our online store and our retail customer's e-commerce retail platforms. As consumers demonstrate greater reliance on on e-commerce channels, the success of our business depends on our investment in e-commerce platforms, consumer preferences and buying trends relating to e-commerce, and our ability to both maintain the continuous operation of our online store and our fulfillment operations that support both our own and our retail customers' e-commerce platforms. It is essential that these platforms provide a shopping experience that will generate orders and return visits to the respective platforms.

We are also vulnerable to certain additional risks and uncertainties associated with our e-commerce business, including: changes in required technology interfaces; website downtime and other technical failures; costs and technical issues associated with website software, systems and technology investments and upgrades; data and system security; system failures, disruptions and breaches and the costs to address and remedy such failures, disruptions or breaches; computer viruses; and changes in and compliance with applicable federal and state regulations. In addition, our efforts to remain competitive with technology trends, including the use of new or improved technology, creative user interfaces and other e-commerce marketing tools such as paid search and mobile applications, among others, may increase our costs and may not increase sales or attract consumers. Our failure to successfully respond to these risks and uncertainties might adversely affect the sales of our e-commerce business, as well as damage our reputation and brands.

Additionally, the success of our e-commerce business and the satisfaction of our consumers depend on the timely receipt of our products by our consumers. The efficient delivery of our products to our consumers requires that our distribution centers have adequate capacity to support the current level of e-commerce operations and any anticipated increased levels that may occur as a result of the growth of our e-commerce business. If we encounter difficulties with our distribution centers, or if any distribution centers shut down for any reason, including as a result of pandemics, acts of war, terrorism, government shut downs, work stoppages and fire or other natural disasters, we could face inventory shortages that may result in out of stock conditions in our online store, incur significantly higher costs and longer lead times associated with distributing our products to our consumers and experience dissatisfaction from our consumers. Any of these issues could have a material adverse effect on our business and harm our reputation.

Our operations, financial condition or reputation may be impaired if our information technology systems fail to perform adequately or if we are the subject of a data breach or cyber-attack.

We rely on information technology systems to conduct business, including communicating with employees and our key retail customers, ordering and managing materials from suppliers, shipping products to retail customers and analyzing and reporting results of operations. While we have taken steps to ensure the security of our information and operational technology systems, including those of our customers, vendors, suppliers and other third-party service providers with whom we have contracted, our systems have, in the past, been and may, in the future, be vulnerable to cyber-threats such as computer viruses or other malicious codes, security breaches, unauthorized access, phishing attacks and other disruptions from employee error, unauthorized uses, system failures (including Internet outages), unintentional or malicious actions of employees or contractors and cyber-attacks by hackers, criminal groups and social-activist organizations. Our information and operational technology systems and our third-party providers' systems, have been, and will likely continue to be, subject to cyber-threats. We have experienced and may continue to experience an increase in the number of such attacks or threats as a substantial number of our employees work remotely and access our technology infrastructure remotely. In addition, while we maintain cyber-security insurance, costs related to a cyber-attack may exceed the amount of insurance coverage or be excluded under the terms of our

cyber-security insurance policy. As cyber-attacks increase in frequency and magnitude, we may be unable to obtain cyber-security insurance in amounts and on terms we view as appropriate for our operations.

If our information technology systems are damaged or cease to function properly for an extended period of time, whether as a result of a significant cyber-incident or otherwise, our ability to communicate internally as well as with our retail customers, vendors, suppliers and other parties critical to our business, could be significantly impaired, which may adversely impact our business.

Additionally, in the normal course of our business, we collect, store and transmit proprietary and confidential information regarding our customers, employees, suppliers and others, including personally identifiable information. An operational failure or breach of security from increasingly sophisticated cyber-threats could lead to loss, misuse or unauthorized disclosure of this information about our employees or consumers, which may result in regulatory or other legal proceedings, and have a material adverse effect on our business and reputation. We also may not have the resources or technical sophistication to anticipate or prevent rapidly-evolving types of cyber-attacks. Any such attacks or precautionary measures taken to prevent anticipated attacks may result in increasing costs, including costs for additional technologies, training and third party consultants. The losses incurred from a breach of data security and operational failures as well as the precautionary measures required to address this evolving risk may adversely impact our financial condition, results of operations, cash flows and reputation.

Our insurance coverage may not be sufficient to avoid material impact on our financial position or results of operations resulting from claims or liabilities against us, and we may not be able to obtain insurance coverage in the future.

We maintain insurance coverage to manage exposure to future claims and liabilities that may adversely impact our financial position or results of operations. The extent of our insurance program is under continuous review and coverages are modified as we deem necessary. Despite our program, it is possible that claims or liabilities against us may have a material adverse impact on our financial position or results of operations. In addition, we may not be able to obtain adequate insurance coverage, when our existing insurance policies expire.

We maintain commercial liability and operations focused insurance coverage including property, management, cargo, cyber, workers compensation and general liability. While we expect to be able to continue our insurance coverages, there can be no assurance we will be able to continue such insurance coverage, or that such policy limits will be adequate to cover any liability we may incur, or that our insurance premiums will continue to be available at a cost similar to our cost today. The volatility of the insurance and reinsurance markets are subject to macroeconomic conditions and events that are outside of our control.

Additionally, it is possible one or more of our insurers could exclude from our policy certain chemicals or compounds used in our products. Consequently, we may have to stop using those chemicals or compounds or be forced to substitute less effective or more expensive alternatives to continue manufacturing and/or distributing such goods. A substantial increase in liability exposure or the loss of customers or product lines could each have a material adverse effect on our results of operations and financial condition.

Our international operations make us susceptible to the costs and risks associated with operating internationally.

We operate manufacturing, sales and service facilities outside of the United States, particularly in Canada, the Netherlands, Mexico and China. Accordingly, we are subject to risks associated with operating in foreign countries, including:

- fluctuations in currency exchange rates;
- limitations on the remittance of dividends and other payments by foreign subsidiaries;
- additional costs of compliance with local regulations;
- historically, in certain countries, higher rates of inflation than in the United States;
- changes in the economic conditions or consumer preferences or demand for our products in these markets;
- restrictive actions by multinational governing bodies, foreign governments or subdivisions thereof;
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- changes in U.S. and foreign laws regarding trade and investment, including the impact of tariffs;
- less robust protection of our intellectual property under foreign laws; and
- difficulty in obtaining distribution and support for our products, including the impact of shipping port delays.

In addition, our operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations and potentially adverse tax consequences. The costs associated with operating our continuing international business could adversely affect our results of operations, financial condition and cash flows in the future.

In the event the Third Restated Agreement for Monsanto's consumer Roundup® products terminates or Monsanto's consumer Roundup® business materially declines, we would lose a substantial source of future earnings and overhead expense absorption.

If we (i) become insolvent, (ii) commit a material breach, material fraud or material willful misconduct under the Third Restated Agreement, (iii) experience a change of control (subject to certain exceptions), or (iv) impermissibly assign our rights or delegate our obligations under the Third Restated Agreement, Monsanto may terminate the Third Restated Agreement without paying a termination fee to the Company, subject to certain terms and conditions as set forth therein. In addition, if Program EBIT (as defined in the Third Restated Agreement) falls below $50.0 million in any program year, Monsanto may terminate the Third Restated Agreement without paying a termination fee to the Company, subject to certain terms and conditions as set forth therein.

Monsanto may also terminate the Third Restated Agreement in the event of (a) a change of control of Monsanto or a sale of the Roundup® business effective at the end of the fifth full year after providing notice of termination, subject to certain terms and conditions as set forth in the applicable agreements, or (b) Monsanto's decision to decommission the permits, licenses and registrations needed for, and the trademarks, trade names, packages, copyrights and designs used in, the sale of the Roundup® products in the lawn and garden market (a "Brand Decommissioning Event"), but, in each case, Monsanto would have to pay a termination fee to the Company.

If circumstances exist or otherwise develop that result in a material decline in Monsanto's consumer Roundup® business, or in the event of Monsanto's insolvency or bankruptcy, we would seek to mitigate the impact on us by exercising various rights and remedies under the Third Restated Agreement and applicable law. We cannot, however, provide any assurance that our exercise of such rights or remedies would produce the desired outcomes or that a material decline in Monsanto's consumer Roundup® business would not have a material adverse effect on our business, financial condition or results of operations.

In the event that the Third Restated Agreement terminates or Monsanto's consumer Roundup® business materially declines, we would lose all, or a substantial portion, of the significant source of earnings and overhead expense absorption the Third Restated Agreement provides.

For additional information regarding the Third Restated Agreement including certain of our rights and remedies under the Third Restated Agreement, see "NOTE 7. MARKETING AGREEMENT" of the Notes to Consolidated Financial Statements included in this Form 10-K.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part on our rights to service marks, trademarks, trade names and other intellectual property rights we own or license, particularly our registered brand names and issued patents. Although we have a robust portfolio of registered trademarks, we have not sought to register each of our marks either in the United States or in every country in which such mark is used. Furthermore, because of the differences in foreign trademark, patent and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States with respect to the registered brand names and issued patents we hold. If we are unable to protect our intellectual property, proprietary information and/or brand names, we could suffer a material adverse effect on our business, financial condition and results of operations.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or services infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, patent or other intellectual property infringement against us, or any other successful challenge to the use of our intellectual property, could subject us to damages or prevent us from providing certain products or services, or using certain of our recognized brand names, which could have a material adverse effect on our business, financial condition and results of operations.

Our success depends upon the retention and availability of key personnel and the effective succession of senior management.

Our success largely depends on the performance of our management team and other key personnel. Our future operations could be harmed if we are unable to attract and retain talented, highly qualified senior executives and other key personnel. During fiscal 2023 through the filing of this report, we experienced management transitions involving our Chief Financial Officer, Chief Operating Officer, Chief Human Resources Officer and General Counsel. If we are unable to effectively provide for the succession of senior management, including our chief executive officer, our business, prospects, results of operations, financial condition and cash flows may be materially adversely affected.

Our workforce reductions may cause undesirable consequences and our results of operations may be harmed.

During fiscal 2023 and fiscal 2022, we undertook a strategic reduction in our workforce as part of an on-going series of organizational changes and initiatives intended to create operational and management-level efficiencies. This workforce reduction may yield unintended consequences, such as attrition beyond our intended reduction in workforce and reduced employee morale, which may cause our employees who were not affected by the reduction in workforce to seek alternate employment. Employees whose positions were eliminated or those who determine to seek alternate employment may seek employment with our competitors.

We cannot provide assurance that we will not undertake additional workforce reductions or that we will be able to realize the cost savings and other anticipated benefits from our previous or any future workforce reduction plans. In addition, if we continue to reduce our workforce, it may adversely impact our ability to respond rapidly to any new product, growth or revenue opportunities and to execute on our business plans. Additionally, reductions in workforce may make it more difficult to recruit and retain new employees. If we need to increase the size of our workforce in the future, we may encounter a competitive hiring market due to labor shortages, increased employee turnover, changes in the availability of workers and increased wage costs.

We are involved in a number of legal proceedings and, while we cannot predict the outcomes of such proceedings and other contingencies with certainty, some of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

We are involved in legal proceedings and are subject to investigations, inspections, audits, inquiries and similar actions by governmental authorities, arising in the course of our business (see the discussion in "ITEM 3. LEGAL PROCEEDINGS" of this Form 10-K). Legal proceedings, in general, can be expensive and disruptive. Some of these suits may purport or may be determined to be class actions and/or involve parties seeking large and/or indeterminate amounts of damages, including punitive or exemplary damages, and may remain unresolved for several years. For example, product liability claims challenging the safety of our products or products we market on behalf of third parties may also result in a decline in sales for a particular product and could damage the reputation or the value of related brands, involve us in litigation and have a material adverse effect on our business.

From time to time, we are also involved in legal proceedings as a plaintiff involving contract, intellectual property and other matters. We may also become the subject of securities litigation or shareholder derivative suits. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. Substantial unanticipated verdicts, fines and rulings do sometimes occur. As a result, we could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid. The outcome of some of these legal proceedings and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations and, depending on the nature of the allegations, could negatively impact our reputation or the reputation of products we market on behalf of third parties. Additionally, defending against these legal proceedings may involve significant expense and diversion of management's attention and resources.

Risks Related to Our M&A, Lending and Financing Activities

Our indebtedness could limit our flexibility and adversely affect our financial condition.

As of September 30, 2023, we had $2,630.6 million of debt and $1,156.7 million in available borrowings under our credit facility. Our inability to meet restrictive financial and non-financial covenants associated with that debt, or to generate sufficient cash flow to repay maturing debt, could adversely affect our financial condition. For example, our debt level could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- make us more vulnerable to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash flows from operating activities to payments on our indebtedness, which would reduce the cash flows available to fund working capital, capital expenditures, advertising, research and development efforts, pay dividends, repurchase our Common Shares and other general corporate activities;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to borrow additional funds;
- expose us to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

Our ability to make payments on or to refinance our indebtedness, fund planned capital expenditures and acquisitions, pay dividends and make repurchases of our Common Shares will depend on our ability to generate cash in the future which, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot provide any assurance that our business will generate sufficient cash flow from operating activities or that future borrowings will be available to us in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs.

Our credit facility and the indentures governing our 5.250% Senior Notes due 2026 (the "5.250% Senior Notes"), our 4.500% Senior Notes due 2029 (the "4.500% Senior Notes"), our 4.000% Senior Notes due 2031 (the "4.000% Senior Notes") and our 4.375% Senior Notes due 2032 (the "4.375% Senior Notes" and, collectively with the 5.250% Senior Notes, the 4.500% Senior Notes and the 4.000% Senior Notes, the "Senior Notes") contain restrictive covenants and cross-default provisions. For example, under our credit facility the maximum permitted leverage ratio is (i) 7.75 for the fourth quarter of fiscal 2023, (ii) 8.25 for the first quarter of fiscal 2024, (iii) 7.75 for the second quarter of fiscal 2024, (iv) 6.50 for the third quarter of fiscal 2024, (v) 6.00 for the fourth quarter of fiscal 2024, (vi) 5.50 for the first quarter of fiscal 2025, (vii) 5.25 for the second quarter of fiscal 2025, (viii) 5.00 for the third quarter of fiscal 2025, (ix) 4.75 for the fourth quarter of fiscal 2025 and (x) 4.50 for the first quarter of fiscal 2026 and thereafter. Our leverage ratio was 6.57 at September 30, 2023. In addition, our credit facility contains a fixed charge coverage ratio covenant which sets the minimum permitted fixed charge coverage ratio at (i) 0.75 for the fourth quarter of fiscal 2023 through the third quarter of fiscal 2024 and (ii) 1.00 for the fourth quarter of fiscal 2024 and thereafter. Our fixed charge coverage ratio was 1.56 for the twelve months ended September 30, 2023. The Senior Notes contain an interest coverage ratio covenant which sets the minimum permitted interest coverage ratio at 2.00. Our interest coverage ratio was 2.81 for the twelve months ended September 30, 2023. A breach of any of these financial ratio covenants or other covenants could result in a default and/or a cross default under the credit facility and Senior Notes, as applicable. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, and could cease making further loans and institute foreclosure proceedings against our assets. We cannot provide any assurance that the holders of such indebtedness would waive a default or that we could pay the accelerated indebtedness in full.

Subject to compliance with certain covenants under our credit facility and the indentures governing the Senior Notes, we may incur additional debt in the future. If we incur additional debt, the risks described above could intensify.

Significant or prolonged periods of higher interest rates may have an adverse effect on our results of operations, financial condition and cash flows.

Interest rates have a direct impact on our business due to the amount of variable debt the Company utilizes in its operations. Prolonged periods of higher interest rates may have a negative impact on the Company's results of operations, financial condition and cash flows. All of our debt under the Sixth A&R Credit Agreement bears interest at variable rates primarily derived from, as defined therein, the (i) the Alternate Base Rate, (ii) the Adjusted Term SOFR Rate or (iii) the Swingline Rate. In a rising interest rate environment, debt financing will become more expensive and may have higher transactional and servicing costs. For example, our interest expense in fiscal 2023 increased significantly compared to fiscal 2022 driven by an increase in our weighted average interest rate primarily due to higher borrowing rates on the Sixth A&R Credit Agreement.

Although the Company has taken steps to reduce our exposure to variable rate debt instruments, if interest rates remain relatively high or increase in the future, we could see increases in our borrowing costs which could have a material adverse effect on our results of operations, financial condition and cash flows.

Acquisitions, other strategic alliances and investments could result in operating difficulties, dilution, and other harmful consequences that may adversely impact our business and results of operations.

Acquisitions, strategic alliances and investments are an important element of our overall long-term corporate strategy and use of capital, and these transactions could be material to our financial condition and results of operations. We expect to continue to evaluate and enter into discussions regarding a wide array of potential strategic transactions. The process of integrating an acquired company, business, or product has created, and will continue to create, unforeseen operating difficulties and expenditures. The areas where we face risks include:

- Assumptions implicit to our acquisition strategy or valuations are not realized.
- Diversion of management time and focus from operating our business to acquisition integration challenges.
- Failure to successfully further develop the acquired business or product lines.
- Implementation or remediation of controls, procedures and policies at the acquired company.
- Integration of the acquired company's accounting, human resources and other administrative systems, and coordination of product, engineering and sales and marketing functions.

- Transition of operations, users and customers onto our existing platforms.
- Reliance on the expertise of our strategic partners with respect to market development, sales, local regulatory compliance and other operational matters.
- Failure to obtain required approvals on a timely basis, if at all, from governmental authorities, or conditions placed upon approval, under competition and antitrust laws which could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition.
- In the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.
- Cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire.
- Liability for or reputational harm from activities of the acquired company before the acquisition or from our strategic partners, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities.
- Litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former shareholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments or strategic alliances could cause us to fail to realize the anticipated benefits of such acquisitions, investments or alliances, incur unanticipated liabilities, and harm our business generally.

Our acquisitions, strategic alliances and investments could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm our financial condition or results of operations and cash flows. Also, the anticipated benefits of many of our acquisitions may not materialize.

Changes in credit ratings issued by nationally recognized statistical rating organizations (NRSROs) could adversely affect our cost of financing and the market price of our Senior Notes.

NRSROs rate the Senior Notes and the Company based on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the NRSROs can include maintaining, upgrading or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of the Senior Notes or placing us on a watch list for possible future downgrading could increase our cost of financing, limit our access to the capital markets and have an adverse effect on the market price of the Senior Notes.

In August 2023, S&P Global Ratings lowered our issuer credit rating to B+ from BB- and lowered its rating on our Senior Notes to B- from B. Also in August 2023, Moody's Investors Service lowered our (i) Corporate Family Rating to B1 from Ba3 and our (ii) Probability of Default Rating to B1-PD from Ba3-PD and (iii) rating on the Senior Notes to B2 from B1.

A failure to dispose of assets or businesses in a timely manner may cause the results of the Company to suffer.

We evaluate as necessary the potential disposition of assets and businesses that may no longer help meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. Alternatively, we may dispose of a business at a price or on terms that are less than we had anticipated. After reaching an agreement with a buyer for the disposition of a business, the pre-closing conditions must also be satisfied or waived, which may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside our control could affect our future financial results.

Our lending activities may adversely impact our business and results of operations.

As part of our strategic initiatives, we have provided financing to certain strategic partners. Our exposure to credit losses on these financing balances and strategic investments will depend on the financial condition of these counterparties as well as legal, regulatory and macroeconomic factors beyond our control, such as deteriorating conditions in the world economy or in the industries served by the borrowers and federal legalization of the U.S. cannabis market. While we monitor our exposure, there can be no guarantee we will be able to successfully mitigate all of these risks. Credit losses, if significant, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our hedging arrangements expose us to certain counterparty risks.

In addition to commodity hedge agreements, we utilize interest rate swap agreements to manage the net interest rate risk inherent in our sources of borrowing as well as foreign currency forward contracts to manage the exchange rate risk associated with certain intercompany loans with foreign subsidiaries and other approved transactional currency exposures. Utilizing these hedge agreements exposes us to certain counterparty risks. The failure of one or more of the counterparties to fulfill their obligations under the hedge agreements, whether as a result of weakening financial stability or otherwise, could adversely affect our financial condition, results of operations or cash flows.

Our postretirement-related costs and funding requirements could increase as a result of volatility in the financial markets, changes in interest rates and actuarial assumptions.

We sponsor a number of defined benefit pension plans associated with our U.S. and former international businesses, as well as a postretirement medical plan in the United States for certain retired associates and their dependents. The performance of the financial markets and changes in interest rates impact the funded status of these plans and cause volatility in our postretirement-related costs and future funding requirements. If the financial markets do not provide the expected long-term returns on invested assets, we could be required to make significant pension contributions. Additionally, changes in interest rates and legislation enacted by governmental authorities can impact the timing and amounts of contribution requirements.

We utilize third-party actuaries to evaluate assumptions used in determining projected benefit obligations and the fair value of plan assets for our pension and other postretirement benefit plans. In the event we determine that our assumptions should be revised, such as the discount rate or expected return on assets, our future pension and postretirement benefit expenses could increase or decrease. The assumptions we use may differ from actual results, which could have a significant impact on our pension and postretirement liabilities and related costs and funding requirements.

Risks Related to Regulation of Our Company

Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase our costs of doing business or limit our ability to market all of our products.

Laws and regulations relating to environmental matters affect us in several ways. All pesticide products sold in the United States must comply with FIFRA and most must be registered with the U.S. EPA and similar state agencies. Our inability to obtain or maintain such registrations, or the cancellation of any such registration of our products, could have an adverse effect on our business, the severity of which would depend on a variety of factors, including the product(s) involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute active ingredients, but there can be no assurance that we will be able to avoid or reduce these risks. In addition, several provinces in Canada have adopted regulation that substantially restrict our ability to market and sell certain of our consumer pesticide products.

Under the Food Quality Protection Act, enacted by the U.S. Congress in 1996, food-use pesticides are evaluated to determine whether there is reasonable certainty that no harm will result from the cumulative effects of pesticide exposures. Under this Act, the U.S. EPA is evaluating the cumulative and aggregate risks from dietary and non-dietary exposures to pesticides. The pesticides in our products, certain of which may be also used on crops processed into various food products, are manufactured by independent third parties and continue to be evaluated by the U.S. EPA as part of this exposure risk assessment. The U.S. EPA or the third-party registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. We cannot predict the outcome or the severity of the effect of these continuing evaluations.

In addition, the use of certain fertilizer and pesticide products (including pesticide products that contain glyphosate) is regulated by various environmental and public health agencies. These regulations may, among other things, ban the use of certain ingredients contained in such products or require (i) that only certified or professional users apply the product, (ii) that certain products be used only on certain types of locations, (iii) users to post notices on properties to which products have been or will be applied, and/or (iv) notification to individuals in the vicinity that products will be applied in the future. Even if we are able to comply with all such regulations and obtain all necessary registrations and licenses, we cannot provide assurance that our products, particularly pesticide products, will not cause or be alleged to cause injury to the environment or to people under all circumstances, particularly when used improperly or contrary to instructions. The costs of compliance, remediation or products liability have adversely affected operating results in the past and could materially adversely affect future quarterly or annual operating results.

Our products and operations may be subject to increased regulatory and environmental scrutiny in jurisdictions in which we do business. For example, we are subject to regulations relating to our harvesting of peat for our growing media business which has come under increasing regulatory and environmental scrutiny. In the United States, state regulations frequently require us to limit our harvesting and to restore the property to an agreed-upon condition. In some locations, we have been

required to create water retention ponds to control the sediment content of discharged water. In Canada, our peat extraction efforts are also the subject of regulation.

In addition to the laws and regulations already described, various governmental agencies regulate the disposal, transport, handling and storage of waste, the remediation of contaminated sites, air and water discharges from our facilities, and workplace health and safety. Under certain environmental laws and regulations, we may be liable for the costs of investigation and remediation of the presence of certain regulated materials, as well as related costs of investigation and remediation of damage to natural resources, at various properties, including our current and former properties as well as offsite waste handling or disposal sites that we have used. Liability may be imposed upon us without regard to whether we knew of or caused the presence of such materials and, under certain circumstances, on a joint and several basis. There can be no assurances that the presence of such regulated materials at any such locations, or locations that we may acquire in the future, will not result in liability to us under such laws or regulations or expose us to third-party actions such as tort suits based on alleged conduct or environmental conditions.

In 2021, the Biden Administration announced a multi-agency plan to address PFAS contamination. Various federal agencies, including the U.S. EPA, will take actions to prevent the release of PFAS into the air, drinking systems, and food supply and to expand cleanup efforts to remediate the impacts of PFAS pollution. As part of this announcement, the U.S. EPA released its PFAS Strategic Roadmap: EPA's Commitments to Action 2021-2024, which identifies timelines by which the U.S. EPA plans to take specific actions during the first term of the Biden Administration. It is possible that some of these actions may have an impact – direct or indirect – on our business. For example, in August 2022, the U.S. EPA proposed to designate PFAS chemicals, PFOA and PFOS, as hazardous substances under CERCLA, which could have wide-ranging impact on companies across various industries. Until further detail is provided, including whether the rule is enacted as proposed, we cannot predict the outcome or the severity of the impact of these proposed actions. Further, many states have taken action to address PFAS concerns with actions ranging from appropriation legislation to fund scientific research, bans on certain categories of consumer products containing PFAS and/or broad prohibitions on PFAS across all products. Complicating this patchwork of state regulation is that jurisdictions may differ as to what they consider PFAS. It is possible, therefore, that some of these actions will have an impact - direct or indirect - on our business.

Many states are increasingly scrutinizing packaging, including seeking to reduce single use plastics and establish extended producer responsibility programs, which are designed to bolster the recycling industry by transferring the cost of packaging disposal to the manufacturers. Extended producer responsibility programs typically include targets and reporting responsibilities for post-consumer recycling usage, compostable packaging, material reduction, refill strategies, etc.

The adequacy of our current non-FIFRA compliance-related environmental accruals and future provisions depends upon our operating in substantial compliance with applicable environmental and public health laws and regulations, as well as the assumptions that we have both identified all of the significant sites that must be remediated and that there are no significant conditions of potential contamination that are unknown to us. A significant change in the facts and circumstances underlying these assumptions or in current enforcement policies or requirements, or a finding that we are not in substantial compliance with applicable environmental and public health laws and regulations, could have a material adverse effect on future environmental capital expenditures and other environmental expenses, as well as our financial condition, results of operations and cash flows.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability and cash flows.

We are subject to income and other taxes in the United States federal jurisdiction and various local, state and foreign jurisdictions. Our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets (such as net operating losses and tax credits) and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, the carrying value of deferred tax assets, which are predominantly related to our operations in the United States, is dependent on our ability to generate future taxable income of the appropriate character in the relevant jurisdiction.

From time to time, tax proposals are introduced or considered by the U.S. Congress or the legislative bodies in local, state and foreign jurisdictions that could also affect our tax rate, the carrying value of our deferred tax assets, or our tax liabilities. Our tax liabilities are also affected by the amounts we charge for inventory, services, licenses, funding and other items in intercompany transactions. We are subject to ongoing tax audits in various jurisdictions. In connection with these audits (or future audits), tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. We regularly assess the likely outcomes of our audits in order to determine the appropriateness of our tax provision. As a result, the ultimate resolution of our tax audits, changes in tax laws or tax rates, and the ability to utilize our deferred tax assets could materially affect our tax provision, net income and cash flows in future periods.

Risks Related to Our Common Shares

The Company's decision to maintain, reduce or discontinue paying cash dividends to our shareholders or repurchasing our Common Shares could cause the market price for our Common Shares to decline.

Our payment of quarterly cash dividends on and repurchase of our Common Shares pursuant to a stock repurchase program are subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, credit facility provisions and other factors. Prior to fiscal 2022, we generally increased the cash dividends on our Common Shares as well as engaged in share repurchase activity. Since fiscal 2022, we have not changed the dividend amount nor have we engaged in share repurchase activity outside of our compensation programs. As of September 30, 2023, we do not have a board authorized share repurchase program.

We may maintain, or increase or decrease (including eliminating) the amount of cash dividends on, and increase or decrease the amount of repurchases of, our Common Shares in the future. Any decision by us regarding the payment of quarterly cash dividends or repurchases of our Common Shares could cause the market price of our Common Shares to decline. A failure to pay dividends, an inability to resume increases of our cash dividends or an inability to begin repurchasing Common Shares at historical levels could result in a lower market valuation of our Common Shares.

Hagedorn Partnership, L.P. beneficially owns approximately 23% of our Common Shares and can significantly influence decisions that require the approval of shareholders.

Hagedorn Partnership, L.P. beneficially owned approximately 23% of our outstanding Common Shares on a fully diluted basis as of November 17, 2023. As a result, it has sufficient voting power to significantly influence the election of directors and the approval of other actions requiring the approval of our shareholders, including entering into certain business combination transactions. In addition, because of the percentage of ownership and voting concentration in Hagedorn Partnership, L.P., elections of our board of directors will generally be within the control of Hagedorn Partnership, L.P. While all of our shareholders are entitled to vote on matters submitted to our shareholders for approval, the concentration of our Common Shares and voting control presently lies with Hagedorn Partnership, L.P. As such, it would be difficult for shareholders to propose and have approved proposals not supported by Hagedorn Partnership, L.P. Hagedorn Partnership, L.P.'s interests could differ from, or conflict with, the interests of other shareholders.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

Our corporate headquarters is located in Marysville, Ohio, where we own approximately 729 acres of land. In addition, we own and lease numerous industrial, commercial and office properties located in North America, Europe and Asia that support the management, manufacturing, distribution and research and development of our products and services. We believe our properties are suitable and adequate to serve the needs of our business and that our leased properties are subject to appropriate lease agreements.

The following is a summary of owned and leased primary operating properties by country as of September 30, 2023:

Location	Owned	Leased
United States	36[2]	60[3,4]
Canada	10	13
Mexico	—	1
China	—	6
The Netherlands	—	2
Total	46	82

We own or lease 46 manufacturing properties, 16 distribution properties and 4 research and development properties in the United States. We own or lease 15 manufacturing properties and 1 research and development property in Canada, 1 manufacturing property in the Netherlands and 1 research and development property in China. Most of the manufacturing properties, which include growing media properties and peat harvesting properties, have production lines, warehouses, offices and field processing areas.

[2] Includes one distribution center that is not operational. Disposition efforts are underway.
[3] Includes one manufacturing location under development with operations scheduled to begin in 2025.
[4] Includes nine distribution centers that are not operational. Disposition efforts are underway.

ITEM 3. *LEGAL PROCEEDINGS*

As noted in the discussion in "ITEM 1. BUSINESS — Regulatory Considerations — *Regulatory Matters*" of this Form 10-K, we are involved in several pending environmental and regulatory matters. We believe that our assessment of contingencies is reasonable and that the related accruals, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material effect on our financial condition, results of operations or cash flows.

The Company has been named as a defendant in a number of cases alleging injuries that the lawsuits claim resulted from exposure to asbestos-containing products, apparently based on the Company's historic use of vermiculite in certain of its products. In many of these cases, the complaints are not specific about the plaintiffs' contacts with the Company or its products. The cases vary, but complaints in these cases generally seek unspecified monetary damages (actual, compensatory, consequential and punitive) from multiple defendants. The Company believes that the claims against it are without merit and is vigorously defending against them. The Company has not recorded any accruals in its consolidated financial statements as the likelihood of a loss from these cases is not probable at this time. The Company does not believe a reasonably possible loss would be material to the Company's financial condition, results of operations or cash flows. In addition, the Company does not believe the ultimate resolution of these cases will have a material adverse effect on the Company's financial condition, results of operations or cash flows. There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on the Company's financial condition, results of operations or cash flows.

We are involved in other lawsuits and claims which arise in the normal course of our business including the initiation and defense of proceedings to protect intellectual property rights, advertising claims, securities matters and employment disputes. In our opinion, these claims individually and in the aggregate are not expected to have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. *MINE SAFETY DISCLOSURE*

Not Applicable.

PART II

SUPPLEMENTAL ITEM. *EXECUTIVE OFFICERS OF THE REGISTRANT*

The executive officers of Scotts Miracle-Gro, their positions and, as of November 17, 2023, their ages and years with Scotts Miracle-Gro (and its predecessors) are set forth below.

Name	Age	Position(s) Held	Years with Company
James Hagedorn	68	Chief Executive Officer, President and Chairman of the Board	36
Matthew E. Garth	49	Executive Vice President, Chief Financial Officer and Chief Administrative Officer	1
Nathan E. Baxter	51	Executive Vice President and Chief Operating Officer	1
Julie A. DeMuesy	53	Senior Vice President, Chief Human Resources Officer and Chief Ethics Officer	13
Christopher J. Hagedorn	39	Division President	12
Dimiter Todorov	51	Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer	15

Executive officers serve at the discretion of the Board of Directors of Scotts Miracle-Gro and pursuant to executive severance agreements or other arrangements. The business experience of each of the individuals listed above during at least the past five years is as follows:

Mr. Hagedorn was named Chairman of the Board of Scotts Miracle-Gro's predecessor in January 2003 and Chief Executive Officer of Scotts Miracle-Gro's predecessor in May 2001. In October 2023, Mr. Hagedorn also assumed the additional duties of President. Prior to these appointments, Mr. Hagedorn held several senior leadership positions at the Company. Mr. Hagedorn serves on Scotts Miracle-Gro's Board of Directors, a position he has held with Scotts Miracle-Gro (or its predecessor) since 1995. Mr. Hagedorn is the brother of Katherine Hagedorn Littlefield, a director of Scotts Miracle-Gro, and is the father of Christopher J. Hagedorn, an executive officer of the Company.

Mr. Garth was named Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company in October 2023. Prior to this appointment, Mr. Garth served as Executive Vice President and Chief Financial Officer, a position he held since December 2022. Previously, Mr. Garth served as Senior Vice President, Finance and Treasury, and Chief Financial Officer for Mineral Technologies Inc., a specialty mineral company.

Mr. Baxter was named Executive Vice President and Chief Operating Officer of the Company in August 2023. Prior to this appointment, Mr. Baxter served as Executive Vice President, Global Technology and Operations, a position he held since April 2023. Previously, Mr. Baxter served as President of Tokyo Electron U.S. Holdings, a semiconductor manufacturing equipment company.

Ms. DeMuesy was named Senior Vice President, Chief Human Resources Officer and Chief Ethics Officer of the Company in October 2023. Prior to this appointment, Ms. DeMuesy served as Senior Vice President, HR Operations from November 2021 until September 2023. Previously, Ms. DeMuesy served as Vice President, HR Operations from July 2018 until November 2021. Prior to July 2018, Ms. DeMuesy has held several senior leadership positions at the Company since 2016 when she rejoined the Company after a ten year absence.

Mr. C. Hagedorn was named Division President of Scotts Miracle-Gro in January 2021. Prior to this appointment, Mr. C. Hagedorn served as Senior Vice President and General Manager, Hawthorne, a position he held since January 2017. Mr. C. Hagedorn is the son of Mr. J. Hagedorn, the Chairman, President and CEO of Scotts Miracle-Gro.

Mr. Todorov was named Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer of the Company in December 2022. Prior to this appointment, Mr. Todorov served as Vice President, Legal, a position he held since June 2015.

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

The Common Shares trade on the New York Stock Exchange under the symbol "SMG." The payment of future dividends, if any, on the Common Shares will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors. On April 8, 2022, we entered into a sixth amended and restated credit agreement (the "Sixth A&R Credit Agreement"), providing the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of $2.5 billion, comprised of a revolving credit facility of $1.5 billion and a term loan in the original principal amount of $1.0 billion. On July 31, 2023, the Company entered into Amendment No. 2 ("Amendment No. 2") to the Sixth A&R Credit Agreement. Amendment No. 2 limits the Company's ability to declare or pay any discretionary dividends, distributions or other restricted payments to only the payment of (i) regularly scheduled cash dividends to holders of its Common Shares in an aggregate amount not to exceed $225.0 million per fiscal year and (ii) other dividends, distributions or other restricted payments in an aggregate amount not to exceed $25.0 million.

On December 14, 2022 and September 13, 2023, Scotts Miracle-Gro issued 388,878 and 373,831 Common Shares, respectively, having a contractual value of $20.0 million each, to a vendor who is an accredited investor as consideration for advertising services. The issuances of the Common Shares were exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2). Scotts Miracle-Gro issued the Common Shares in privately negotiated transactions, and such restricted shares were acquired for the recipient's accounts for investment purposes.

As of November 17, 2023, there were approximately 268,000 shareholders, including holders of record and our estimate of beneficial holders.

The following table shows the purchases of Common Shares made by or on behalf of Scotts Miracle-Gro or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of Scotts Miracle-Gro for each of the three fiscal months in the quarter ended September 30, 2023:

Period	Total Number of Common Shares Purchased[1]	Average Price Paid per Common Share[2]	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs[3]	Approximate Dollar Value of Common Shares That May Yet Be Purchased Under the Plans or Programs[3]
July 2, 2023 through July 29, 2023	1,291	$ 69.87	—	N/A
July 30, 2023 through August 26, 2023	1,743	$ 53.07	—	N/A
August 27, 2023 through September 30, 2023	4,270	$ 52.61	—	N/A
Total	7,304	$ 55.77	—	

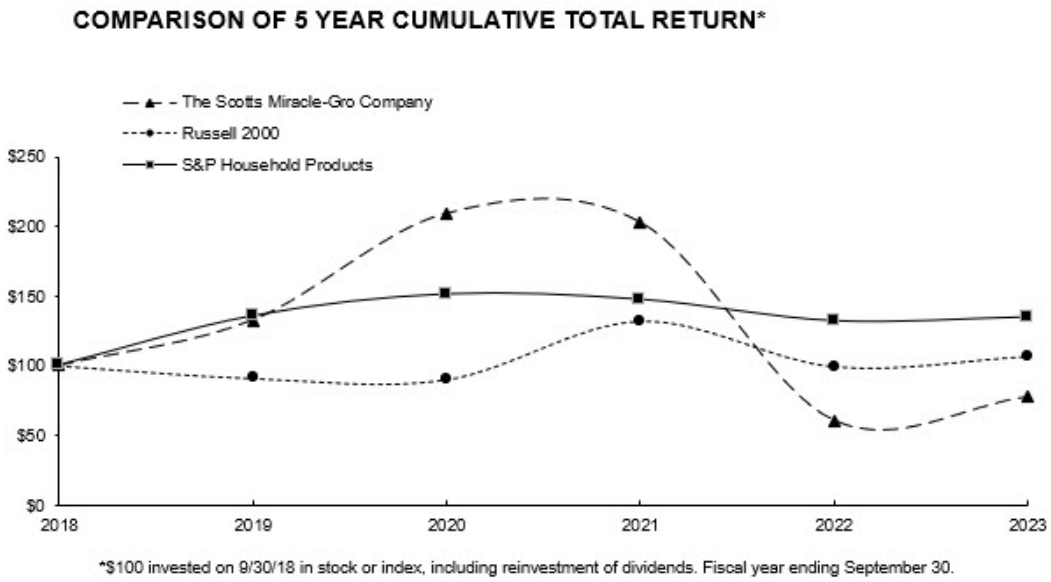
(1) All of the Common Shares purchased during the fourth quarter of fiscal 2023 were purchased in open market transactions. The Common Shares purchased during the quarter consisted of 7,304 Common Shares purchased by the trustee of the rabbi trust established by the Company as permitted pursuant to the terms of The Scotts Company LLC Executive Retirement Plan.

(2) The average price paid per Common Share is calculated on a settlement basis and includes commissions.

(3) On February 6, 2020, the Company announced a repurchase program allowing for repurchases of up to $750.0 million of Common Shares from April 30, 2020 through March 25, 2023. The program expired on March 25, 2023 and, as of September 30, 2023, the Company does not have an active repurchase program.

Comparison of Cumulative Five-Year Total Return*

The following graph compares the yearly change in the cumulative total stockholder return on our Common Shares for the past five fiscal years with the cumulative total return of the Russell 2000 Index and the S&P 500 Household Products Index.



ITEM 6. ***RESERVED***

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

The purpose of this Management's Discussion and Analysis ("MD&A") is to provide an understanding of our financial condition and results of operations by focusing on changes in certain key measures from year-to-year. This MD&A includes the following sections:

- Executive summary
- Results of operations
- Segment results
- Liquidity and capital resources
- Non-GAAP measures
- Regulatory matters
- Critical accounting policies and estimates

Executive Summary

Our operations are divided into three reportable segments: U.S. Consumer, Hawthorne and Other. U.S. Consumer consists of our consumer lawn and garden business in the United States. Hawthorne consists of our indoor and hydroponic gardening business. Other primarily consists of our consumer lawn and garden business in Canada. This division of reportable segments is consistent with how the segments report to and are managed by our chief operating decision maker. In addition, Corporate consists of general and administrative expenses and certain other income and expense items not allocated to the business segments. See "SEGMENT RESULTS" below for additional information regarding our evaluation of segment performance.

Through our U.S. Consumer and Other segments, we are the leading manufacturer and marketer of branded consumer lawn and garden products in North America. Our products are marketed under some of the most recognized brand names in the industry. Our key consumer lawn and garden brands include Scotts® and Turf Builder® lawn fertilizer and Scotts® grass seed products; Miracle-Gro® soil, plant food and gardening products; Ortho® herbicide and pesticide products; and Tomcat® rodent control and animal repellent products. We are the exclusive agent of Monsanto for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products within the United States and certain other specified countries. In addition, we have an equity interest in Bonnie Plants, LLC, a joint venture with AFC, focused on planting, growing, developing, distributing, marketing and selling live plants.

Through our Hawthorne segment, we are a leading manufacturer, marketer and distributor of lighting, nutrients, growing media, growing environments and hardware products for indoor and hydroponic gardening in North America. Our key brands include General Hydroponics®, Gavita®, Botanicare®, Agrolux®, Gro Pro®, Mother Earth®, Grower's Edge®, HydroLogic Purification System® and Cyco® .

As a leading consumer branded lawn and garden company, our product development and marketing efforts are largely focused on providing innovative and differentiated products and continually increasing brand and product awareness to inspire consumers to create retail demand. We have implemented this model for a number of years by focusing on research and development and investing approximately 3-5% of our U.S. Consumer segment annual net sales in advertising to support and promote our consumer lawn and garden products and brands. We continually explore new and innovative ways to communicate with consumers. We believe that we receive a significant benefit from these expenditures and anticipate a similar commitment to research and development, advertising and marketing investments in the future, with the continuing objective of driving category growth and profitably maintaining and/or increasing market share.

Our consumer lawn and garden net sales in any one year are susceptible to weather conditions in the markets in which our products are sold. For instance, periods of abnormally wet or dry weather can adversely impact the sale of certain products, while increasing demand for other products. We believe that our diversified product line and our geographic diversification reduce this risk, although to a lesser extent in a year in which unfavorable weather is geographically widespread and extends across a significant portion of the lawn and garden season. We also believe that weather conditions in any one year, positive or negative, do not materially impact longer-term category growth trends.

(Dollars in millions, except per share data)

Due to the seasonal nature of the consumer lawn and garden business, for our U.S. Consumer and Other segments, significant portions of our products ship to our retail customers during our second and third fiscal quarters, as noted in the following table. Our annual net sales are further concentrated in the second and third fiscal quarters by retailers who rely on our ability to deliver products closer to when consumers buy our products. Our Hawthorne segment is also impacted by seasonal sales patterns for certain product categories due to the timing of outdoor growing in North America during our second and third fiscal quarters, and the timing of certain controlled agricultural lighting project sales during our third and fourth fiscal quarters.

	Percent of Net Sales from Continuing Operations by Quarter		
	2023	2022	2021
First Quarter	14.8 %	14.4 %	15.2 %
Second Quarter	43.2 %	42.8 %	37.1 %
Third Quarter	31.5 %	30.2 %	32.7 %
Fourth Quarter	10.5 %	12.6 %	15.0 %

Management focuses on a variety of key indicators and operating metrics to monitor the financial condition and performance of the continuing operations of our business. These metrics include consumer purchases (point-of-sale data), market share, category growth, net sales (including unit volume, pricing and foreign exchange movements), gross margins, advertising to net sales ratios, income from operations, income from continuing operations, net income, earnings per share, earnings before interest, taxes, depreciation and amortization ("EBITDA"), leverage ratio, fixed charge coverage ratio and interest coverage ratio. To the extent applicable, these metrics are evaluated with and without impairment, restructuring and other charges that do not occur in or reflect the ordinary course of our ongoing business operations. Metrics that exclude impairment, restructuring and other nonrecurring items are used by management to evaluate our performance, engage in financial and operational planning and determine incentive compensation because we believe that these measures provide additional perspective on the performance of our underlying, ongoing business. We also focus on measures to optimize cash flow and return on invested capital, including the management of working capital and capital expenditures. Refer to the "NON-GAAP MEASURES" section of this MD&A for further discussion of non-GAAP measures.

Recent Events

During fiscal 2022, we began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. As part of this restructuring initiative, we are reducing the size of our supply chain network, reducing staffing levels and implementing other cost-reduction initiatives. In addition, to reduce our on hand inventory to align with the optimized network capacity, we have accelerated the reduction of certain Hawthorne inventory, primarily lighting, growing environments and hardware products. We expect these efforts to deliver run-rate annualized savings of at least $300.0, nearly all of which is expected to be realized by the end of fiscal 2024. The restructuring initiative is expected to improve our gross margin rate and decrease SG&A. During fiscal 2023, we incurred costs of $184.8 in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations and $44.1 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment. Costs incurred from the inception of this restructuring initiative through September 30, 2023 were $294.1.

During fiscal 2023, our Hawthorne segment continued to experience adverse financial results due to decreased sales volume and inflationary cost pressures. The decrease in sales volume is attributable to an oversupply of cannabis, which significantly decreased cannabis wholesale prices and indoor and outdoor cannabis cultivation. The oversupply has been driven by increased licensing activity across the U.S., significant capital investment in the cannabis production marketplace over the past several years, inconsistent enforcement of regulations and the market impacts of the COVID-19 pandemic. As a result, we revised our internal forecasts to reflect the longer persistence and more significant impact of the oversupply of cannabis, and recorded non-cash, pre-tax impairment charges of $117.7 related to our Hawthorne segment intangible assets in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. We expect that the oversupply of cannabis will continue to adversely impact our Hawthorne segment. If the oversupply of cannabis persists longer, or is more significant than we expect, our results of operations could be materially and adversely impacted for a longer period and to a greater extent than we currently anticipate.

(Dollars in millions, except per share data)

During fiscal 2023, we recorded a non-cash, pre-tax other-than-temporary impairment charge of $101.3 related to our convertible debt investments and a non-cash, pre-tax goodwill impairment charge of $10.3 associated with our Other segment in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. In addition, we recorded a non-cash, pre-tax impairment charge of $94.7 associated with our investment in Bonnie Plants, LLC in the "Equity in (income) loss of unconsolidated affiliates" line in the Consolidated Statements of Operations during fiscal 2023.

On June 8, 2022, we entered into Amendment No. 1 ("Amendment No. 1") to the Sixth A&R Credit Agreement which increased the maximum permitted leverage ratio for the quarterly leverage covenant effective for the third quarter of fiscal 2022 until April 1, 2024. During the third quarter of fiscal 2023, we experienced an unexpected shortfall in earnings that affected our ability to remain in compliance with the leverage ratio covenant of Amendment No. 1. On July 31, 2023, we entered into Amendment No. 2 to the Sixth A&R Credit Agreement which, in addition to other changes, temporarily increased the maximum permitted leverage ratio for the quarterly leverage covenant, and increased the interest rate applicable to borrowings under the revolving credit facility and the term loan facility by 25 bps for each existing pricing tier and added a pricing tier that is applicable for periods when the leverage ratio is in excess of 6.00. Refer to the "LIQUIDITY AND CAPITAL RESOURCES" section of this MD&A for more information regarding Amendment No. 2.

During fiscal 2023, we continued to experience the impacts of cost inflation, resulting in persistently high manufacturing and logistics costs, as well as volatile commodity costs. Higher costs over the past several years required us to implement significant price increases across our business in fiscal 2022 and 2023. Inflationary headwinds, volatile commodity costs and higher interest rates are expected to continue. The impact that these trends will continue to have on our operational and financial performance will depend on future developments, including inflationary and macroeconomic conditions and their impact on consumer behavior, which are difficult to predict.

Results of Operations

The following table sets forth the components of earnings as a percentage of net sales:

	Year Ended September 30,					
	2023	% of Net Sales	2022	% of Net Sales	2021	% of Net Sales
Net sales	$ 3,551.3	100.0 %	$ 3,924.1	100.0 %	$ 4,925.0	100.0 %
Cost of sales	2,708.3	76.3	2,891.1	73.7	3,431.3	69.7
Cost of sales—impairment, restructuring and other	185.7	5.2	160.1	4.1	24.7	0.5
Gross margin	657.3	18.5	872.9	22.2	1,469.0	29.8
Operating expenses:						
Selling, general and administrative	551.3	15.5	613.0	15.6	743.5	15.1
Impairment, restructuring and other	280.5	7.9	693.1	17.7	4.3	0.1
Other (income) expense, net	(0.1)	—	0.8	—	(1.8)	—
Income (loss) from operations	(174.4)	(4.9)	(434.0)	(11.1)	723.0	14.7
Equity in (income) loss of unconsolidated affiliates	101.1	2.8	12.9	0.3	(14.4)	(0.3)
Interest expense	178.1	5.0	118.1	3.0	78.9	1.6
Other non-operating income, net	(0.3)	—	(6.9)	(0.2)	(18.6)	(0.4)
Income (loss) from continuing operations before income taxes	(453.3)	(12.8)	(558.1)	(14.2)	677.1	13.7
Income tax expense (benefit) from continuing operations	(73.2)	(2.1)	(120.6)	(3.1)	159.8	3.2
Income (loss) from continuing operations	(380.1)	(10.7)	(437.5)	(11.1)	517.3	10.5
Loss from discontinued operations, net of tax	—	—	—	—	(3.9)	(0.1)
Net income (loss)	$ (380.1)	(10.7)%	$ (437.5)	(11.1)%	$ 513.4	10.4 %

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

(Dollars in millions, except per share data)

Net Sales

Net sales for fiscal 2023 were $3,551.3, a decrease of 9.5% from net sales of $3,924.1 for fiscal 2022. Net sales for fiscal 2022 decreased 20.3% from net sales of $4,925.0 for fiscal 2021. Factors contributing to the change in net sales are outlined in the following table:

	Year Ended September 30,	
	2023	2022
Volume and mix	(14.3)%	(27.0)%
Foreign exchange rates	(0.4)	(0.4)
Pricing	5.0	6.2
Acquisitions	0.2	0.9
Change in net sales	(9.5)%	(20.3)%

The decrease in net sales for fiscal 2023 as compared to fiscal 2022 was primarily driven by:

- decreased sales volume across all segments driven by growing environments, growing media, hardware, nutrients and lighting products in our Hawthorne segment; and lawn care, plant food and controls products in our U.S. Consumer segment; and
- the unfavorable impact of foreign exchange rates as a result of the strengthening of the U.S. dollar relative to the Canadian dollar;
- partially offset by increased pricing in our U.S. Consumer, Hawthorne and Other segments.

The decrease in net sales for fiscal 2022 as compared to fiscal 2021 was primarily driven by:

- decreased sales volume driven by lighting, nutrients, growing media, hardware and growing environments products in our Hawthorne segment; and lawn care, soils, controls, plant food and mulch products in our U.S. Consumer segment;
- decreased net sales associated with the Roundup® marketing agreement; and
- the unfavorable impact of foreign exchange rates as a result of the strengthening of the U.S. dollar relative to the euro and the Canadian dollar;
- partially offset by increased pricing in our U.S. Consumer, Hawthorne and Other segments; and
- the addition of net sales from acquisitions in our Hawthorne segment.

Cost of Sales

The following table shows the major components of cost of sales:

	Year Ended September 30,		
	2023	2022	2021
Materials	$ 1,524.1	$ 1,616.7	$ 1,962.5
Distribution and warehousing	556.3	660.1	684.0
Manufacturing labor and overhead	545.4	546.4	714.0
Costs associated with Roundup® marketing agreement	82.5	67.9	70.8
Cost of sales	2,708.3	2,891.1	3,431.3
Cost of sales—impairment, restructuring and other	185.7	160.1	24.7
	$ 2,894.0	$ 3,051.2	$ 3,456.0

(Dollars in millions, except per share data)

Factors contributing to the change in cost of sales are outlined in the following table:

	Year Ended September 30,	
	2023	2022
Volume, mix and other	$ (299.7)	$ (641.4)
Foreign exchange rates	(10.4)	(16.9)
Material cost changes	112.7	121.0
Costs associated with Roundup® marketing agreement	14.6	(2.9)
	(182.8)	(540.2)
Impairment, restructuring and other	25.6	135.4
Change in cost of sales	$ (157.2)	$ (404.8)

The decrease in cost of sales for fiscal 2023 as compared to fiscal 2022 was primarily driven by:

- lower sales volume in our U.S. Consumer, Hawthorne and Other segments;
- lower warehousing costs included within "volume, mix and other" in our U.S. Consumer and Hawthorne segments; and
- the favorable impact of foreign exchange rates as a result of the strengthening of the U.S. dollar relative to the Canadian dollar;
- partially offset by higher material costs in our U.S. Consumer, Hawthorne and Other segments;
- higher manufacturing costs, primarily labor, included within "volume, mix and other" in our U.S. Consumer, Hawthorne and Other segments;
- inventory write-down charges included within "volume, mix and other" associated with our U.S. Consumer segment;
- an increase in costs associated with the Roundup® marketing agreement; and
- an increase in impairment, restructuring and other charges.

The decrease in cost of sales for fiscal 2022 as compared to fiscal 2021 was primarily driven by:

- lower sales volume in our U.S. Consumer, Hawthorne and Other segments;
- the favorable impact of foreign exchange rates as a result of the strengthening of the U.S. dollar relative to the euro and the Canadian dollar; and
- a decrease in costs associated with the Roundup® marketing agreement;
- partially offset by higher material costs in our U.S. Consumer and Other segments;
- higher transportation and warehousing costs included within "volume, mix and other" in our U.S. Consumer, Hawthorne and Other segments; and
- an increase in impairment, restructuring and other charges.

(Dollars in millions, except per share data)

Gross Margin

As a percentage of net sales, our gross margin rate was 18.5%, 22.2% and 29.8% for fiscal 2023, fiscal 2022 and fiscal 2021, respectively. Factors contributing to the change in gross margin rate are outlined in the following table:

	Year Ended September 30,	
	2023	2022
Volume, mix and other	(4.0)%	(6.6)%
Material costs	(3.3)	(3.4)
Roundup® commissions and reimbursements	(0.3)	(0.2)
Acquisitions	—	(0.1)
Pricing	5.0	6.3
	(2.6)	(4.0)
Impairment, restructuring and other	(1.1)	(3.6)
Change in gross margin rate	(3.7)%	(7.6)%

The decrease in gross margin rate for fiscal 2023 as compared to fiscal 2022 was primarily driven by:

- higher material costs in our U.S. Consumer, Hawthorne and Other segments;
- higher manufacturing costs, primarily labor, included within "volume, mix and other" in our U.S. Consumer, Hawthorne and Other segments;
- unfavorable leverage of fixed costs, included within "volume, mix and other," driven by lower sales and production volume in our U.S. Consumer, Hawthorne and Other segments;
- inventory write-down charges included within "volume, mix and other" associated with our U.S. Consumer segment; and
- an increase in impairment, restructuring and other charges;
- partially offset by increased pricing in our U.S. Consumer, Hawthorne and Other segments; and
- lower warehousing costs included within "volume, mix and other" in our U.S. Consumer and Hawthorne segments.

The decrease in gross margin rate for fiscal 2022 as compared to fiscal 2021 was primarily driven by:

- higher material costs in our U.S. Consumer, Hawthorne and Other segments;
- higher transportation and warehousing costs included within "volume, mix and other" associated with our U.S. Consumer, Hawthorne and Other segments;
- unfavorable leverage of fixed costs driven by lower sales volume in our U.S. Consumer, Hawthorne and Other segments; and
- an increase in impairment, restructuring and other charges;
- partially offset by increased pricing in our U.S. Consumer, Hawthorne and Other segments.

(Dollars in millions, except per share data)

Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses ("SG&A"):

	Year Ended September 30,		
	2023	2022	2021
Advertising	$ 123.7	$ 120.3	$ 165.7
Advertising as a percentage of net sales	3.5 %	3.1 %	3.4 %
Share-based compensation	49.7	34.3	40.6
Research and development	35.7	45.3	45.4
Amortization of intangibles	22.6	31.0	29.1
Other selling, general and administrative	319.6	382.1	462.7
	$ 551.3	$ 613.0	$ 743.5

SG&A decreased $61.7, or 10.1%, during fiscal 2023 compared to fiscal 2022. Advertising expense increased $3.4, or 2.8%, in fiscal 2023 driven by increased media spending in our U.S. Consumer segment. Share-based compensation expense, which excludes certain advertising expenses paid for in Common Shares, increased $15.4, or 44.9%, driven by short-term variable incentive compensation that was provided to employees as share-based awards for fiscal 2023 in lieu of a cash-based program, partially offset by the recognition of a cumulative adjustment for certain performance-based award units to reflect management's assessment of a lower probability of achievement of performance goals. Amortization expense decreased $8.4, or 27.1%, driven by the impairment of certain Hawthorne segment intangible assets during fiscal 2022 and fiscal 2023. Other SG&A and research and development costs decreased by a combined $72.1, or 16.9%, driven by the reductions in staffing levels and other cost-reduction initiatives.

SG&A decreased $130.5, or 17.6%, during fiscal 2022 compared to fiscal 2021. Advertising expense decreased $45.4, or 27.4%, in fiscal 2022 driven by decreased media spending in our U.S. Consumer and Hawthorne segments. Other SG&A decreased $80.6, or 17.4%, in fiscal 2022 driven by a decrease in short-term variable cash incentive compensation expense, reductions in staffing levels and other cost-reduction initiatives.

Impairment, Restructuring and Other

Activity described herein is classified within the "Cost of sales—impairment, restructuring and other" and "Impairment, restructuring and other" lines in the Consolidated Statements of Operations. The following table details impairment, restructuring and other charges (recoveries) for each of the periods presented:

	Year Ended September 30,		
	2023	2022	2021
Cost of sales—impairment, restructuring and other:			
Restructuring and other charges (recoveries), net	$ 148.5	$ 143.6	$ (0.3)
Right-of-use asset impairments	25.8	—	—
Property, plant and equipment impairments	11.4	16.6	—
COVID-19 related costs	—	—	25.0
Operating expenses—impairment, restructuring and other:			
Goodwill and intangible asset impairments	127.9	668.3	—
Convertible debt other-than-temporary impairments	101.3	—	—
Restructuring and other charges, net	51.2	40.9	0.1
Gains on sale of property, plant and equipment	—	(16.2)	—
COVID-19 related costs	—	—	4.2
Total impairment, restructuring and other charges	$ 466.1	$ 853.2	$ 29.0

During fiscal 2023, we recorded non-cash, pre-tax goodwill and intangible asset impairment charges of $127.9 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations, comprised of $117.7 of finite-lived intangible asset impairment charges associated with our Hawthorne segment and $10.3 of goodwill impairment charges associated with our Other segment.

During fiscal 2023, we recorded a non-cash, pre-tax other-than-temporary impairment charge related to our convertible debt investments of $101.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations.

During fiscal 2022, we began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. As part of this restructuring initiative, we are reducing the size of our supply chain network, reducing staffing levels and implementing other cost-reduction initiatives. In addition, to reduce our on hand inventory to align with the optimized network capacity, we have accelerated the reduction of certain Hawthorne inventory, primarily lighting, growing environments and hardware products. During fiscal 2023, we incurred costs of $229.0 associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment. We incurred costs of $16.3 in our U.S. Consumer segment and $168.5 in our Hawthorne segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2023. We incurred costs of $7.7 in our U.S. Consumer segment, $20.7 in our Hawthorne segment, $0.8 in our Other segment and $14.9 at Corporate in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2023. During fiscal 2022, we incurred costs of $65.2 associated with this restructuring initiative primarily related to employee termination benefits and impairment of property, plant and equipment. We incurred costs of $9.7 in our U.S. Consumer segment and $27.1 in our Hawthorne segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2022. We incurred costs of $11.9 in our U.S. Consumer segment, $8.1 in our Hawthorne segment, $0.7 in our Other segment and $7.7 at Corporate in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2022. Costs incurred to date since the inception of this restructuring initiative are $45.5 for our U.S. Consumer segment, $224.4 for our Hawthorne segment, $1.5 for our Other segment and $22.7 at Corporate. We continue to evaluate additional network and organizational changes, which, if executed, may result in additional restructuring charges in future periods.

During fiscal 2022, we recorded non-cash, pre-tax goodwill and intangible asset impairment charges of $632.4 as a result of interim impairment testing of our Hawthorne segment in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations, comprised of $522.4 of goodwill impairment charges and $110.0 of finite-lived intangible asset impairment charges.

During fiscal 2022, we incurred inventory write-down charges of $120.9 in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations and finite-lived intangible asset impairment charges of $35.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with our decision to discontinue and exit the market for certain Hawthorne lighting products and brands.

During fiscal 2022, we recorded gains of $16.2 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with the sale of property, plant and equipment.

During fiscal 2021, we incurred costs of $29.2 associated with the COVID-19 pandemic primarily related to premium pay. We incurred costs of $21.2 in our U.S. Consumer segment, $3.2 in our Hawthorne segment and $0.6 in our Other segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2021. We incurred costs of $4.0 in our U.S. Consumer segment and $0.2 in our Other segment in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2021.

Income (Loss) from Operations

Loss from operations was $(174.4) in fiscal 2023 compared to $(434.0) in fiscal 2022. The decrease was driven by lower impairment, restructuring and other charges and lower SG&A, partially offset by lower net sales and a decrease in gross margin rate.

Income (loss) from operations was $(434.0) in fiscal 2022 compared to $723.0 in fiscal 2021. The decrease was driven by lower net sales, a decrease in gross margin rate, higher impairment, restructuring and other charges and lower other income, partially offset by lower SG&A.

Equity in (Income) Loss of Unconsolidated Affiliates

Equity in (income) loss of unconsolidated affiliates associated with Bonnie Plants, LLC was $101.1, $12.9 and $(14.4) in fiscal 2023, fiscal 2022 and fiscal 2021, respectively. During fiscal 2023, we recorded a non-cash, pre-tax impairment charge of $94.7 associated with our investment in Bonnie Plants, LLC. Refer to "NOTE 9. INVESTMENT IN UNCONSOLIDATED AFFILIATES" of the Notes to the Consolidated Financial Statements included in this Form 10-K for more information regarding Bonnie Plants, LLC.

(Dollars in millions, except per share data)

Interest Expense

Interest expense was $178.1 in fiscal 2023, an increase of 50.8% compared to $118.1 in fiscal 2022. The increase was driven by an increase in our weighted average interest rate, net of the impact of interest rate swaps, of 180 basis points, primarily due to higher borrowing rates on the Sixth A&R Credit Agreement. While we had net debt repayments of $353.6 during fiscal 2023, our seasonal borrowing and repayment pattern resulted in an average debt balance for fiscal 2023 that was consistent with fiscal 2022.

Interest expense was $118.1 in fiscal 2022, an increase of 49.7% compared to $78.9 in fiscal 2021. The increase was driven by higher average borrowings of $1,119.6 due to higher inventory production, capital expenditures, acquisition activity and repurchases of our Common Shares.

Other Non-Operating Income, Net

Other non-operating income was $0.3, $6.9 and $18.6 in fiscal 2023, fiscal 2022 and fiscal 2021, respectively. On December 31, 2020, we acquired a 50% equity interest in Bonnie Plants, LLC in exchange for cash payments of $102.3, forgiveness of our outstanding loan receivable with AFC and surrender of our options to increase our economic interest in the Bonnie Plants business. We recorded a gain of $12.5 during the first quarter of fiscal 2021 to write-up the value of our loan receivable with AFC to its closing date fair value.

Income Tax Expense (Benefit) from Continuing Operations

A reconciliation of the federal corporate income tax rate and the effective tax rate on income from continuing operations before income taxes is summarized below:

	Year Ended September 30,		
	2023	2022	2021
Statutory income tax rate	21.0 %	21.0 %	21.0 %
Effect of foreign operations	0.2	(1.6)	(0.2)
State taxes, net of federal benefit	3.2	2.6	3.9
Effect of other permanent differences	(0.8)	2.8	(1.1)
Research and Experimentation and other federal tax credits	0.2	0.2	(0.2)
Effect of tax contingencies	0.1	(1.8)	—
Change in valuation allowances	(8.7)	(0.9)	0.1
Other	1.0	(0.7)	0.1
Effective income tax rate	16.2 %	21.6 %	23.6 %

During fiscal 2023, we recorded a non-cash, pre-tax other-than-temporary impairment charge related to our convertible debt investments of $101.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. Deferred tax assets related to unrealized losses on convertible debt investments were $33.4 and $25.3 at September 30, 2023 and 2022, respectively. A full valuation allowance has been established against these losses at September 30, 2023 as we do not expect to utilize them prior to their expiration. This discrete item, which is included in the "Change in valuation allowances" line in the table above, decreased the fiscal 2023 effective tax rate because we incurred a net loss during this period.

During fiscal 2022, we recorded non-cash, pre-tax goodwill and intangible asset impairment charges of $668.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The tax impact of the impairment charges was a benefit of $148.3, which is net of the impact of non-deductible goodwill of $18.8, for fiscal 2022 and was recorded in the "Income tax expense (benefit) from continuing operations" line in the Consolidated Statements of Operations. The tax impact of non-deductible goodwill was considered a discrete item because we have no remaining non-deductible goodwill. This discrete item, which is included in the "Effect of foreign operations" line in the table above, decreased the fiscal 2022 effective tax rate by approximately 340 bps because we incurred a net loss during the period. Additionally, excess tax benefits related to share-based compensation, which are included in the "Effect of other permanent differences" line in the table above, increased the fiscal 2022 effective tax rate by approximately 260 bps.

Income (Loss) from Continuing Operations

Loss from continuing operations was $(380.1), or $(6.79) per diluted share, in fiscal 2023 compared to $(437.5), or $(7.88) per diluted share, in fiscal 2022. The decrease was driven by lower impairment, restructuring and other charges, and lower SG&A, partially offset by lower net sales, a decrease in gross margin rate, higher equity in loss of unconsolidated affiliates, higher interest expense, lower other non-operating income and lower income tax benefit.

(Dollars in millions, except per share data)

Income (loss) from continuing operations was $(437.5), or $(7.88) per diluted share, in fiscal 2022 compared to $517.3, or $9.03 per diluted share, in fiscal 2021. The decrease was driven by lower net sales, a decrease in gross margin rate, higher impairment, restructuring and other charges, lower other income, lower equity in income of unconsolidated affiliates, higher interest expense and lower other non-operating income, partially offset by lower SG&A.

Diluted average common shares used in the diluted loss per common share calculation for fiscal 2023 and fiscal 2022 were 56.0 million and 55.5 million, respectively, which excluded potential common shares of 0.4 million and 0.6 million, respectively, because the effect of their inclusion would be anti-dilutive as we incurred a net loss for fiscal 2023 and fiscal 2022. Diluted average common shares used in the diluted income per common share calculation for fiscal 2021 were 57.2 million, which included dilutive potential common shares of 1.5 million.

Segment Results

The performance of each reportable segment is evaluated based on several factors, including income (loss) from continuing operations before income taxes, amortization, impairment, restructuring and other charges ("Segment Profit (Loss)"), which is a non-GAAP financial measure. Senior management uses Segment Profit (Loss) to evaluate segment performance because they believe this measure is indicative of performance trends and the overall earnings potential of each segment.

The following table sets forth net sales by segment:

	Year Ended September 30,		
	2023	2022	2021
U.S. Consumer	$ 2,843.7	$ 2,928.8	$ 3,197.7
Hawthorne	467.3	716.2	1,424.2
Other	240.3	279.1	303.1
Consolidated	$ 3,551.3	$ 3,924.1	$ 4,925.0

The following table sets forth Segment Profit (Loss) as well as a reconciliation to income (loss) from continuing operations before income taxes, the most directly comparable measure prepared in accordance with U.S. generally accepted accounting principles ("GAAP"):

	Year Ended September 30,		
	2023	2022	2021
U.S. Consumer	$ 454.1	$ 568.6	$ 726.7
Hawthorne	(48.1)	(21.1)	163.8
Other	12.4	20.2	42.1
Total Segment Profit (Non-GAAP)	418.4	567.7	932.6
Corporate	(101.6)	(112.4)	(149.7)
Intangible asset amortization	(25.2)	(37.1)	(30.9)
Impairment, restructuring and other	(466.0)	(852.2)	(29.0)
Equity in income (loss) of unconsolidated affiliates	(101.1)	(12.9)	14.4
Interest expense	(178.1)	(118.1)	(78.9)
Other non-operating income, net	0.3	6.9	18.6
Income (loss) from continuing operations before income taxes (GAAP)	$ (453.3)	$ (558.1)	$ 677.1

U.S. Consumer

U.S. Consumer segment net sales were $2,843.7 in fiscal 2023, a decrease of 2.9% from fiscal 2022 net sales of $2,928.8. The decrease was driven by lower sales volume of 8.3%, partially offset by increased pricing of 5.4%. The decrease in sales volume for fiscal 2023 was driven by lawn care, plant food and controls products.

U.S. Consumer Segment Profit was $454.1 in fiscal 2023, a decrease of 20.1% from fiscal 2022 Segment Profit of $568.6. The decrease for fiscal 2023 was primarily due to lower net sales and a lower gross margin rate, partially offset by lower SG&A.

U.S. Consumer segment net sales were $2,928.8 in fiscal 2022, a decrease of 8.4% from fiscal 2021 net sales of $3,197.7. The decrease was driven by lower sales volume of 15.6%, partially offset by increased pricing of 7.2%. The decrease in sales volume for fiscal 2022 was driven by lawn care, soils, controls, plant food and mulch products.

U.S. Consumer Segment Profit was $568.6 in fiscal 2022, a decrease of 21.8% from fiscal 2021 Segment Profit of $726.7. The decrease for fiscal 2022 was primarily due to lower net sales and a lower gross margin rate, partially offset by lower SG&A.

Hawthorne

Hawthorne segment net sales were $467.3 in fiscal 2023, a decrease of 34.8% from fiscal 2022 net sales of $716.2. The decrease was driven by lower sales volume of 38.1%, partially offset by increased pricing of 2.5% and acquisitions of 0.8%. The decrease in sales volume for fiscal 2023 was driven by growing environments, growing media, hardware, nutrients and lighting products.

Hawthorne Segment Loss was $48.1 in fiscal 2023 compared to fiscal 2022 Segment Loss of $21.1. The increase for fiscal 2023 was driven by lower net sales and a lower gross margin rate, partially offset by lower SG&A.

Hawthorne segment net sales were $716.2 in fiscal 2022, a decrease of 49.7% from fiscal 2021 net sales of $1,424.2. The decrease was driven by lower sales volume of 56.0% and unfavorable foreign exchange rates of 0.8%, partially offset by increased pricing of 3.8% and acquisitions of 3.3%. The decrease in sales volume for fiscal 2022 was driven by lighting, nutrients, growing media, hardware and growing environments products.

Hawthorne Segment Loss was $21.1 in fiscal 2022 compared to fiscal 2021 Segment Profit of $163.8. The decrease for fiscal 2022 was driven by lower net sales and a lower gross margin rate, partially offset by lower SG&A.

Other

Other segment net sales were $240.3 in fiscal 2023, a decrease of 13.9% from fiscal 2022 net sales of $279.1. The decrease was driven by lower sales volume of 16.0% and unfavorable foreign exchange rates of 4.8%, partially offset by increased pricing of 6.9%.

Other Segment Profit was $12.4 in fiscal 2023, a decrease of 38.6% from fiscal 2022 Segment Profit of $20.2. The decrease was driven by lower net sales and a lower gross margin rate.

Other segment net sales were $279.1 in fiscal 2022, a decrease of 7.9% from fiscal 2021 net sales of $303.1. The decrease was driven by lower sales volume of 13.7% and unfavorable foreign exchange rates of 1.9%, partially offset by increased pricing of 7.7%.

Other Segment Profit was $20.2 in fiscal 2022, a decrease of 52.0% from fiscal 2021 Segment Profit of $42.1. The decrease was driven by lower net sales and a lower gross margin rate, partially offset by lower SG&A.

Corporate

Corporate expenses were $101.6 in fiscal 2023, a decrease of 9.6% from fiscal 2022 expenses of $112.4. The decrease was driven by lower share-based compensation expense due to the recognition of a cumulative adjustment for certain performance-based award units to reflect management’s assessment of a lower probability of achievement of performance goals, and reductions in staffing levels and other cost-reduction initiatives.

Corporate expenses were $112.4 in fiscal 2022, a decrease of 24.9% from fiscal 2021 expenses of $149.7. The decrease was driven by lower short-term variable cash incentive compensation expense, reductions in staffing levels and other cost-reduction initiatives.

(Dollars in millions, except per share data)

Liquidity and Capital Resources

The following table summarizes cash activities for the years ended September 30:

	2023	2022	2021
Net cash provided by (used in) operating activities	$ 531.0	$ (129.0)	$ 271.5
Net cash used in investing activities	(65.7)	(283.2)	(538.6)
Net cash (used in) provided by financing activities	(520.1)	255.3	494.0

Operating Activities

Cash provided by operating activities totaled $531.0 for fiscal 2023, an increase of $660.0 compared to cash used in operating activities of $129.0 for fiscal 2022. This increase was driven by a reduction in inventory, lower short-term variable cash incentive compensation payouts, higher income tax refunds and lower SG&A, partially offset by lower gross margin, higher interest payments, higher payments associated with restructuring activities and accounts payable timing. Accounts payable timing is driven by the unfavorable impact of extended payment terms with vendors for payments originally due in the final weeks of fiscal 2022 that were paid in the first quarter of fiscal 2023.

Cash used in operating activities totaled $129.0 for fiscal 2022, a decrease of $400.5 compared to cash provided by operating activities of $271.5 for fiscal 2021. This decrease was driven by higher inventory, lower accounts payable, lower net income and higher interest payments, partially offset by lower tax payments and lower short-term variable cash incentive compensation payouts. Higher inventory was driven by higher production, lower sales and higher input costs. Lower accounts payable was driven by the timing of production. Fiscal 2022 was also favorably impacted by extended payment terms with vendors for payments originally due in the final weeks of fiscal 2022 that were paid in the first quarter of fiscal 2023.

The seasonal nature of our North America consumer lawn and garden business generally requires cash to fund significant increases in inventories during the first half of the fiscal year. Receivables and payables also build substantially in our second quarter of the fiscal year in line with the timing of sales to support our retailers' spring selling season.

Investing Activities

Cash used in investing activities totaled $65.7 for fiscal 2023, a decrease of $217.5 compared to $283.2 for fiscal 2022. Cash used for investments in property, plant and equipment during fiscal 2023 was $92.8, a decrease from fiscal 2022 due to higher spending in the prior period on capital projects to expand network capacity. We also received proceeds of $37.0 during fiscal 2023 related to the payoff of seller financing that we provided in connection with a fiscal 2017 divestiture. In addition, we had other investing cash outflows of $12.4 primarily comprised of cash outflows associated with currency forward contracts.

Cash used in investing activities totaled $283.2 for fiscal 2022, a decrease of $255.4 compared to $538.6 for fiscal 2021. Cash used for investments in property, plant and equipment during fiscal 2022 was $113.5. We also completed the acquisitions of Luxx Lighting, Inc., True Liberty Bags and Cyco during fiscal 2022 in exchange for aggregate cash payments of $237.3, as well as the issuance of 0.1 million Common Shares, a non-cash investing and financing activity, with a fair value of $21.0 based on the share price at the time of payment. In addition, during fiscal 2022, we made payments of $25.0 in connection with a minority non-equity convertible debt investment in RIV Capital, received proceeds from the sale of long-lived assets of $63.3 and received $29.3 associated with currency forward contracts.

For the three fiscal years ended September 30, 2023, we allocated our capital spending as follows: 64% for maintenance of existing productive assets; 20% for cost savings projects, focused primarily on supply chain and information technology, and 16% for innovation and expansion. We expect fiscal 2024 capital expenditures to be generally consistent with our recent capital spending amounts and allocations.

Financing Activities

Cash used in financing activities totaled $520.1 for fiscal 2023 compared to cash provided by financing activities of $255.3 for fiscal 2022. During fiscal 2023, we had net debt repayments of $353.6, paid dividends of $149.1, paid financing and issuance fees of $6.4 and repurchased Common Shares for $9.3 (which includes cash paid to tax authorities to satisfy statutory income tax withholding obligations related to share-based compensation). Higher debt repayment and lower Common Share repurchases are driven by our focus on using available cash flow to reduce our debt.

Cash provided by financing activities totaled $255.3 in fiscal 2022 compared to $494.0 in fiscal 2021. During fiscal 2022, we had net borrowings of $680.1 and paid financing and issuance fees of $9.6. We also repurchased Common Shares for $257.9 and paid dividends of $166.2 during fiscal 2022.

Accounts Receivable Sales

On October 27, 2023, we entered into an agreement under which we may sell up to $600.0 of a portfolio of available and eligible outstanding customer accounts receivable generated by sales to four specified customers. The agreement is uncommitted and has an initial term that expires October 25, 2024, unless earlier terminated by the purchaser.

Supplier Finance Program

We have an agreement to provide a supplier finance program which facilitates participating suppliers' ability to finance our payment obligations with a designated third-party financial institution. Participating suppliers may, at their sole discretion, elect to finance our payment obligations prior to their scheduled due dates at a discounted price to the participating financial institution. Our obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under this arrangement. The payment terms that we negotiate with our suppliers are consistent, regardless of whether a supplier participates in the program. Our current payment terms with a majority of our suppliers generally range from 30 to 60 days, which we deem to be commercially reasonable. Our outstanding payment obligations under our supplier finance program were $18.3 and $8.6 at September 30, 2023 and 2022, respectively, and are recorded within accounts payable in the Consolidated Balance Sheets. The associated payments were $185.3 for fiscal 2023 and are classified as operating activities in the Consolidated Statements of Cash Flows.

Share Repurchases

On February 6, 2020, Scotts Miracle-Gro announced that its Board of Directors authorized the repurchase of up to $750.0 of Common Shares from April 30, 2020 through March 25, 2023. There were no share repurchases under this share repurchase authorization during fiscal 2023 through its expiration on March 25, 2023. During fiscal 2022 and fiscal 2021, Scotts Miracle-Gro repurchased 1.1 million and 0.6 million Common Shares under this share repurchase authorization for $175.0 and $113.1, respectively. Treasury share purchases also include cash paid to tax authorities to satisfy statutory income tax withholding obligations related to share-based compensation of $9.3, $82.9 and $16.3 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Cash and Cash Equivalents

Our cash and cash equivalents were held in cash depository accounts with major financial institutions around the world or invested in high quality, short-term liquid investments having original maturities of three months or less. The cash and cash equivalents balances of $31.9 and $86.8 at September 30, 2023 and 2022, respectively, included $26.6 and $4.2, respectively, held by controlled foreign corporations. As of September 30, 2023, we maintain our assertion of indefinite reinvestment of the earnings of all material foreign subsidiaries.

Borrowing Agreements

Credit Facilities

Our primary sources of liquidity are cash generated by operations and borrowings under our credit facilities, which are guaranteed by substantially all of Scotts Miracle-Gro's domestic subsidiaries. On July 5, 2018, we entered into a fifth amended and restated credit agreement, which provided us with five-year senior secured loan facilities in the aggregate principal amount of $2,300.0, comprised of a revolving credit facility of $1,500.0 and a term loan in the original principal amount of $800.0.

On April 8, 2022, we entered into the Sixth A&R Credit Agreement, providing the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of $2,500.0, comprised of a revolving credit facility of $1,500.0 and a term loan in the original principal amount of $1,000.0 (the "Sixth A&R Credit Facilities"). The Sixth A&R Credit Agreement replaced the fifth amended and restated credit agreement and will terminate on April 8, 2027. The Sixth A&R Credit Facilities are available for the issuance of letters of credit up to $100.0. The terms of the Sixth A&R Credit Agreement include customary representations and warranties, affirmative and negative covenants, financial covenants, and events of default.

Under the terms of the Sixth A&R Credit Agreement, loans bear interest, at our election, at a rate per annum equal to either (i) the Alternate Base Rate plus the Applicable Spread (each, as defined in the Sixth A&R Credit Agreement) or (ii) the Adjusted Term SOFR Rate for the Interest Period in effect for such borrowing plus the Applicable Spread (all as defined in the Sixth A&R Credit Agreement). Swingline Loans bear interest at the applicable Swingline Rate set forth in the Sixth A&R Credit Agreement. Interest rates for other select non-U.S. dollar borrowings, including borrowings denominated in euro, Pounds Sterling and Canadian dollars, are based on separate interest rate indices, as set forth in the Sixth A&R Credit Agreement.

On June 8, 2022, we entered into Amendment No. 1 to the Sixth A&R Credit Agreement. Amendment No. 1 increased the maximum permitted leverage ratio for the quarterly leverage covenant until April 1, 2024. Amendment No. 1 also increased the interest rate applicable to borrowings under the revolving credit facility by 35 bps and the term loan facility by 50 bps, and increased the annual facility fee rate on the revolving credit facility by 15 bps, in each case, when the Company's quarterly-tested leverage ratio exceeded 4.75.

On July 31, 2023, we entered into Amendment No. 2 to the Sixth A&R Credit Agreement. Amendment No. 2 (i) reduces the revolving loan commitments by $250.0; (ii) increases the maximum permitted leverage ratio for the quarterly leverage covenant until the earlier of (a) October 1, 2025 and (b) subject to certain conditions specified in Amendment No. 2, the termination by the Company of such adjustment (such period, the "Leverage Adjustment Period"); (iii) replaces the interest coverage covenant with a fixed charge coverage covenant; (iv) increases the interest rate applicable to borrowings under the revolving credit facility and the term loan facility by 25 bps for each existing pricing tier and adds a pricing tier applicable to periods when the leverage ratio exceeds 6.00; (v) limits the amount of certain incremental investments, loans and advances to $25.0 during the Leverage Adjustment Period; and (vi) adds our intellectual property (subject to certain exceptions) as collateral to secure our obligations under the Sixth A&R Credit Agreement. Additionally, Amendment No. 2 limits our ability to declare or pay any discretionary dividends, distributions or other restricted payments during the Leverage Adjustment Period to only the payment of (i) regularly scheduled cash dividends to holders of our Common Shares in an aggregate amount not to exceed $225.0 per fiscal year and (ii) other dividends, distributions or other restricted payments in an aggregate amount not to exceed $25.0. Amendment No. 2 also subjects our ability to make certain investments to pro forma compliance with certain leverage levels specified in Amendment No. 2. Pursuant to Amendment No. 2, the Sixth A&R Credit Agreement is secured by (i) a perfected first priority security interest in all of the accounts receivable, inventory, equipment and intellectual property (subject to certain exceptions) of Scotts Miracle-Gro and certain of its domestic subsidiaries and (ii) the pledge of all of the capital stock of certain of Scotts Miracle-Gro's domestic subsidiaries and a portion of the capital stock of certain of its foreign subsidiaries.

At September 30, 2023, we had letters of credit outstanding in the aggregate principal amount of $5.0, and had $1,156.7 of borrowing availability under the Sixth A&R Credit Agreement. The weighted average interest rates on average borrowings under the credit facilities, excluding the impact of interest rate swaps, were 7.6%, 2.8% and 1.9% for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

The Sixth A&R Credit Agreement contains, among other obligations, an affirmative covenant regarding our leverage ratio determined as of the end of each of our fiscal quarters calculated as average total indebtedness, divided by our earnings before interest, taxes, depreciation and amortization, as adjusted pursuant to the terms of Amendment No. 2 ("Adjusted EBITDA"). Pursuant to Amendment No. 2, the maximum permitted leverage ratio is (i) 7.75 for the fourth quarter of fiscal 2023, (ii) 8.25 for the first quarter of fiscal 2024, (iii) 7.75 for the second quarter of fiscal 2024, (iv) 6.50 for the third quarter of fiscal 2024, (v) 6.00 for the fourth quarter of fiscal 2024, (vi) 5.50 for the first quarter of fiscal 2025, (vii) 5.25 for the second quarter of fiscal 2025, (viii) 5.00 for the third quarter of fiscal 2025, (ix) 4.75 for the fourth quarter of fiscal 2025 and (x) 4.50 for the first quarter of fiscal 2026 and thereafter. Our leverage ratio was 6.57 at September 30, 2023. Pursuant to Amendment No. 2, the Sixth A&R Credit Agreement also contains an affirmative covenant regarding our fixed charge coverage ratio determined as of the end of each of our fiscal quarters, calculated as Adjusted EBITDA minus capital expenditures and expense for taxes paid in cash, divided by the sum of interest expense plus restricted payments, as described in Amendment No. 2. The minimum required fixed charge coverage ratio is (i) 0.75 for the fourth quarter of fiscal 2023 through the third quarter of fiscal 2024 and (ii) 1.00 for the fourth quarter of fiscal 2024 and thereafter. Our fixed charge coverage ratio was 1.56 for the twelve months ended September 30, 2023.

As of September 30, 2023, we were in compliance with all applicable covenants in the agreements governing our debt. Based on our projections of financial performance for the twelve-month period subsequent to the date of the filing of this Form 10-K, we expect to remain in compliance with the financial covenants under the Sixth A&R Credit Agreement. However, our assessment of our ability to meet our future obligations is inherently subjective, judgment-based, and susceptible to change based on future events. A covenant violation may result in an event of default. Such a default would allow the lenders under the Sixth A&R Credit Agreement to accelerate the maturity of the indebtedness thereunder and would also implicate cross-default provisions under the Senior Notes and cause the Senior Notes to become due and payable at that time. As of September 30, 2023, our indebtedness under the Sixth A&R Credit Agreement and Senior Notes was $2,613.3. We do not have sufficient cash on hand or available liquidity that can be utilized to repay these outstanding amounts in the event of default.

As part of our contingency planning to address potential future circumstances that could result in noncompliance, we have contemplated alternative plans including additional restructuring activities to reduce operating expenses and certain cash management strategies that are within our control. Additionally, we have contemplated alternative plans that are subject to market conditions and not in our control, including, among others, discussions with our lenders to amend the terms of our financial covenants under the Sixth A&R Credit Agreement and generating cash by completing other financing transactions, which may include issuing equity. There is no assurance that we will be successful in implementing these alternative plans.

Senior Notes

On December 15, 2016, Scotts Miracle-Gro issued $250.0 aggregate principal amount of 5.250% Senior Notes due 2026. The 5.250% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 5.250% Senior Notes have interest payment dates of June 15 and December 15 of each year.

On October 22, 2019, Scotts Miracle-Gro issued $450.0 aggregate principal amount of 4.500% Senior Notes due 2029. The 4.500% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.500% Senior Notes have interest payment dates of April 15 and October 15 of each year.

On March 17, 2021, Scotts Miracle-Gro issued $500.0 aggregate principal amount of 4.000% Senior Notes due 2031. The 4.000% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.000% Senior Notes have interest payment dates of April 1 and October 1 of each year.

On August 13, 2021, Scotts Miracle-Gro issued $400.0 aggregate principal amount of 4.375% Senior Notes due 2032. The 4.375% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with our existing and future unsecured senior debt. The 4.375% Senior Notes have interest payment dates of February 1 and August 1 of each year.

Substantially all of Scotts Miracle-Gro's directly and indirectly owned domestic subsidiaries serve as guarantors of the 5.250% Senior Notes, the 4.500% Senior Notes, the 4.000% Senior Notes and the 4.375% Senior Notes.

The Senior Notes contain an affirmative covenant regarding our interest coverage ratio determined as of the end of each of our fiscal quarters, calculated as Adjusted EBITDA divided by interest expense excluding costs related to refinancings. The minimum required interest coverage ratio is 2.00. Our interest coverage ratio was 2.81 for the twelve months ended September 30, 2023.

Receivables Facility

We also maintained a Master Repurchase Agreement (including the annexes thereto, the "Repurchase Agreement") and a Master Framework Agreement, as amended (the "Framework Agreement" and, together with the Repurchase Agreement, the "Receivables Facility") under which we could sell a portfolio of available and eligible outstanding customer accounts receivable to the purchasers subject to agreeing to repurchase the receivables on a weekly basis. The eligible accounts receivable consisted of accounts receivable generated by sales to three specified customers. The eligible amount of customer accounts receivables which could be sold under the Receivables Facility was $400.0 and the commitment amount during the seasonal commitment period that began on February 24, 2023 and ended on June 16, 2023 was $160.0. The Receivables Facility expired on August 18, 2023.

The sale of receivables under the Receivables Facility was accounted for as short-term debt and we continued to carry the receivables on our Consolidated Balance Sheets, primarily as a result of our requirement to repurchase receivables sold. As of September 30, 2022, there were $75.0 in borrowings on receivables pledged as collateral under the Receivables Facility, and the carrying value of the receivables pledged as collateral was $79.8.

(Dollars in millions, except per share data)

Interest Rate Swap Agreements

We enter into interest rate swap agreements with major financial institutions that effectively convert a portion of our variable rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. Swap agreements that were hedging interest payments as of September 30, 2023 and 2022 had a maximum total U.S. dollar equivalent notional amount of $600.0 and $800.0, respectively. On October 26, 2023, we executed an interest rate swap agreement with a notional amount that adjusts in accordance with a specified seasonal schedule, and a maximum notional amount of $100.0. This swap agreement has a fixed rate of 4.74%, an effective date of November 20, 2023 and an expiration date of March 22, 2027. The notional amount, effective date, expiration date and rate of each of the swap agreements outstanding at September 30, 2023 are shown in the table below:

Notional Amount ($)		Effective Date (a)	Expiration Date	Fixed Rate
200	(b)	1/20/2022	6/20/2024	0.49 %
200		6/7/2023	6/8/2026	0.80 %
150		6/7/2023	4/7/2027	3.37 %
50		6/7/2023	4/7/2027	3.34 %

(a) The effective date refers to the date on which interest payments are first hedged by the applicable swap agreement.
(b) Notional amount adjusts in accordance with a specified seasonal schedule. This represents the maximum notional amount at any point in time.

Availability and Use of Cash

We believe that our cash flows from operations and borrowings under our agreements described herein will be sufficient to meet debt service, capital expenditures and working capital needs for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our borrowing agreements in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control as further discussed in "ITEM 1A. RISK FACTORS — Risks Related to Our M&A, Lending and Financing Activities — *Our indebtedness could limit our flexibility and adversely affect our financial condition*" of this Form 10-K.

Financial Disclosures About Guarantors and Issuers of Guaranteed Securities

The 5.250% Senior Notes, 4.500% Senior Notes, 4.000% Senior Notes and 4.375% Senior Notes were issued by Scotts Miracle-Gro on December 15, 2016, October 22, 2019, March 17, 2021 and August 13, 2021, respectively. The Senior Notes are guaranteed by certain consolidated domestic subsidiaries of Scotts Miracle-Gro (collectively, the "Guarantors") and, therefore, we report summarized financial information in accordance with SEC Regulation S-X, Rule 13-01, "Guarantors and Issuers of Guaranteed Securities Registered or Being Registered."

The guarantees are "full and unconditional," as those terms are used in Regulation S-X, Rule 3-10(b)(3), except that a Guarantor's guarantee will be released in certain circumstances set forth in the indentures governing the Senior Notes, such as: (i) upon any sale or other disposition of all or substantially all of the assets of the Guarantor (including by way of merger or consolidation) to any person other than Scotts Miracle-Gro or any "restricted subsidiary" under the applicable indenture; (ii) if the Guarantor merges with and into Scotts Miracle-Gro, with Scotts Miracle-Gro surviving such merger; (iii) if the Guarantor is designated an "unrestricted subsidiary" in accordance with the applicable indenture or otherwise ceases to be a "restricted subsidiary" (including by way of liquidation or dissolution) in a transaction permitted by such indenture; (iv) upon legal or covenant defeasance; (v) at the election of Scotts Miracle-Gro following the Guarantor's release as a guarantor under the Sixth A&R Credit Agreement, except a release by or as a result of the repayment of the Sixth A&R Credit Agreement; or (vi) if the Guarantor ceases to be a "restricted subsidiary" and the Guarantor is not otherwise required to provide a guarantee of the Senior Notes pursuant to the applicable indenture.

Our foreign subsidiaries and certain of our domestic subsidiaries are not guarantors (collectively, the "Non-Guarantors") of the Senior Notes. Payments on the Senior Notes are only required to be made by Scotts Miracle-Gro and the Guarantors. As a result, no payments are required to be made from the assets of the Non-Guarantors, unless those assets are transferred by dividend or otherwise to Scotts Miracle-Gro or a Guarantor. In the event of a bankruptcy, insolvency, liquidation or reorganization of any of the Non-Guarantors, holders of their indebtedness, including their trade creditors and other obligations, will be entitled to payment of their claims from the assets of the Non-Guarantors before any assets are made available for distribution to Scotts Miracle-Gro or the Guarantors. As a result, the Senior Notes are effectively subordinated to all the liabilities of the Non-Guarantors.

(Dollars in millions, except per share data)

The guarantees may be subject to review under federal bankruptcy laws or relevant state fraudulent conveyance or fraudulent transfer laws. In certain circumstances, the court could void the guarantee, subordinate the amounts owing under the guarantee, or take other actions detrimental to the holders of the Senior Notes.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that a Guarantor did not receive reasonably equivalent value or fair consideration for its guarantee to the extent such Guarantor did not obtain a reasonably equivalent benefit from the issuance of the Senior Notes.

The measure of insolvency varies depending upon the law of the jurisdiction that is being applied. Regardless of the measure being applied, a court could determine that a Guarantor was insolvent on the date the guarantee was issued, so that payments to the holders of the Senior Notes would constitute a preference, fraudulent transfer or conveyances on other grounds. If a guarantee is voided as a fraudulent conveyance or is found to be unenforceable for any other reason, the holders of the Senior Notes will not have a claim against the Guarantor.

Each guarantee contains a provision intended to limit the Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent conveyance. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. Moreover, this provision may not be effective to protect the guarantees from being voided under fraudulent conveyance laws. There is a possibility that the entire guarantee may be set aside, in which case the entire liability may be extinguished.

The following tables present summarized financial information on a combined basis for Scotts Miracle-Gro and the Guarantors. Transactions between Scotts Miracle-Gro and the Guarantors have been eliminated and the summarized financial information does not reflect investments of the Scotts Miracle-Gro and the Guarantors in the Non-Guarantor subsidiaries.

	September 30, 2023
Current assets	$ 1,212.0
Non-current assets [(a)]	1,911.2
Current liabilities	683.9
Non-current liabilities	2,833.3

(a) Includes amounts due from Non-Guarantor subsidiaries of $26.2.

	Year Ended September 30, 2023
Net sales	$ 3,203.3
Gross margin	642.7
Net loss [(a)]	(333.2)

(a) Includes intercompany expense from Non-Guarantor subsidiaries of $12.1.

Judicial and Administrative Proceedings

We are party to various pending judicial and administrative proceedings arising in the ordinary course of business, including, among others, proceedings based on accidents or product liability claims and alleged violations of environmental laws. We have reviewed these pending judicial and administrative proceedings, including the probable outcomes, reasonably anticipated costs and expenses, and the availability and limits of our insurance coverage, and have established what we believe to be appropriate accruals. We believe that our assessment of contingencies is reasonable and that the related accruals, in the aggregate, are adequate; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by these proceedings, whether as a result of adverse outcomes or as a result of significant defense costs.

(Dollars in millions, except per share data)

Contractual Obligations

The following table summarizes our future cash outflows for contractual obligations as of September 30, 2023:

		Payments Due by Period			
Contractual Cash Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Debt obligations	$ 2,613.7	$ 50.4	$ 100.0	$ 1,113.3	$ 1,350.0
Interest expense on debt obligations	688.0	128.9	262.1	167.4	129.6
Finance lease obligations	20.8	2.6	4.6	3.4	10.2
Operating lease obligations	344.8	88.9	128.9	54.2	72.8
Purchase obligations	799.4	349.8	321.9	76.6	51.1
Other, primarily retirement plan obligations	53.4	6.1	10.8	10.8	25.7
Total contractual cash obligations	$ 4,520.1	$ 626.7	$ 828.3	$ 1,425.7	$ 1,639.4

We had long-term debt obligations and interest payments due primarily under the 5.250% Senior Notes, 4.500% Senior Notes, 4.000% Senior Notes and 4.375% Senior Notes and our credit facilities. Amounts in the table represent scheduled future maturities of debt principal for the periods indicated.

The interest payments for our credit facilities are based on outstanding borrowings as of September 30, 2023. Actual interest expense will likely be higher due to the seasonality of our business and associated higher average borrowings.

Purchase obligations primarily represent commitments for materials used in our manufacturing processes, including urea and packaging, as well as commitments for warehouse services, grass seed, marketing services and information technology services which comprise the unconditional purchase obligations disclosed in “NOTE 19. COMMITMENTS” of the Notes to Consolidated Financial Statements included in this Form 10-K.

Other obligations include actuarially determined retiree benefit payments and pension funding to comply with local funding requirements. Pension funding requirements are based on preliminary estimates using actuarial assumptions determined as of September 30, 2023. These amounts represent expected payments through 2033. Based on the accounting rules for defined benefit pension plans and retirement health care plans, the liabilities reflected in our Consolidated Balance Sheets differ from these expected future payments (see Notes to Consolidated Financial Statements included in this Form 10-K). The above table excludes liabilities for unrecognized tax benefits and insurance accruals as we are unable to estimate the timing of payments for these items.

Non-GAAP Measures

Use of Non-GAAP Measures

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

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

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

Exclusions from Non-GAAP Financial Measures

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

- Impairments, which are excluded because they do not occur in or reflect the ordinary course of our ongoing business operations and their exclusion results in a metric that provides supplemental information about the sustainability of operating performance.
- Restructuring and employee severance costs, which include charges for discrete projects or transactions that fundamentally change our operations and are excluded because they are not part of the ongoing operations of our underlying business, which includes normal levels of reinvestment in the business.
- Costs related to refinancing, which are excluded because they do not typically occur in the normal course of business and may obscure analysis of trends and financial performance. Additionally, the amount and frequency of these types of charges is not consistent and is significantly impacted by the timing and size of debt financing transactions.
- Discontinued operations and other unusual items, which include costs or gains related to discrete projects or transactions and are excluded because they are not comparable from one period to the next and are not part of the ongoing operations of our underlying business.

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

Definitions of Non-GAAP Financial Measures

The reconciliations below include the following financial measures that are not calculated in accordance with GAAP:

- **Adjusted income (loss) from operations:** Income (loss) from operations excluding impairment, restructuring and other charges / recoveries.
- **Adjusted net income (loss) attributable to controlling interest from continuing operations:** Net income (loss) attributable to controlling interest excluding impairment, restructuring and other charges / recoveries, costs related to refinancing, certain other non-operating income / expense items and discontinued operations, each net of tax.
- **Adjusted diluted net income (loss) per common share from continuing operations:** Diluted net income (loss) per common share from continuing operations excluding impairment, restructuring and other charges / recoveries, costs related to refinancing and certain other non-operating income / expense items, each net of tax.
- **Adjusted EBITDA:** Net income (loss) before interest, taxes, depreciation and amortization as well as certain other items such as the impact of the cumulative effect of changes in accounting, costs associated with debt refinancing and other non-recurring or non-cash items affecting net income (loss). A form of Adjusted EBITDA is used in agreements governing the Company's outstanding indebtedness for debt covenant compliance purposes. Adjusted EBITDA as used in those agreements includes additional adjustments to the Adjusted EBITDA presented in the reconciliations below which may decrease or increase Adjusted EBITDA for purposes of the Company's financial covenants.
- **Free cash flow:** Net cash provided by (used in) operating activities reduced by investments in property, plant and equipment.

(Dollars in millions, except per share data)

Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are presented in the following table:

	Year Ended September 30,		
	2023	2022	2021
Income (loss) from operations (GAAP)	$ (174.4)	$ (434.0)	$ 723.0
Impairment, restructuring and other charges	466.0	852.2	29.0
Adjusted income from operations (Non-GAAP)	$ 291.7	$ 418.2	$ 752.1
Net income (loss) attributable to controlling interest (GAAP)	$ (380.1)	$ (437.5)	$ 512.5
Loss from discontinued operations, net of tax	—	—	3.9
Impairment, restructuring and other charges	466.0	852.2	29.0
Equity in loss of unconsolidated affiliates	94.7	—	—
Other non-operating income, net	—	—	(12.6)
Adjustment to income tax expense (benefit) from continuing operations	(112.5)	(184.7)	(5.1)
Adjusted net income attributable to controlling interest from continuing operations (Non-GAAP)	$ 68.1	$ 230.0	$ 527.7
Diluted net income (loss) per common share from continuing operations (GAAP)	$ (6.79)	$ (7.88)	$ 9.03
Impairment, restructuring and other charges	8.26	15.19	0.51
Equity in loss of unconsolidated affiliates	1.68	—	—
Other non-operating income, net	—	—	(0.22)
Adjustment to income tax expense (benefit) from continuing operations	(1.99)	(3.29)	(0.09)
Adjusted diluted net income per common share from continuing operations (Non-GAAP)	$ 1.21	$ 4.10	$ 9.23
Net cash provided by (used in) operating activities (GAAP)	$ 531.0	$ (129.0)	$ 271.5
Investments in property, plant and equipment	(92.8)	(113.5)	(106.9)
Free cash flow (Non-GAAP)	$ 438.2	$ (242.5)	$ 164.6

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

Due to the GAAP net loss for fiscal 2023 and fiscal 2022, diluted average common shares used in the GAAP diluted loss per common share calculation for fiscal 2023 and fiscal 2022 were 56.0 million and 55.5 million, respectively, which excluded potential common shares of 0.4 million and 0.6 million, respectively, because the effect of their inclusion would be anti-dilutive. Diluted average common shares used in the fiscal 2023 non-GAAP adjusted diluted income per common share calculation, and the calculation of the fiscal 2023 earnings per share impact from the GAAP to non-GAAP reconciling items, were 56.4 million, which included dilutive potential common shares of 0.4 million. Diluted average common shares used in the fiscal 2022 non-GAAP adjusted diluted income per common share calculation, and the calculation of the fiscal 2022 earnings per share impact from the GAAP to non-GAAP reconciling items, were 56.1 million, which included dilutive potential common shares of 0.6 million. Diluted average common shares used in the GAAP and non-GAAP diluted income per common share calculation were 57.2 million for fiscal 2021, which included dilutive potential common shares of 1.5 million.

We view our credit facility as material to our ability to fund operations, particularly in light of our seasonality. Refer to "ITEM 1A. RISK FACTORS — Risks Related to Our M&A, Lending and Financing Activities — *Our indebtedness could limit our flexibility and adversely affect our financial condition*" of this Form 10-K for a more complete discussion of the risks associated with our debt and our credit facility and the restrictive covenants therein. Our ability to generate cash flows sufficient to cover our debt service costs is essential to our ability to maintain our borrowing capacity. We believe that Adjusted EBITDA provides additional information for determining our ability to meet debt service requirements. Refer to "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Liquidity and Capital Resources — Borrowing Agreements" of this Form 10-K for more information regarding our credit facility.

Beginning in fiscal 2022, equity in income / loss of unconsolidated affiliates is excluded from the calculation of non-GAAP Adjusted EBITDA. This exclusion is consistent with the calculation of that measure as required by the Company's borrowing arrangements. This change was first reflected in the calculation of Adjusted EBITDA for fiscal 2022. The fiscal 2021 amounts have not been reclassified to conform to the revised calculation.

(Dollars in millions, except per share data)

Our calculation of Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flows from operating activities as determined by GAAP. We make no representation or assertion that Adjusted EBITDA is indicative of our cash flows from operating activities or results of operations. We have provided a reconciliation of Adjusted EBITDA to net income solely for the purpose of complying with SEC regulations and not as an indication that Adjusted EBITDA is a substitute measure for net income.

A reconciliation of net income to Adjusted EBITDA is as follows:

	Year Ended September 30,		
	2023	2022	2021
Net income (loss) (GAAP)	$ (380.1)	$ (437.5)	$ 513.4
Income tax expense (benefit) from continuing operations	(73.2)	(120.6)	159.8
Income tax benefit from discontinued operations	—	—	(8.4)
Loss on contingent consideration from discontinued operations	—	—	12.2
Interest expense	178.1	118.1	78.9
Depreciation	67.3	68.1	62.9
Amortization	25.2	37.1	30.9
Impairment, restructuring and other charges from continuing operations	466.0	852.2	29.0
Equity in loss of unconsolidated affiliates	101.1	12.9	—
Other non-operating income, net	—	—	(12.6)
Interest income	(6.4)	(6.7)	(4.1)
Share-based compensation expense	68.9	34.3	40.6
Adjusted EBITDA (Non-GAAP)	$ 446.9	$ 557.9	$ 902.6

Regulatory Matters

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance, or taking actions aimed at ensuring compliance with, such laws and regulations. We are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving these environmental matters, particularly remediation costs at waste disposal sites and future capital expenditures for environmental control equipment, in the opinion of management, the ultimate liability arising from such environmental matters, taking into account established accruals, is not expected to have a material effect on our financial condition, results of operations or cash flows. However, there can be no assurance that the resolution of these matters will not materially affect our future quarterly or annual results of operations, financial condition or cash flows. Additional information on environmental matters affecting us is provided in “ITEM 1. BUSINESS — Regulatory Considerations” and “ITEM 3. LEGAL PROCEEDINGS” of this Form 10-K.

Critical Accounting Policies and Estimates

The preparation of financial statements requires management to use judgment and make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. By their nature, these judgments are subject to uncertainty. We base our estimates on historical experience and on various other sources that we believe to be reasonable under the circumstances. Certain accounting policies are particularly significant, including those related to revenue recognition, income taxes and goodwill and intangible assets. Our critical accounting policies are reviewed periodically with the Audit Committee of the Board of Directors of Scotts Miracle-Gro.

Revenue Recognition and Promotional Allowances

Our revenue is primarily generated from sales of branded and private label lawn and garden care and indoor and hydroponic gardening finished products. Product sales are recognized at a point in time when control of products transfers to customers and we have no further obligation to provide services related to such products. Sales are typically recognized when products are delivered to or picked up by the customer. We are generally the principal in a transaction and, therefore, primarily record revenue on a gross basis. Revenue for product sales is recorded net of sales returns and allowances. Revenues are measured based on the amount of consideration that we expect to receive as derived from a list price, reduced by estimates for

variable consideration. Variable consideration includes the cost of current and continuing promotional programs and expected sales returns.

Our promotional programs primarily include rebates based on sales volumes, in-store promotional allowances, cooperative advertising programs, direct consumer rebate programs and special purchasing incentives. The cost of promotional programs is estimated considering all reasonably available information, including current expectations and historical experience. Promotional costs (including allowances and rebates) incurred during the year are expensed to interim periods in relation to revenues and are recorded as a reduction of net sales. Provisions for estimated returns and allowances are recorded at the time revenue is recognized based on historical rates and are periodically adjusted for known changes in return levels. Shipping and handling costs are accounted for as contract fulfillment costs and included in the "Cost of sales" line in the Consolidated Statements of Operations. We exclude from revenue any amounts collected from customers for sales or other taxes.

Income Taxes

Our annual effective tax rate is established based on our pre-tax income (loss), statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. We record income tax liabilities utilizing known obligations and estimates of potential obligations. A deferred tax asset or liability is recognized whenever there are future tax effects from existing temporary differences and operating loss and tax credit carryforwards. Valuation allowances are used to reduce deferred tax assets to the balances that are more likely than not to be realized. In determining whether a valuation allowance is warranted, we take into account many factors, including the specific tax jurisdiction, both historical and projected future earnings, carryback and carryforward periods and tax planning strategies. Many of the judgments made in adjusting valuation allowances involve assumptions and estimates that are highly subjective. When we determine that deferred tax assets could be realized in greater or lesser amounts than recorded, the asset balance and Consolidated Statements of Operations reflect the change in the period such determination is made. Due to changes in facts and circumstances and the estimates and judgments involved in determining the proper valuation allowances, differences between actual future events and prior estimates and judgments could result in adjustments to these valuation allowances. During fiscal 2023, we recognized a non-cash, pre-tax other-than-temporary impairment charge related to our convertible debt investments of $101.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. Deferred tax assets related to unrealized losses on convertible debt investments were $33.4 and $25.3 at September 30, 2023 and 2022, respectively. A full valuation allowance has been established against these losses at September 30, 2023 as we do not expect to utilize them prior to their expiration.

We also establish a liability for tax return positions in which there is uncertainty as to whether or not the position will ultimately be sustained. These uncertain tax positions are adjusted as a result of changes in factors such as tax legislation, interpretations of laws by courts, rulings by tax authorities, new audit developments, changes in estimates and the expiration of the statute of limitations. Amounts for uncertain tax positions are adjusted in quarters when new information becomes available or when positions are effectively settled. Many of the judgments made in adjusting uncertain tax positions involve assumptions and estimates regarding audit outcomes and the timing of audit settlements, which are often uncertain and subject to change.

Goodwill and Indefinite-Lived Intangible Assets

We have significant investments in intangible assets and goodwill. We perform our annual goodwill and indefinite-lived intangible asset testing as of the first day of our fiscal fourth quarter or more frequently if circumstances indicate potential impairment. In our evaluation of impairment for goodwill and indefinite-lived intangible assets, we perform either an initial qualitative or quantitative evaluation for each of our reporting units and indefinite-lived intangible assets. Factors considered in the qualitative test include operating results as well as new events and circumstances impacting the operations or cash flows of the reporting unit or indefinite-lived intangible assets. For the quantitative test, the review for impairment of goodwill and indefinite-lived intangible assets is based on a combination of income-based approaches, including the relief-from-royalty method for indefinite-lived trade names, and market-based approaches. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying value of the reporting unit or intangible asset exceeds its estimated fair value.

Under the income-based approach, we determine fair value using a discounted cash flow approach that requires significant judgment with respect to revenue and profitability growth rates, based upon annual budgets and longer-range strategic plans, and the selection of an appropriate discount rate. These budgets and plans are used for internal purposes and are also the basis for communication with outside parties about future business trends. Under the market-based approach, we determine fair value by comparing our reporting units to similar businesses or guideline companies whose securities are actively traded in public markets. We also use the guideline transaction method to determine fair value based on pricing multiples derived from the sale of companies that are similar to our reporting units.

Fair value estimates employed in our annual impairment review of indefinite-lived intangible assets and goodwill were determined using models involving several assumptions. Changes in our assumptions could materially impact our fair value estimates. Assumptions critical to our fair value estimates were: (i) discount rates; (ii) royalty rates used in our intangible asset valuations; (iii) projected future revenues and profitability; and (iv) projected long-term growth rates used in the derivation of terminal year values. These and other assumptions are impacted by economic conditions and expectations of management and may change in the future based on period specific facts and circumstances. While we believe the assumptions we used to estimate future cash flows are reasonable, there can be no assurance that the expected future cash flows will be realized. As a result, impairment charges that possibly would have been recognized in earlier periods may not be recognized until later periods if actual results deviate unfavorably from earlier estimates. The use of different assumptions would increase or decrease discounted cash flows or earnings projections and, therefore, could change impairment determinations.

We performed annual goodwill impairment testing as of the first day of our fourth quarter of fiscal 2023. This test resulted in a non-cash, pre-tax goodwill impairment charge of $10.3 related to our Other segment, which was recorded during the fourth quarter of fiscal 2023 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The impairment was driven by revisions to our internal forecasts in response to decreased sales volume and inflationary cost pressures. The carrying value of goodwill of our Other segment reporting unit, after recognizing the impairment, is zero. The estimated fair value of our Other segment reporting unit was based upon an equal weighting of the income-based and market-based approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. The fair value estimate utilizes significant unobservable inputs and thus represents a Level 3 fair value measurement. While we consider our assumptions to be reasonable and appropriate, they are complex and subjective. Refer to "NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET" for more information.

During fiscal 2022, our Hawthorne reporting unit experienced adverse financial results due to decreased sales volume and higher transportation and warehousing costs. Sales volume decreased due to an oversupply of cannabis, which significantly decreased cannabis wholesale prices and indoor and outdoor cannabis cultivation. As a result, we revised our internal forecasts relating to our Hawthorne reporting unit. We concluded that the changes in circumstances in this reporting unit and the decline in the Company's market capitalization triggered the need for an interim impairment review of its goodwill during the third quarter of fiscal 2022. We elected to bypass the qualitative assessment and perform quantitative interim goodwill impairment testing for our Hawthorne reporting unit. We updated our assumptions from prior periods to include the longer duration and increased significance of lower sales volumes and cost increases. This quantitative test resulted in a non-cash, pre-tax goodwill impairment charge of $522.4 related to our Hawthorne reporting unit, which was recorded during the third quarter of fiscal 2022 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The carrying value of goodwill of our Hawthorne reporting unit, after recognizing the impairment, is zero. The estimated fair value of our Hawthorne reporting unit was based upon an equal weighting of the income-based and market-based approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. The fair value estimate utilizes significant unobservable inputs and, therefore, represents a Level 3 fair value measurement. While we consider our assumptions to be reasonable and appropriate, they are complex and subjective. Refer to "NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET" for more information.

At September 30, 2023, goodwill totaled $243.9, all of which was associated with our U.S. Consumer segment. Based on the results of the annual quantitative evaluation for fiscal 2023, the fair value of our U.S. Consumer segment reporting unit exceeded its carrying value by 182%. A 100 basis point change in the discount rate would not have resulted in an impairment for this reporting unit.

At September 30, 2023, indefinite-lived intangible assets consisted of trade names of $168.2 and the Roundup® marketing agreement amendment of $155.7, all of which were associated with our U.S. Consumer segment. Based on the results of the annual quantitative evaluation for fiscal 2023, the fair values of our indefinite-lived intangible assets exceeded their respective carrying values in a range of 14% to over 1,200%. A 100 basis point change in the discount rate would not have resulted in an impairment of any of our indefinite-lived intangible assets.

Other Significant Accounting Policies

Other significant accounting policies, primarily those with lower levels of uncertainty than those discussed above, are also critical to understanding the consolidated financial statements. The Notes to Consolidated Financial Statements included in this Form 10-K contain additional information related to our accounting policies, including recent accounting pronouncements, and should be read in conjunction with this discussion.

(Dollars in millions, except per share data)

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

As part of our ongoing business, we are exposed to certain market risks, including fluctuations in interest rates, foreign currency exchange rates and commodity prices. Financial derivatives and other instruments are used to manage these risks. These instruments are not used for speculative purposes.

Interest Rate Risk

The following table summarizes information about our debt instruments and derivative financial instruments that are sensitive to changes in interest rates as of September 30, 2023 and 2022. For debt instruments, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swap agreements, the table presents expected cash flows based on notional amounts and weighted-average interest rates by contractual maturity dates. We have outstanding interest rate swap agreements with major financial institutions that effectively convert a portion of the Company's variable-rate debt to a fixed rate. The swap agreements had a maximum total U.S. dollar equivalent notional amount of $600.0 and $800.0 at September 30, 2023 and 2022, respectively. Weighted-average variable rates are based on rates in effect at September 30, 2023 and 2022. Assuming average unhedged variable interest rate borrowing levels during fiscal 2023 of $1,200.0, a change in our variable interest rate of 100 basis points for a full twelve-month period would have an impact of $12.0 on interest expense.

	Expected Maturity Date							
2023	2024	2025	2026	2027	2028	After	Total	Fair Value
Long-term debt:								
Fixed rate debt	$ —	$ —	$ —	$ 250.0	$ —	$ 1,350.0	$ 1,600.0	$ 1,283.9
Average rate	—	—	—	5.3 %	—	4.3 %	4.4 %	—
Variable rate debt	$ 50.0	$ 50.0	$ 50.0	$ 863.3	$ —	$ —	$ 1,013.3	$ 1,013.3
Average rate	8.2 %	8.2 %	8.2 %	8.1 %	—	—	8.1 %	—
Interest rate derivatives:								
Interest rate swaps	$ 13.1	$ 9.3	$ 7.5	$ 1.5	$ —	$ —	$ 31.4	$ 31.4
Average rate	1.6 %	2.1 %	2.3 %	3.4 %	—	—	2.1 %	—

	Expected Maturity Date							
2022	2023	2024	2025	2026	2027	After	Total	Fair Value
Long-term debt:								
Fixed rate debt	$ —	$ —	$ —	$ —	$ 250.0	$ 1,350.0	$ 1,600.0	$ 1,190.3
Average rate	—	—	—	—	5.3 %	4.3 %	4.4 %	—
Variable rate debt	$ 125.0	$ 50.0	$ 50.0	$ 50.0	$ 1,075.5	$ —	$ 1,350.5	$ 1,350.5
Average rate	4.6 %	5.4 %	5.4 %	5.4 %	5.3 %	—	5.2 %	—
Interest rate derivatives:								
Interest rate swaps	$ 12.5	$ 8.4	$ 5.8	$ 4.3	$ —	$ —	$ 31.0	$ 31.0
Average rate	1.2 %	0.8 %	0.9 %	0.9 %	—	—	1.0 %	—

Excluded from the information provided above are miscellaneous debt instruments of $0.4 and $12.7 and finance lease obligations of $16.9 and $28.9 at September 30, 2023 and 2022, respectively.

Other Market Risks

We are subject to market risk from fluctuations in foreign currency exchange rates and fluctuating prices of certain raw materials, including urea and other fertilizer inputs, resins, diesel, gasoline, natural gas, sphagnum peat, bark and grass seed. Refer to "NOTE 16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" of the Notes to Consolidated Financial Statements included in this Form 10-K for discussion of these market risks and the derivatives used to manage these risks.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

The financial statements and other information required by this Item are contained in the Consolidated Financial Statements, Notes to Consolidated Financial Statements and Schedules Supporting the Consolidated Financial Statements listed in the "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 56 of this Form 10-K.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

With the participation of the principal executive officer and the principal financial officer of The Scotts Miracle-Gro Company (the "Registrant"), the Registrant's management has evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the fiscal year covered by this Form 10-K. Based upon that evaluation, the Registrant's principal executive officer and principal financial officer have concluded that the Registrant's disclosure controls and procedures were effective as of the end of the fiscal year covered by this Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

The "Annual Report of Management on Internal Control Over Financial Reporting" required by Item 308(a) of SEC Regulation S-K is included on page 57 of this Form 10-K.

Attestation Report of Independent Registered Public Accounting Firm

The "Report of Independent Registered Public Accounting Firm" required by Item 308(b) of SEC Regulation S-K is included on page 58 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

No changes in the Registrant's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the Registrant's fiscal quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION*

Insider Trading Arrangements

On August 16, 2023, Denise Stump, the Company's former Executive Vice President, Global Human Resources and Chief Ethics Officer, adopted a Rule 10b5-1 plan providing for the sale of up to 19,974 Common Shares. Pursuant to this plan, Ms. Stump may sell Common Shares beginning December 1, 2023 and ending March 28, 2024 if certain price targets are met. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c).

On September 5, 2023, the Hagedorn Partnership, L.P., on behalf of Katherine Littlefield, a member of our board of directors, adopted a Rule 10b5-1 plan providing for the sale of up to 36,667 Common Shares. Pursuant to this plan, the Hagedorn Partnership, L.P. may sell Common Shares beginning December 4, 2023 and ending December 4, 2024 if certain price targets are met. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c).

ITEM 9C. *DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS*

Not Applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Directors, Executive Officers and Persons Nominated or Chosen to Become Directors or Executive Officers

The information required by Item 401 of SEC Regulation S-K concerning the directors of Scotts Miracle-Gro and the nominees for election or re-election as directors of Scotts Miracle-Gro at its Annual Meeting of Shareholders to be held on January 22, 2024 (the "2024 Annual Meeting") is incorporated herein by reference from the disclosure which will be included under the caption "PROPOSAL NUMBER 1 — ELECTION OF DIRECTORS" in Scotts Miracle-Gro's definitive Proxy Statement relating to the 2024 Annual Meeting (the "Proxy Statement"), which will be filed pursuant to SEC Regulation 14A not later than 120 days after the end of Scotts Miracle-Gro's fiscal year ended September 30, 2023.

The information required by Item 401 of SEC Regulation S-K concerning the executive officers of Scotts Miracle-Gro is incorporated herein by reference from the disclosure included under the caption "SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I of this Form 10-K.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

The information required by Item 405 of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "DELINQUENT 16(a) REPORTS" in its Proxy Statement.

Procedures for Recommending Director Nominees

Information concerning the procedures by which shareholders of Scotts Miracle-Gro may recommend nominees to Scotts Miracle-Gro's Board of Directors is incorporated herein by reference from the disclosures which will be included under the captions "CORPORATE GOVERNANCE — Nominations of Directors" and "MEETINGS AND COMMITTEES OF THE BOARD — Committees of the Board — Nominating and Governance Committee" in the Proxy Statement. These procedures have not materially changed from those described in Scotts Miracle-Gro's definitive Proxy Statement for the 2023 Annual Meeting of Shareholders held on January 23, 2023.

Audit Committee

The information required by Items 407(d)(4) and 407(d)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "MEETINGS AND COMMITTEES OF THE BOARD — Committees of the Board" in the Proxy Statement.

Committee Charters; Code of Business Conduct & Ethics; Corporate Governance Guidelines

The Board of Directors of Scotts Miracle-Gro has adopted charters for each of the Audit Committee, the Nominating and Governance Committee, the Compensation and Organization Committee, the Innovation and Technology Committee and the Finance Committee, as well as Corporate Governance Guidelines, as contemplated by the applicable sections of the New York Stock Exchange Listed Company Manual.

In accordance with the requirements of Section 303A.10 of the New York Stock Exchange Listed Company Manual and Item 406 of SEC Regulation S-K, the Board of Directors of Scotts Miracle-Gro has adopted a Code of Business Conduct & Ethics covering the members of Scotts Miracle-Gro's Board of Directors and associates (employees) of Scotts Miracle-Gro and its subsidiaries, including, without limitation, Scotts Miracle-Gro's principal executive officer, principal financial officer and principal accounting officer. Scotts Miracle-Gro intends to disclose the following events, if they occur, on its Internet website located at http://investor.scotts.com within four business days following their occurrence: (A) the date and nature of any amendment to a provision of Scotts Miracle-Gro's Code of Business Conduct & Ethics that (i) applies to Scotts Miracle-Gro's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, (ii) relates to any element of the code of ethics definition enumerated in Item 406(b) of SEC Regulation S-K, and (iii) is not a technical, administrative or other non-substantive amendment; and (B) a description of any waiver (including the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver), including an implicit waiver, from a provision of the Code of Business Conduct & Ethics granted to Scotts Miracle-Gro's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, that relates to one or more of the elements of the code of ethics definition enumerated in Item 406(b) of SEC Regulation S-K. In addition, Scotts Miracle-Gro will disclose any waivers from the provisions of the Code of Business Conduct & Ethics granted to an executive officer or a director of Scotts Miracle-Gro on Scotts Miracle-Gro's Internet website located at http://investor.scotts.com within four business days of the determination to grant any such waiver.

The text of Scotts Miracle-Gro's Code of Business Conduct & Ethics, Scotts Miracle-Gro's Corporate Governance Guidelines, the Audit Committee charter, the Nominating and Governance Committee charter, the Compensation and Organization Committee charter, the Innovation and Technology Committee charter and the Finance Committee charter are posted under the "Corporate Governance" link on Scotts Miracle-Gro's Internet website located at http://investor.scotts.com. Interested persons and shareholders of Scotts Miracle-Gro may also obtain copies of each of these documents without charge by writing to The Scotts Miracle-Gro Company, Attention: Corporate Secretary, 14111 Scottslawn Road, Marysville, Ohio 43041.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by Item 402 of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the captions "EXECUTIVE COMPENSATION," "NON-EMPLOYEE DIRECTOR COMPENSATION," "EXECUTIVE COMPENSATION TABLES," "SEVERANCE AND CHANGE IN CONTROL (CIC) ARRANGEMENTS," and "PAYMENTS ON TERMINATION OF EMPLOYMENT AND/OR CHANGE IN CONTROL" in the Proxy Statement.

The information required by Item 407(e)(4) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "MEETINGS AND COMMITTEES OF THE BOARD — Compensation and Organization Committee Interlocks and Insider Participation" in the Proxy Statement.

The information required by Item 407(e)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "COMPENSATION COMMITTEE REPORT" in the Proxy Statement.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Ownership of Common Shares of Scotts Miracle-Gro

The information required by Item 403 of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" in the Proxy Statement.

Equity Compensation Plan Information

The information required by Item 201(d) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "EQUITY COMPENSATION PLAN INFORMATION" in the Proxy Statement.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Certain Relationships and Related Person Transactions

The information required by Item 404 of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the caption "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" in the Proxy Statement.

Director Independence

The information required by Item 407(a) of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the captions "CORPORATE GOVERNANCE — Director Independence" and "MEETINGS AND COMMITTEES OF THE BOARD" in the Proxy Statement.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

The information required by this Item 14 is incorporated herein by reference from the disclosures which will be included under the captions "AUDIT COMMITTEE MATTERS — Fees of the Independent Registered Public Accounting Firm" and "AUDIT COMMITTEE MATTERS — Pre-Approval of Services Performed by the Independent Registered Public Accounting Firm" in the Proxy Statement.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) *LIST OF DOCUMENTS FILED AS PART OF THIS REPORT*

1 and 2. Financial Statements and Financial Statement Schedules:

The response to this portion of Item 15 is submitted as a separate section of this Form 10-K. Reference is made to the "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 56 of this Form 10-K.

(b) *EXHIBITS*

The exhibits listed on the "Index to Exhibits" beginning on page 110 of this Form 10-K are filed or furnished with this Form 10-K or incorporated herein by reference as noted in the "Index to Exhibits."

(c) *FINANCIAL STATEMENT SCHEDULES*

The financial statement schedule filed with this Form 10-K is submitted in a separate section hereof. For a description of such financial statement schedules, see "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 56 of this Form 10-K.

ITEM 16. *FORM 10-K SUMMARY*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ JAMES HAGEDORN
James Hagedorn, Chief Executive Officer, President and Chairman of the Board

Dated: November 22, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MATTHEW E. GARTH Matthew E. Garth	Chief Financial Officer, Executive Vice President and Chief Administrative Officer (Principal Financial Officer and Principal Accounting Officer)	November 22, 2023
/s/ JAMES HAGEDORN James Hagedorn	Chief Executive Officer, President, Chairman of the Board and Director (Principal Executive Officer)	November 22, 2023
/s/ EDITH AVILES* Edith Aviles	Director	November 22, 2023
/s/ DAVID C. EVANS* David C. Evans	Director	November 22, 2023
/s/ ADAM HANFT* Adam Hanft	Director	November 22, 2023
/s/ STEPHEN L. JOHNSON* Stephen L. Johnson	Director	November 22, 2023
/s/ THOMAS N. KELLY JR.* Thomas N. Kelly Jr.	Director	November 22, 2023
/s/ MARK D. KINGDON* Mark D. Kingdon	Director	November 22, 2023
/s/ KATHERINE HAGEDORN LITTLEFIELD* Katherine Hagedorn Littlefield	Director	November 22, 2023

Signature	Title	Date
/s/ NANCY G. MISTRETTA* Nancy G. Mistretta	Director	November 22, 2023
/s/ BRIAN E. SANDOVAL* Brian E. Sandoval	Director	November 22, 2023
/s/ PETER E. SHUMLIN* Peter E. Shumlin	Director	November 22, 2023
/s/ JOHN R. VINES* John R. Vines	Director	November 22, 2023

* The undersigned, by signing his name hereto, does hereby sign this Report on behalf of each of the directors of the Registrant identified above pursuant to Powers of Attorney executed by the directors identified above, which Powers of Attorney are filed with this Report as exhibits.

By: /s/ MATTHEW E. GARTH
Matthew E. Garth, Attorney-in-Fact

THE SCOTTS MIRACLE-GRO COMPANY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

All other financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are omitted because they are not required or are not applicable, or the required information has been presented in the Consolidated Financial Statements or Notes thereto.

ANNUAL REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of The Scotts Miracle-Gro Company and our consolidated subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of The Scotts Miracle-Gro Company and our consolidated subsidiaries are being made only in accordance with authorizations of management and directors of The Scotts Miracle-Gro Company and our consolidated subsidiaries, as appropriate; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of The Scotts Miracle-Gro Company and our consolidated subsidiaries that could have a material effect on our consolidated financial statements.

Management, with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of September 30, 2023, the end of our fiscal year. Management based its assessment on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed under the direction of management.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2023, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. We reviewed the results of management's assessment with the Audit Committee of the Board of Directors of The Scotts Miracle-Gro Company.

Our independent registered public accounting firm, Deloitte & Touche LLP, independently audited our internal control over financial reporting as of September 30, 2023 and has issued their attestation report which appears herein.

/s/ JAMES HAGEDORN	/s/ MATTHEW E. GARTH
James Hagedorn	Matthew E. Garth
Chief Executive Officer, President and Chairman of the Board	Executive Vice President, Chief Financial Officer and Chief Administrativ Officer
Dated: November 22, 2023	Dated: November 22, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
The Scotts Miracle-Gro Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Scotts Miracle-Gro Company and subsidiaries (the "Company") as of September 30, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity (deficit), and cash flows, for each of the three years in the period ended September 30, 2023, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 22, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Intangible Asset Impairment — Hawthorne Asset Group — Refer to Notes 1, 4, and 5 to the financial statements.

Critical Audit Matter Description

The Company's consolidated tradename finite-lived intangible assets were $61.7 million and the customer relationships finite-lived intangible assets were $35.4 million as of September 30, 2023. Finite-lived intangible assets are tested for impairment if events or circumstances indicate that the assets might be impaired. The Company's impairment evaluation of its Hawthorne asset group's tradename finite-lived intangible assets, and customer relationships finite-lived intangible assets involves the comparison of the fair value of the intangible asset to its carrying value. For the Hawthorne tradename and customer relationships intangible assets the Company determines fair value using an income approach. The Company used a relief from royalty method for the Hawthorne tradename intangible assets' fair values and a multi-period excess earnings method to estimate the fair values for the Hawthorne customer relationships intangible assets.

During the year, management recorded a $117.7 million impairment charge related to the Hawthorne tradename and customer relationships intangible assets.

Given the significant estimates and assumptions management makes to estimate the fair value of the Hawthorne asset group's finite-lived tradenames and customer relationships and the sensitivity of Hawthorne's operations to changes in the U.S. retail hydroponic market, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions with respect to the revenue growth rates, royalty rates, and the selection of appropriate discount rates for Hawthorne, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures with respect to revenue growth rates, royalty rates, and the selection of appropriate discount rates for Hawthorne included the following, among others:

- We tested the effectiveness of controls over management's intangible asset impairment evaluations, including those over the determination of the fair value of the Hawthorne finite-lived intangible assets, such as controls related to the revenue growth rates, royalty rates, and the selection of appropriate discount rates.

- We evaluated management's ability to accurately forecast the revenue growth rates by comparing actual results to management's historical forecasts. Due to the uncertain growth in the U.S. retail hydroponic market, we evaluated the reasonableness of management's forecasts of the revenue growth rates by comparing the forecasts to (1) the historical results of Hawthorne, (2) internal communications to management and the board of directors, (3) external communications made by management to analysts and investors, and (4) industry reports containing analyses of the Company's markets.

- We considered the impact of changes in the regulatory environment and market conditions on management's forecasts of the revenue growth rates.

- With the assistance of our fair value specialists, we evaluated the reasonableness of the royalty rates, including testing the source information underlying the determination of the royalty rates, testing the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the royalty rates selected by management.

- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rates, including testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rates selected by management.

Investment in Unconsolidated Affiliates — Refer to Notes 1 and 9 to the financial statements.

Critical Audit Matter Description

The Company's investment interest in Bonnie Plants, LLC is recorded in the "Investment in unconsolidated affiliates" line in the Consolidated Balance Sheets. During 2023, the Company recorded a non-cash, pre-tax impairment charge of $94.7 million associated with its investment in the "Equity in (income) loss of unconsolidated affiliates" line in the Consolidated Statements of Operations. The impairment was driven by revisions to the Company's internal forecasts in response to decreased sales volume and inflationary cost pressures. The estimated fair value of the investment was based upon an equal weighting of the income-based and market-based approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the investment. The fair value estimate utilizes significant unobservable inputs and thus represents a Level 3 fair value measurement.

Evaluating the indicators of potential other-than-temporary impairment and calculating such impairment involves significant and complex management judgment. Therefore, a high degree of auditor judgment and an increased extent of effort was required when performing audit procedures to evaluate the appropriateness of management's assumptions and the conclusions reached around whether these impairment indicators result in an other-than-temporary impairment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's assessment of identified impairment indicators and the conclusions reached around whether these impairment indicators result in an other-than-temporary impairment included the following, among others:

- We tested the effectiveness of controls over management's other-than-temporary impairment evaluations of the Bonnie Plants, LLC equity investment, including those over the determination of various critical assumptions used to determine the fair value of the investment, such as the controls related to the development of revenue and long-term growth rates and the selection of an appropriate discount rate.

- We evaluated management's impairment analysis by assessing whether certain indicators were present and whether those indicators implied an other-than-temporary loss of value. These procedures included but were not limited to:

    - We evaluated the reasonableness of the estimated future cash flows by comparing such estimated cash flows to historical results and other current and forecasted market specific data.

    - With the assistance of our fair value specialists, we evaluated the discount rate and revenue valuation multiples selected by testing the source information for each of the relevant assumptions. This included evaluating the reasonableness of the long-term growth rate, including testing the source information underlying the determination of the long-term growth rate, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the long-term growth rate selected by management.

    - We tested the mathematical accuracy of the discounted cash flows analysis and the resulting estimated fair value of the equity investment.

    - We performed inquiries with relevant members of management to obtain an understanding of their current and expected performance for the investment, including, their understanding of any operational and strategic changes.

    - We evaluated the length of time the investment has incurred losses.

    - We evaluated the investment's performance relative to its peers and to the economy by performing a comparison to peer company results and macro-economic trends.

    - We tested the mathematical accuracy of the impairment as the excess of the investment's carrying value over its estimated fair value.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio
November 22, 2023
We have served as the Company's auditor since 2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of The Scotts Miracle-Gro Company

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of The Scotts Miracle-Gro Company and subsidiaries (the "Company") as of September 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended September 30, 2023, of the Company and our report dated November 22, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio
November 22, 2023

THE SCOTTS MIRACLE-GRO COMPANY

Consolidated Statements of Operations
(In millions, except per share data)

	Year Ended September 30,		
	2023	2022	2021
Net sales	$ 3,551.3	$ 3,924.1	$ 4,925.0
Cost of sales	2,708.3	2,891.1	3,431.3
Cost of sales—impairment, restructuring and other	185.7	160.1	24.7
Gross margin	657.3	872.9	1,469.0
Operating expenses:			
Selling, general and administrative	551.3	613.0	743.5
Impairment, restructuring and other	280.5	693.1	4.3
Other (income) expense, net	(0.1)	0.8	(1.8)
Income (loss) from operations	(174.4)	(434.0)	723.0
Equity in (income) loss of unconsolidated affiliates	101.1	12.9	(14.4)
Interest expense	178.1	118.1	78.9
Other non-operating income, net	(0.3)	(6.9)	(18.6)
Income (loss) from continuing operations before income taxes	(453.3)	(558.1)	677.1
Income tax expense (benefit) from continuing operations	(73.2)	(120.6)	159.8
Income (loss) from continuing operations	(380.1)	(437.5)	517.3
Loss from discontinued operations, net of tax	—	—	(3.9)
Net income (loss)	$ (380.1)	$ (437.5)	$ 513.4
Net income attributable to noncontrolling interest	—	—	(0.9)
Net income (loss) attributable to controlling interest	$ (380.1)	$ (437.5)	$ 512.5
Basic income (loss) per common share:			
Income (loss) from continuing operations	$ (6.79)	$ (7.88)	$ 9.27
Loss from discontinued operations	—	—	(0.07)
Basic net income (loss) per common share	$ (6.79)	$ (7.88)	$ 9.20
Diluted income (loss) per common share:			
Income (loss) from continuing operations	$ (6.79)	$ (7.88)	$ 9.03
Loss from discontinued operations	—	—	(0.07)
Diluted net income (loss) per common share	$ (6.79)	$ (7.88)	$ 8.96

See Notes to Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY

Consolidated Statements of Comprehensive Income (Loss)
(In millions)

	Year Ended September 30,		
	2023	2022	2021
Net income (loss)	$ (380.1)	$ (437.5)	$ 513.4
Other comprehensive income (loss):			
Net foreign currency translation adjustment	7.0	(27.2)	4.5
Net unrealized gain (loss) on derivative instruments, net of tax	4.2	29.9	19.8
Reclassification of net unrealized (gain) loss on derivative instruments to net income (loss), net of tax	(17.4)	(6.8)	5.4
Net unrealized loss on securities, net of tax	(34.9)	(77.4)	(2.3)
Reclassification of net unrealized loss on securities to net income (loss), net of tax	76.0	—	—
Net unrealized gain (loss) in pension and other post-retirement benefits, net of tax	(1.8)	(5.4)	5.1
Pension and other post-retirement benefit adjustments, net of tax	(1.3)	8.7	0.3
Total other comprehensive income (loss)	31.8	(78.2)	32.8
Comprehensive income (loss)	(348.3)	(515.7)	546.2
Comprehensive income attributable to noncontrolling interest	—	—	(0.9)
Comprehensive income (loss) attributable to controlling interest	$ (348.3)	$ (515.7)	$ 545.3

See Notes to Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY

Consolidated Statements of Cash Flows
(In millions)

	Year Ended September 30,		
	2023	**2022**	**2021**
OPERATING ACTIVITIES			
Net income (loss)	$ (380.1)	$ (437.5)	$ 513.4
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Impairment, restructuring and other	288.6	666.8	—
Share-based compensation expense	68.9	34.3	40.6
Depreciation	67.3	68.1	62.9
Amortization	25.2	37.1	30.9
Deferred taxes	(58.7)	(182.8)	22.5
Equity in (income) loss of unconsolidated affiliates, net of distributions	101.1	12.9	(2.6)
Other, net	1.3	1.1	(10.8)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	77.7	102.8	15.5
Inventories	450.5	(203.8)	(496.5)
Prepaid and other current assets	18.6	(3.3)	(76.5)
Accounts payable	(153.6)	(171.2)	202.5
Other current liabilities	52.0	(68.4)	(21.6)
Other non-current items	(30.7)	20.1	(10.1)
Other, net	2.9	(5.2)	1.3
Net cash provided by (used in) operating activities	531.0	(129.0)	271.5
INVESTING ACTIVITIES			
Proceeds from sale of long-lived assets	2.5	63.3	0.2
Investments in property, plant and equipment	(92.8)	(113.5)	(106.9)
Proceeds from loans receivable	37.0	—	—
Investments in unconsolidated affiliates	—	—	(102.3)
Payment for acquisitions, net of cash acquired	—	(237.3)	(127.8)
Purchase of convertible debt investments	—	(25.0)	(193.1)
Other investing, net	(12.4)	29.3	(8.7)
Net cash used in investing activities	(65.7)	(283.2)	(538.6)
FINANCING ACTIVITIES			
Borrowings under revolving and bank lines of credit and term loans	1,336.2	3,617.4	1,243.2
Repayments under revolving and bank lines of credit and term loans	(1,689.8)	(2,937.3)	(1,361.5)
Proceeds from issuance of 4.000% Senior Notes	—	—	500.0
Proceeds from issuance of 4.375% Senior Notes	—	—	400.0
Financing and issuance fees	(6.4)	(9.6)	(13.1)
Dividends paid	(149.1)	(166.2)	(143.0)
Purchase of Common Shares	(9.3)	(257.9)	(129.3)
Cash received from exercise of stock options	2.3	3.3	15.2
Acquisition of noncontrolling interests	—	—	(17.5)
Other financing, net	(4.0)	5.6	—
Net cash (used in) provided by financing activities	(520.1)	255.3	494.0
Effect of exchange rate changes on cash	(0.1)	(0.4)	0.6
Net increase (decrease) in cash and cash equivalents	(54.9)	(157.3)	227.5
Cash and cash equivalents at beginning of year	86.8	244.1	16.6
Cash and cash equivalents at end of year	$ 31.9	$ 86.8	$ 244.1

See Notes to Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY

Consolidated Balance Sheets
(In millions, except per share data)

	September 30,	
	2023	**2022**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31.9	$ 86.8
Accounts receivable, less allowances of $15.1 in 2023 and $14.4 in 2022	304.2	299.0
Accounts receivable pledged	—	79.8
Inventories	880.3	1,343.5
Prepaid and other current assets	181.4	172.8
Total current assets	1,397.8	1,981.9
Investment in unconsolidated affiliates	91.9	193.8
Property, plant and equipment, net	610.3	606.0
Goodwill	243.9	254.0
Intangible assets, net	436.7	580.2
Other assets	633.1	680.9
Total assets	$ 3,413.7	$ 4,296.8
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Current portion of debt	$ 52.3	$ 144.3
Accounts payable	271.2	422.6
Other current liabilities	450.2	397.0
Total current liabilities	773.7	963.9
Long-term debt	2,557.4	2,826.2
Other liabilities	349.9	359.0
Total liabilities	3,681.0	4,149.1
Commitments and contingencies (Notes 18, 19 and 20)		
Equity (deficit):		
Common shares and capital in excess of $0.01 stated value per share; shares outstanding of 56.5 and 55.5, respectively	353.1	364.0
Retained earnings	490.9	1,020.1
Treasury shares, at cost; 11.6 and 12.8 shares, respectively	(998.5)	(1,091.8)
Accumulated other comprehensive loss	(112.8)	(144.6)
Total equity (deficit)	(267.3)	147.7
Total liabilities and equity (deficit)	$ 3,413.7	$ 4,296.8

See Notes to Consolidated Financial Statements.

THE SCOTTS MIRACLE-GRO COMPANY

Consolidated Statements of Shareholders' Equity (Deficit)
(In millions, except per share data)

	Common Shares		Capital in Excess of Stated Value	Retained Earnings	Treasury Shares		Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit) — Controlling Interest	Non-controlling Interest	Total Equity (Deficit)
	Shares	Amount			Shares	Amount				
Balance at September 30, 2020	68.1	$ 0.3	$ 482.2	$ 1,235.6	12.4	$ (921.8)	$ (99.1)	$ 697.2	$ 5.7	$ 702.9
Net income (loss)	—	—	—	512.5	—	—	—	512.5	0.9	513.4
Other comprehensive income (loss)	—	—	—	—	—	—	32.8	32.8	—	32.8
Share-based compensation	—	—	40.6	—	—	—	—	40.6	—	40.6
Dividends declared ($2.52 per share)	—	—	—	(143.0)	—	—	—	(143.0)	—	(143.0)
Treasury share purchases	—	—	—	—	0.7	(129.3)	—	(129.3)	—	(129.3)
Treasury share issuances	—	—	(32.6)	—	(0.5)	48.7	—	16.1	—	16.1
Acquisition of remaining noncontrolling interest in AeroGrow	—	—	(13.4)	—	—	—	—	(13.4)	(6.7)	(20.1)
Balance at September 30, 2021	68.1	0.3	476.7	1,605.1	12.6	(1,002.4)	(66.4)	1,013.3	—	1,013.3
Net income (loss)	—	—	—	(437.5)	—	—	—	(437.5)	—	(437.5)
Other comprehensive income (loss)	—	—	—	—	—	—	(78.2)	(78.2)	—	(78.2)
Share-based compensation	—	—	30.3	—	—	—	—	30.3	—	30.3
Dividends declared ($2.64 per share)	—	—	—	(147.5)	—	—	—	(147.5)	—	(147.5)
Treasury share purchases	—	—	—	—	1.7	(257.9)	—	(257.9)	—	(257.9)
Treasury share issuances	—	—	(143.3)	—	(1.5)	168.4	—	25.1	—	25.1
Balance at September 30, 2022	68.1	0.3	363.7	1,020.1	12.8	(1,091.8)	(144.6)	147.7	—	147.7
Net income (loss)	—	—	—	(380.1)	—	—	—	(380.1)	—	(380.1)
Other comprehensive income (loss)	—	—	—	—	—	—	31.8	31.8	—	31.8
Share-based compensation	—	—	68.1	—	—	—	—	68.1	—	68.1
Dividends declared ($2.64 per share)	—	—	—	(149.1)	—	—	—	(149.1)	—	(149.1)
Treasury share purchases	—	—	—	—	0.1	(9.3)	—	(9.3)	—	(9.3)
Treasury share issuances	—	—	(78.9)	—	(1.3)	102.6	—	23.7	—	23.7
Balance at September 30, 2023	68.1	$ 0.3	$ 352.8	$ 490.9	11.6	$ (998.5)	$ (112.8)	$ (267.3)	$ —	$ (267.3)

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

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Scotts Miracle-Gro Company ("Scotts Miracle-Gro") and its subsidiaries (collectively, with Scotts Miracle-Gro, the "Company") are engaged in the manufacturing, marketing and sale of products for lawn and garden care and indoor and hydroponic gardening. The Company's products are sold in North America, Europe and Asia.

The Company's North America consumer lawn and garden business is highly seasonal, with approximately 75% of its annual net sales occurring in the second and third fiscal quarters. The Company's Hawthorne segment is also impacted by seasonal sales patterns for certain product categories due to the timing of outdoor growing in North America during the second and third fiscal quarters, and the timing of certain controlled agricultural lighting project sales during the third and fourth fiscal quarters.

Organization and Basis of Presentation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of Scotts Miracle-Gro and its subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation. The Company's consolidation criteria are based on majority ownership (as evidenced by a majority voting interest in the entity) and an objective evaluation and determination of effective management control. On February 26, 2021, the Company acquired the remaining outstanding shares of AeroGrow International, Inc. ("AeroGrow"). Prior to this date, the equity owned by other shareholders was shown as noncontrolling interest in the Consolidated Balance Sheets, and the other shareholders' portion of net earnings and other comprehensive income was shown as net (income) loss or comprehensive (income) loss attributable to noncontrolling interest in the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss), respectively. The results of businesses acquired or disposed of are included in the consolidated financial statements from the date of each acquisition or up to the date of disposal, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes and related disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

Advertising

Advertising costs incurred during the year are expensed to interim periods in relation to revenues. Advertising costs, except for external production costs, are generally expensed within the fiscal year in which such costs are incurred. External production costs for advertising programs are deferred until the period in which the advertising is first aired, and deferrals of these costs were not material at September 30, 2023 and 2022. On September 13, 2023, the Company issued 0.4 million restricted shares to a vendor in exchange for advertising services that will be performed during fiscal 2024. As of September 30, 2023, deferred advertising costs associated with the issuance of these restricted shares were $20.0. Advertising expenses were $123.7, $120.3 and $165.7 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Research and Development

Costs associated with research and development are generally charged to expense as incurred. Expenses for fiscal 2023, fiscal 2022 and fiscal 2021 were $35.7, $45.3 and $45.4, respectively, including product registration costs of $12.4, $13.0 and $12.3, respectively.

Environmental Costs

The Company recognizes environmental liabilities when conditions requiring remediation are probable and the amounts can be reasonably estimated. Expenditures which extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. Environmental liabilities are not discounted or reduced for possible recoveries from insurance carriers.

Earnings per Common Share

Basic income (loss) per Common Share is computed by dividing income (loss) attributable to controlling interest from continuing operations, income (loss) from discontinued operations or net income (loss) attributable to controlling interest by the weighted average number of Common Shares outstanding each period. Diluted income (loss) per Common Share is computed

by dividing income (loss) attributable to controlling interest from continuing operations, income (loss) from discontinued operations or net income (loss) attributable to controlling interest by the weighted average number of Common Shares outstanding plus all dilutive potential Common Shares (stock options, restricted stock units, deferred stock units and performance-based award units) outstanding each period.

Share-Based Compensation Awards

Scotts Miracle-Gro grants share-based awards annually to officers and certain other employees and to the non-employee directors of Scotts Miracle-Gro. The share-based awards have consisted of stock options, restricted stock units, deferred stock units and performance-based award units. All of these share-based awards have been made under plans approved by the shareholders. The fair value of awards is expensed over the requisite service period which is typically the vesting period, generally three to five years for awards granted to officers and other employees and one year for awards granted to non-employee directors.

For restricted stock units, deferred stock units and performance-based award units, the fair value of each award is estimated on the grant date based on the current market price of the Common Shares. The grant date fair value of stock option awards is estimated using a binomial model. Expected market price volatility is based on implied volatilities from traded options on Common Shares and historical volatility specific to the Common Shares. Historical data, including demographic factors impacting historical exercise behavior, is used to estimate stock option exercises and employee terminations within the valuation model. The risk-free rate for periods within the contractual life of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of stock options is based on historical experience and expectations for grants outstanding.

Vesting of performance-based award units depends on service and achievement of specified performance targets. Based on the extent to which the targets are achieved, vested shares may range from 50% to 250% of the target award amount. The total amount of compensation expense recognized reflects management's assessment of the probability that performance goals will be achieved. A cumulative adjustment is recognized to compensation expense in the current period to reflect any changes in the probability of achievement of performance goals.

Restricted stock units, deferred stock units and performance-based award units receive dividend equivalents equal to the cash dividends earned during the vesting period that are only paid out upon vesting. Share-based award units are generally forfeited if a holder terminates employment or service with the Company prior to the vesting date, except in cases where employees are eligible for accelerated vesting based on having satisfied retirement requirements relating to age and years of service. The Company estimates that 15% of its share-based awards will be forfeited based on an analysis of historical trends. The Company evaluates the estimated forfeiture rate on an annual basis and makes adjustments as appropriate. Stock options have exercise prices equal to the market price of the underlying Common Shares on the grant date and a term of 10 years. If available, Scotts Miracle-Gro typically uses treasury shares, or if not available, newly-issued Common Shares, to settle vested share-based awards. The Company classifies share-based compensation expense within selling, general and administrative expenses to correspond with the same line item as cash compensation paid to employees. Cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for share-based awards (excess tax benefits) are classified as operating cash inflows.

Cash and Cash Equivalents

Cash and cash equivalents were held in cash depository accounts with major financial institutions around the world or invested in high quality, short-term liquid investments. The Company considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash deposits in banks which from time to time exceed the amount of deposit insurance available. Management periodically assesses the financial condition of the Company's banks and believes that the risk of any potential credit loss is minimal.

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Allowances for doubtful accounts reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. The allowance is determined based on a combination of factors, including the Company's ongoing risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

On October 27, 2023, the Company entered into an agreement under which it may sell up to $600.0 of a portfolio of available and eligible outstanding customer accounts receivable generated by sales to four specified customers. The agreement is uncommitted and has an initial term that expires October 25, 2024, unless earlier terminated by the purchaser. The receivable

(Dollars in millions, except per share data)

sales are non-recourse to the Company, other than with respect to customary, limited recourse in the form of (i) repurchase obligations and indemnification obligations for any violations by the Company of its respective representations or obligations as seller or servicer and (ii) certain repurchase or payment obligations arising from any dilution of, or dispute with respect to, any purchased receivables that arise after the sale of such purchased receivables to the purchaser and not contemplated in the applicable purchase price of such purchased receivable. The recourse obligations of the Company that may arise from time to time are supported by standby letters of credit of $70.0.

Inventories

Inventories are stated at the lower of cost or net realizable value and include the cost of raw materials, labor, manufacturing overhead and freight and inbound handling costs incurred to pre-position goods in the Company's warehouse network. The Company makes provisions for obsolete or slow-moving inventories as necessary to properly reflect inventory at the lower of cost or net realizable value. Inventories are valued using the first in, first out method.

Loans Receivable

Loans receivable are carried at outstanding principal amount, and are recognized in the "Other assets" line in the Consolidated Balance Sheets. Loans receivable are impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying value of the asset exceeds the present value of expected future cash flows. Interest income is recorded on an accrual basis and is classified in the "Other non-operating income, net" line in the Consolidated Statements of Operations.

Investment in Unconsolidated Affiliates

Non-marketable equity investments in which the Company has the ability to exercise significant influence, but does not control, are accounted for using the equity method of accounting, with the Company's proportionate share of the earnings and losses of these entities reflected in the Consolidated Statements of Operations. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, an impairment loss is recognized in earnings for the amount by which the carrying amount of the investment exceeds its estimated fair value.

Long-Lived Assets

Property, plant and equipment are stated at cost. Interest capitalized in property, plant and equipment amounted to $2.1, $2.2 and $0.8 during fiscal 2023, fiscal 2022 and fiscal 2021, respectively. Expenditures for maintenance and repairs are charged to expense as incurred. When properties are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts with the resulting gain or loss being reflected in income from operations.

Depreciation of property, plant and equipment is provided on the straight-line method and is based on the estimated useful economic lives of the assets as follows:

Land improvements	10 – 25 years
Buildings	10 – 40 years
Machinery and equipment	3 – 15 years
Furniture and fixtures	6 – 10 years
Software	3 – 8 years

Intangible assets subject to amortization include technology, patents, customer relationships, non-compete agreements and certain trade names. These intangible assets are amortized over their estimated useful economic lives, which typically range from 3 to 25 years. The Company's fixed assets and intangible assets subject to amortization are required to be tested for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows associated with the asset group would be compared to the asset group carrying amount to determine if a write-down is required. If the undiscounted cash flows are less than the carrying amount, an impairment loss is recorded to the extent that the carrying amount exceeds fair value and classified as "Impairment, restructuring and other" within "Operating expenses" in the Consolidated Statements of Operations.

The Company had non-cash investing activities of $32.1, $33.3 and $41.6 during fiscal 2023, fiscal 2022 and fiscal 2021, respectively, representing unpaid liabilities to acquire property, plant and equipment.

Internal Use Software

The Company capitalizes certain qualifying costs incurred in the acquisition and development of software for internal use, including the costs of the software, materials, consultants, interest and payroll and payroll-related costs for employees during the application development stage. Internal and external costs incurred during the preliminary project stage and post implementation-operation stage, mainly training and maintenance costs, are expensed as incurred. Once the application is substantially complete and ready for its intended use, qualifying costs are amortized on a straight-line basis over the software's estimated useful life. Capitalized internal use software is included in the "Property, plant and equipment, net" line in the Consolidated Balance Sheets. Capitalized software as a service is included in the "Prepaid and other current assets" line in the Consolidated Balance Sheets and is amortized using the straight-line method over the term of the hosting arrangement which typically ranges from 3 to 8 years.

Goodwill and Indefinite-lived Intangible Assets

Goodwill and indefinite-lived intangible assets are not subject to amortization. Goodwill and indefinite-lived intangible assets are reviewed for impairment by applying a fair-value based test on an annual basis as of the first day of the Company's fiscal fourth quarter or more frequently if circumstances indicate impairment may have occurred. With respect to goodwill, the Company performs either a qualitative or quantitative evaluation for each of its reporting units. Factors considered in the qualitative test include reporting unit specific operating results as well as new events and circumstances impacting the operations or cash flows of the reporting units. For the quantitative test, the Company assesses goodwill for impairment by comparing the carrying value of its reporting units to their respective fair values. A reporting unit is defined as an operating segment or one level below an operating segment. The Company determines the fair value of its reporting units using a combination of income-based and market-based approaches and incorporates assumptions it believes market participants would utilize. The income-based approach utilizes discounted cash flows while the market-based approach utilizes market multiples. These approaches depend upon internally-developed forecasts based on annual budgets and longer-range strategic plans. The Company uses discount rates that are commensurate with the risks and uncertainties inherent in the respective reporting units and in the internally-developed forecasts. To further substantiate fair value, the Company compares the aggregate fair value of the reporting units to the Company's total market capitalization.

With respect to indefinite-lived intangible assets, the Company performs either a qualitative or quantitative evaluation for each asset. Factors considered in the qualitative test include asset specific operating results as well as new events and circumstances impacting the cash flows of the assets. For the quantitative test, the fair value of the Company's indefinite-lived intangible assets is determined under the income-based approach utilizing discounted cash flows and incorporating assumptions the Company believes market participants would utilize. For trade names, fair value is determined using a relief-from-royalty methodology similar to that employed when the associated businesses were acquired but using updated estimates of sales, cash flow and profitability.

If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying value of the reporting unit or intangible asset exceeds its estimated fair value and classified as "Impairment, restructuring and other" within "Operating expenses" in the Consolidated Statements of Operations.

Investments in Securities

Convertible debt investments are classified as "available for sale," are reported at fair value and are presented in the "Other assets" line in the Consolidated Balance Sheets. Unrealized gains and losses on these investments are included in accumulated other comprehensive loss ("AOCL") in the Consolidated Balance Sheets. When a decline in fair value is considered to be other-than-temporary at the balance sheet date, an allowance for credit losses (impairment), including any write-off of accrued interest receivable, is charged to earnings. If management can assert that it does not intend to sell the security and it is not more likely than not that it will have to sell the security before recovering its amortized cost basis (net of allowance), then the impairment allowance is separated into two components: (i) the amount related to credit losses (recorded in earnings) and (ii) the amount related to all other factors (recorded in other comprehensive income / loss). Interest income is recorded on an accrual basis and is classified in the "Other non-operating income, net" line in the Consolidated Statements of Operations.

Supplier Finance Program

The Company has an agreement to provide a supplier finance program which facilitates participating suppliers' ability to finance payment obligations of the Company with a designated third-party financial institution. Participating suppliers may, at their sole discretion, elect to finance payment obligations of the Company prior to their scheduled due dates at a discounted price to the participating financial institution. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under this arrangement. The payment

terms that the Company negotiates with its suppliers are consistent, regardless of whether a supplier participates in the program. The Company's current payment terms with a majority of its suppliers generally range from 30 to 60 days, which is deemed to be commercially reasonable. The Company's outstanding payment obligations under its supplier finance program were $18.3 and $8.6 at September 30, 2023 and 2022, respectively, and are recorded within accounts payable in the Consolidated Balance Sheets. The associated payments were $185.3 for fiscal 2023 and are classified as operating activities in the Consolidated Statements of Cash Flows.

Insurance and Self-Insurance

The Company maintains insurance for certain risks, including property, management, cargo, cyber, workers compensation and general liability, and is self-insured for employee-related health care benefits up to a specified level for individual claims. The Company accrues for the expected costs associated with these risks by considering historical claims experience, demographic factors, severity factors and other relevant information. Costs are recognized in the period the claim is incurred, and accruals include an actuarially determined estimate of claims incurred but not yet reported.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax bases. Management reviews the Company's deferred tax assets to determine whether their value can be realized based upon available evidence. A valuation allowance is established when management believes that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company's tax provision in the period of change.

The Company establishes a liability for tax return positions in which there is uncertainty as to whether or not the position will ultimately be sustained. Amounts for uncertain tax positions are adjusted in quarters when new information becomes available or when positions are effectively settled. The Company recognizes interest expense and penalties related to these unrecognized tax benefits within income tax expense. GAAP provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The amount recognized is measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement.

U.S. income tax expense and foreign withholding taxes are provided on unremitted foreign earnings that are not indefinitely reinvested at the time the earnings are generated. Where foreign earnings are indefinitely reinvested, no provision for U.S. income or foreign withholding taxes is made. When circumstances change and the Company determines that some or all of the undistributed earnings will be remitted in the foreseeable future, the Company accrues an expense in the current period for U.S. income taxes and foreign withholding taxes attributable to the anticipated remittance.

Translation of Foreign Currencies

The functional currency for each Scotts Miracle-Gro subsidiary is generally its local currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each fiscal year-end. Income and expense accounts are translated at the average rate of exchange prevailing during the year. Translation gains and losses arising from the use of differing exchange rates from period to period are included in AOCL within shareholders' equity (deficit). Foreign exchange transaction gains and losses are included in the determination of net income and classified as "Other (income) expense, net" in the Consolidated Statements of Operations. The Company recognized foreign exchange transaction (gains) losses of $1.3, $1.3 and $(1.8) during fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Derivative Instruments

The Company is exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. A variety of financial instruments, including forwards, futures and swap contracts, are used to manage these exposures. These financial instruments are recognized at fair value in the Consolidated Balance Sheets, and all changes in fair value are recognized in net income or shareholders' equity (deficit) through AOCL. The Company's objective in managing these exposures is to better control these elements of cost and mitigate the earnings and cash flow volatility associated with changes in the applicable rates and prices.

The Company has established policies and procedures that encompass risk-management philosophy and objectives, guidelines for derivative instrument usage, counterparty credit approval, and the monitoring and reporting of derivative activity. The Company does not enter into derivative instruments for the purpose of speculation.

(Dollars in millions, except per share data)

The Company formally designates and documents instruments at inception that qualify for hedge accounting of underlying exposures in accordance with GAAP. The Company formally assesses, both at inception and at least quarterly, whether the financial instruments used in hedging transactions are effective at offsetting changes in cash flows of the related underlying exposure. Fluctuations in the value of these instruments generally are offset by changes in the expected cash flows of the underlying exposures being hedged. This offset is driven by the high degree of effectiveness between the exposure being hedged and the hedging instrument. The Company designates certain commodity hedges as cash flow hedges of forecasted purchases of commodities and interest rate swap agreements as cash flow hedges of interest payments on variable rate borrowings. Changes in the fair value of derivative contracts that qualify for hedge accounting are recorded in AOCL. For commodity hedges, realized gains or losses remain as a component of AOCL until the related inventory is sold. Cash flows associated with commodity and interest rate swap hedges are classified as operating activities in the Consolidated Statements of Cash Flows.

During the second quarter of fiscal 2016, the Company entered into definitive agreements with Bonnie Plants, Inc. and its sole shareholder, AFC, that included options beginning in fiscal 2020 providing for either (i) the Company to increase its economic interest in Bonnie's business of planting, growing, developing, manufacturing, distributing, marketing, and selling live plants, plant food, fertilizer and potting soil (the "Bonnie Business") or (ii) AFC and Bonnie to repurchase the Company's economic interest in the Bonnie Business (collectively, the "Bonnie Option"). The Bonnie Option was surrendered at the time of the formation of the Bonnie Plants, LLC joint venture on December 31, 2020. Prior to this, the Bonnie Option was required to be accounted for as a derivative instrument with changes in fair value recognized in the "Other non-operating income, net" line in the Consolidated Statements of Operations.

Leases

The Company determines whether an arrangement contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration and other facts and circumstances. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by the Company and exclude any lease incentives received from the lessor. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. As the Company's leases typically do not contain a readily determinable implicit rate, the Company determines the present value of the lease liability using its incremental borrowing rate at the lease commencement date based on the lease term. The Company considers its credit rating and the current economic environment in determining this collateralized rate. Variable lease payments are the portion of lease payments that are not fixed over the lease term. Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable. The Company elected to exclude short-term leases, defined as leases with initial terms of 12 months or less, from its Consolidated Balance Sheets.

Statements of Cash Flows

Supplemental cash flow information was as follows:

	Year Ended September 30,		
	2023	2022	2021
Interest paid	$ 173.5	$ 112.5	$ 61.6
Income taxes paid (refunded)	(18.2)	27.2	179.7

During fiscal 2023, the Company received proceeds of $37.0 related to the payoff of seller financing that the Company provided in connection with a fiscal 2017 divestiture, which was classified as an investing activity in the Consolidated Statements of Cash Flows. The Company (paid) received cash of $(12.4), $29.3 and $(8.7) during fiscal 2023, fiscal 2022 and fiscal 2021, respectively, associated with currency forward contracts, which was classified as an investing activity in the "Other investing, net" line in the Consolidated Statements of Cash Flows.

Cash flow from operating activities in fiscal 2022 and fiscal 2021 was favorably impacted by extended payment terms with vendors for payments originally due in the final weeks of fiscal 2022 and fiscal 2021 that were paid in the first quarter of fiscal 2023 and 2022, respectively.

The Company uses the "cumulative earnings" approach for determining cash flow presentation of distributions from unconsolidated affiliates. Distributions received are included in the Consolidated Statements of Cash Flows as operating activities, unless the cumulative distributions exceed the portion of the cumulative equity in the net earnings of the unconsolidated affiliate, in which case the excess distributions are deemed to be returns of the investment and are classified as investing activities in the Consolidated Statements of Cash Flows.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04, "Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." This ASU requires disclosure of the key terms of outstanding supplier finance programs and a rollforward of the related obligations. ASU No. 2022-04 is effective for fiscal years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. As ASU 2022-04 only relates to disclosures, the Company does not expect its adoption to have any impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 2. REVENUE RECOGNITION

Nature of Goods and Services

The Company's revenue is primarily generated from sales of branded and private label lawn and garden care and indoor and hydroponic gardening finished products to home centers, mass merchandisers, warehouse clubs, large hardware chains, independent hardware stores, nurseries, garden centers, e-commerce platforms, food and drug stores, indoor gardening and hydroponic product distributors, retailers and growers. In addition to product sales, the Company acts as the exclusive agent of Monsanto for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products in the United States and certain other specified countries, and performs certain other services under ancillary agreements with Monsanto. Refer to "NOTE 21. SEGMENT INFORMATION" for disaggregated revenue information and "NOTE 7. MARKETING AGREEMENT" for revenue information related to the Monsanto agreements.

Identification and Satisfaction of Performance Obligations

The Company recognizes product sales at a point in time when it transfers control of products to customers and has no further obligation to provide services related to such products. Control is the ability of customers to direct the "use of" and "obtain" the benefit from the Company's products. In evaluating the timing of the transfer of control of products to customers, the Company considers several control indicators, including significant risks and rewards of products, the Company's right to payment and the legal title of the products. Based on the assessment of control indicators, sales are typically recognized when products are delivered to or picked up by the customer. The Company is generally the principal in a transaction and, therefore, primarily records revenue on a gross basis. When the Company is a principal in a transaction, it has determined that it controls the ability to direct the use of the product prior to transfer to a customer, is primarily responsible for fulfilling the promise to provide the product or service to the customer, has discretion in establishing prices, and ultimately controls the transfer of the product or services provided to the customer.

Under the terms of the Third Restated Agreement, pursuant to which the Company serves as the exclusive agent of Monsanto for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products in the United States and certain other specified countries, the Company is entitled to receive an annual commission from Monsanto as consideration for the performance of the Company's duties as agent. The Third Restated Agreement also requires the Company to make annual payments to Monsanto as a contribution against the overall expenses of its consumer Roundup® business. The gross commission earned under the Third Restated Agreement and the contribution payments to Monsanto are included in the "Net sales" line in the Consolidated Statements of Operations. The Company performs other services, including conversion services, pursuant to ancillary agreements with Monsanto. The actual costs incurred for these activities are charged to and reimbursed by Monsanto. The Company records costs incurred for which the Company is the primary obligor on a gross basis, recognizing such costs in the "Cost of sales" line and the reimbursement of these costs in the "Net sales" line in the Consolidated Statements of Operations, with no effect on gross margin dollars or net income.

(Dollars in millions, except per share data)

Transactional Price and Promotional Allowances

Revenue for product sales is recorded net of sales returns and allowances. Revenues are measured based on the amount of consideration that the Company expects to receive as derived from a list price, reduced by estimates for variable consideration. Variable consideration includes the cost of current and continuing promotional programs and expected sales returns. Commission income related to the Monsanto agreements is recognized over the program year as the services are performed based upon the commission income formula in the agreements.

The Company's promotional programs primarily include rebates based on sales volumes, in-store promotional allowances, cooperative advertising programs, direct consumer rebate programs and special purchasing incentives. The cost of promotional programs is estimated considering all reasonably available information, including current expectations and historical experience. Promotional costs (including allowances and rebates) incurred during the year are expensed to interim periods in relation to revenues and are recorded as a reduction of net sales. Accruals for expected payouts under these programs are included in the "Other current liabilities" line in the Consolidated Balance Sheets. Provisions for estimated returns and allowances are recorded at the time revenue is recognized based on historical rates and are periodically adjusted for known changes in return levels. Shipping and handling costs are accounted for as contract fulfillment costs and included in the "Cost of sales" line in the Consolidated Statements of Operations. The Company excludes from revenue any amounts collected from customers for sales or other taxes.

NOTE 3. DISCONTINUED OPERATIONS

International Business

Prior to August 31, 2017, the Company operated consumer lawn and garden businesses located in Australia, Austria, Belgium, Luxembourg, Czech Republic, France, Germany, Poland and the United Kingdom (the "International Business"). On August 31, 2017, the Company completed the sale of the International Business. The transaction included contingent consideration with a maximum payout of $23.8 and an initial fair value of $18.2, the payment of which depended on the achievement of certain performance criteria by the International Business following the closing of the transaction through fiscal 2020. During fiscal 2021, the Company agreed to accept a contingent consideration payout of $6.0 and recorded a pre-tax charge of $12.2 in the "Loss from discontinued operations, net of tax" line in the Consolidated Statements of Operations during fiscal 2021 to write-down the contingent consideration receivable to the agreed upon payout amount. This contingent consideration payment was received during fiscal 2022 and this amount was classified as a financing activity in the "Other financing, net" line in the Consolidated Statements of Cash Flows.

NOTE 4. IMPAIRMENT, RESTRUCTURING AND OTHER

Activity described herein is classified within the "Cost of sales—impairment, restructuring and other" and "Impairment, restructuring and other" lines in the Consolidated Statements of Operations. The following table details impairment, restructuring and other charges (recoveries) for each of the periods presented:

	Year Ended September 30,		
	2023	2022	2021
Cost of sales—impairment, restructuring and other:			
Restructuring and other charges (recoveries), net	$ 148.5	$ 143.6	$ (0.3)
Right-of-use asset impairments	25.8	—	—
Property, plant and equipment impairments	11.4	16.6	—
COVID-19 related costs	—	—	25.0
Operating expenses—impairment, restructuring and other:			
Goodwill and intangible asset impairments	127.9	668.3	—
Convertible debt other-than-temporary impairments	101.3	—	—
Restructuring and other charges, net	51.2	40.9	0.1
Gains on sale of property, plant and equipment	—	(16.2)	—
COVID-19 related costs	—	—	4.2
Total impairment, restructuring and other charges	$ 466.1	$ 853.2	$ 29.0

(Dollars in millions, except per share data)

The following table summarizes the activity related to liabilities associated with restructuring activities for each of the periods presented:

	Year Ended September 30,		
	2023	2022	2021
Amounts accrued at beginning of year	$ 31.5	$ 1.9	$ 3.9
Restructuring charges	55.6	47.1	29.0
Payments	(46.6)	(17.5)	(31.0)
Amounts accrued at end of year	$ 40.5	$ 31.5	$ 1.9

As of September 30, 2023, restructuring accruals include $13.9 that is classified as long-term.

During fiscal 2023, the Company recorded non-cash, pre-tax goodwill and intangible asset impairment charges of $127.9 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations, comprised of $117.7 of finite-lived intangible asset impairment charges associated with the Hawthorne segment and $10.3 of goodwill impairment charges associated with the Other segment.

During fiscal 2023, the Company recorded a non-cash, pre-tax other-than-temporary impairment charge related to its convertible debt investments of $101.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations.

During fiscal 2022, the Company began implementing a series of Company-wide organizational changes and initiatives intended to create operational and management-level efficiencies. As part of this restructuring initiative, the Company is reducing the size of its supply chain network, reducing staffing levels and implementing other cost-reduction initiatives. In addition, to reduce its on hand inventory to align with the optimized network capacity, the Company has accelerated the reduction of certain Hawthorne inventory, primarily lighting, growing environments and hardware products. During fiscal 2023, the Company incurred costs of $229.0 associated with this restructuring initiative primarily related to inventory write-down charges, employee termination benefits, facility closure costs and impairment of right-of-use assets and property, plant and equipment. The Company incurred costs of $16.3 in its U.S. Consumer segment and $168.5 in its Hawthorne segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2023. The Company incurred costs of $7.7 in its U.S. Consumer segment, $20.7 in its Hawthorne segment, $0.8 in its Other segment and $14.9 at Corporate in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2023. During fiscal 2022, the Company incurred costs of $65.2 associated with this restructuring initiative primarily related to employee termination benefits and impairment of property, plant and equipment. The Company incurred costs of $9.7 in its U.S. Consumer segment and $27.1 in its Hawthorne segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2022. The Company incurred costs of $11.9 in its U.S. Consumer segment, $8.1 in its Hawthorne segment, $0.7 in its Other segment and $7.7 at Corporate in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2022. Costs incurred to date since the inception of this restructuring initiative are $45.5 for the U.S. Consumer segment, $224.4 for the Hawthorne segment, $1.5 for the Other segment and $22.7 at Corporate.

During fiscal 2022, the Company recorded non-cash, pre-tax goodwill and intangible asset impairment charges of $632.4 as a result of interim impairment testing of its Hawthorne segment in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations, comprised of $522.4 of goodwill impairment charges and $110.0 of finite-lived intangible asset impairment charges.

During fiscal 2022, the Company incurred inventory write-down charges of $120.9 in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations and finite-lived intangible asset impairment charges of $35.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with its decision to discontinue and exit the market for certain Hawthorne lighting products and brands.

During fiscal 2022, the Company recorded gains of $16.2 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with the sale of property, plant and equipment.

During fiscal 2021, the Company incurred costs of $29.2 associated with the COVID-19 pandemic primarily related to premium pay. The Company incurred costs of $21.2 in its U.S. Consumer segment, $3.2 in its Hawthorne segment and $0.6 in its Other segment in the "Cost of sales—impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2021. The Company incurred costs of $4.0 in its U.S. Consumer segment and $0.2 in its Other segment in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2021.

(Dollars in millions, except per share data)

NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET

The following table displays a rollforward of the carrying amount of goodwill by reportable segment:

	U.S. Consumer	Hawthorne	Other	Total
Goodwill	$ 245.7	$ 444.8	$ 11.1	$ 701.6
Accumulated impairment losses	(1.8)	(94.6)	—	(96.4)
Balance at September 30, 2021	243.9	350.2	11.1	605.2
Acquisitions and measurement-period adjustments	—	180.8	—	180.8
Foreign currency translation	—	(8.6)	(1.0)	(9.6)
Impairment	—	(522.4)	—	(522.4)
Goodwill	$ 245.7	$ 617.0	$ 10.1	$ 872.8
Accumulated impairment losses	(1.8)	(617.0)	—	(618.8)
Balance at September 30, 2022	243.9	—	10.1	254.0
Foreign currency translation	—	—	0.2	0.2
Impairment	—	—	(10.3)	(10.3)
Goodwill	$ 245.7	$ 617.0	$ 10.3	$ 873.0
Accumulated impairment losses	(1.8)	(617.0)	(10.3)	(629.1)
Balance at September 30, 2023	$ 243.9	$ —	$ —	$ 243.9

The following table presents intangible assets, net of accumulated amortization and impairment charges:

	September 30, 2023			September 30, 2022		
	Gross Carrying Amount	Accumulated Amortization/ Impairment Charges	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization/ Impairment Charges	Net Carrying Amount
Finite-lived intangible assets:						
Trade names	$ 322.4	$ (260.7)	$ 61.7	$ 318.4	$ (174.3)	$ 144.1
Customer relationships	251.5	(216.1)	35.4	251.1	(158.4)	92.7
Technology	50.1	(44.5)	5.6	49.1	(43.3)	5.8
Other	34.9	(24.8)	10.1	34.7	(21.0)	13.7
Total finite-lived intangible assets, net			112.8			256.3
Indefinite-lived intangible assets:						
Indefinite-lived trade names			168.2			168.2
Roundup® marketing agreement amendment			155.7			155.7
Total indefinite-lived intangible assets			323.9			323.9
Total intangible assets, net			$ 436.7			$ 580.2

(Dollars in millions, except per share data)

During fiscal 2023, the Company's Hawthorne segment continued to experience adverse financial results due to decreased sales volume and inflationary cost pressures. The decrease in sales volume is attributable to an oversupply of cannabis, which significantly decreased cannabis wholesale prices and indoor and outdoor cannabis cultivation. The oversupply has been driven by increased licensing activity across the U.S., significant capital investment in the cannabis production marketplace over the past several years, inconsistent enforcement of regulations and the market impacts of the COVID-19 pandemic. As a result, the Company revised its internal forecasts to reflect the longer persistence and more significant impact of the oversupply of cannabis. These changes in circumstances indicated that the carrying amounts of Hawthorne's long-lived assets, including trade names and customer relationships, may not be recoverable. Accordingly, the Company performed a recoverability test for long-lived assets during the fourth quarter of fiscal 2023. The Company concluded that the carrying value of these long-lived assets exceeded their estimated fair value and recorded non-cash, pre-tax impairment charges of $72.0 related to trade names and $45.7 related to customer relationships during the fourth quarter of fiscal 2023 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The fair values of long-lived assets were determined using income-based approaches, including the relief-from-royalty method for trade names, that include market participant expectations of cash flows that the assets will generate over the remaining useful life discounted to present value using an appropriate discount rate. These fair value estimates utilize significant unobservable inputs and thus represent Level 3 fair value measurements.

The Company performed annual goodwill impairment testing as of the first day of its fourth quarter of fiscal 2023. This test resulted in a non-cash, pre-tax goodwill impairment charge of $10.3 related to the Other segment, which was recorded during the fourth quarter of fiscal 2023 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The impairment was driven by revisions to the Company's internal forecasts in response to decreased sales volume and inflationary cost pressures. The carrying value of goodwill of the Other segment reporting unit, after recognizing the impairment, is zero. The estimated fair value of the Other segment reporting unit was based upon an equal weighting of the income-based and market-based approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. The fair value estimate utilizes significant unobservable inputs and thus represents a Level 3 fair value measurement.

The Company performed a recoverability test for Hawthorne's long-lived assets during the third quarter of fiscal 2022. The Company concluded that the carrying value of these long-lived assets exceeded their estimated fair value and recorded non-cash, pre-tax impairment charges of $69.0 related to trade names and $41.0 related to customer relationships during the third quarter of fiscal 2022 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations.

After adjusting the carrying values of the finite-lived intangible assets, the Company completed an interim quantitative impairment test for goodwill during the third quarter of fiscal 2022. This quantitative test resulted in a non-cash, pre-tax goodwill impairment charge of $522.4 related to the Hawthorne reporting unit, which was recorded during the third quarter of fiscal 2022 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. The carrying value of goodwill of the Hawthorne reporting unit, after recognizing the impairment, is zero.

During fiscal 2022, the Company also recorded additional non-cash, pre-tax finite-lived intangible asset impairment charges of $35.3, comprised of $22.5 related to trade names and $12.8 related to customer relationships, during the fourth quarter of fiscal 2022 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations associated with its decision to discontinue and exit the market for certain Hawthorne lighting products and brands.

Total amortization expense was $25.2, $37.1 and $30.9 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively. Amortization expense is estimated to be as follows for the years ending September 30:

2024	$	16.0
2025		13.3
2026		12.2
2027		11.3
2028		10.3

(Dollars in millions, except per share data)

NOTE 6. DETAIL OF CERTAIN FINANCIAL STATEMENT ACCOUNTS

The following presents detail regarding certain financial statement accounts:

	September 30, 2023	September 30, 2022
INVENTORIES:		
Finished goods	$ 506.2	$ 926.2
Raw materials	272.5	293.2
Work-in-progress	101.6	124.1
	$ 880.3	$ 1,343.5
PROPERTY, PLANT AND EQUIPMENT, NET:		
Machinery and equipment	$ 651.7	$ 644.0
Buildings	277.1	262.2
Land and improvements	149.0	145.0
Construction in progress	104.6	95.5
Software	109.9	127.9
Furniture and fixtures	62.3	65.4
Finance leases	21.1	43.9
	1,375.7	1,383.9
Less: accumulated depreciation	(765.4)	(777.9)
	$ 610.3	$ 606.0
OTHER ASSETS:		
Operating lease right-of-use assets	$ 262.6	$ 288.9
Net deferred tax assets	189.8	143.5
Convertible debt investments	85.8	117.0
Accrued pension, postretirement and executive retirement assets	64.1	69.6
Loans receivable	—	32.8
Other	30.8	29.1
	$ 633.1	$ 680.9

	September 30, 2023	September 30, 2022
OTHER CURRENT LIABILITIES:		
Advertising and promotional accruals	$ 143.0	$ 74.8
Current operating lease liabilities	76.4	76.2
Payroll and other compensation accruals	51.2	44.2
Accrued interest	31.9	30.1
Accrued taxes	28.5	29.4
Other	119.2	142.3
	$ 450.2	$ 397.0
OTHER NON-CURRENT LIABILITIES:		
Non-current operating lease liabilities	$ 220.1	$ 223.2
Accrued pension, postretirement and executive retirement liabilities	76.7	82.1
Net deferred tax liabilities	1.1	8.5
Other	52.0	45.2
	$ 349.9	$ 359.0

(Dollars in millions, except per share data)

NOTE 7. MARKETING AGREEMENT

The Scotts Company LLC ("Scotts LLC") is the exclusive agent of Monsanto for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products in the United States and certain other specified countries. The annual commission payable under the Third Restated Agreement is equal to 50% of the actual earnings before interest and income taxes of Monsanto's consumer Roundup® business for each program year in the markets covered by the Third Restated Agreement ("Program EBIT"). The Third Restated Agreement also requires the Company to make annual payments of $18.0 to Monsanto as a contribution against the overall expenses of its consumer Roundup® business, subject to reduction pursuant to the Third Restated Agreement for any program year in which the Program EBIT does not equal or exceed $36.0.

Unless Monsanto terminates the Third Restated Agreement due to an event of default by the Company, termination rights under the Third Restated Agreement include the following:

- The Company may terminate the Third Restated Agreement upon the insolvency or bankruptcy of Monsanto;
- Monsanto may terminate the Third Restated Agreement in the event that Monsanto decides to decommission the permits, licenses and registrations needed for, and the trademarks, trade names, packages, copyrights and designs used in, the sale of the Roundup® products in the lawn and garden market (a "Brand Decommissioning Termination"); and
- Each party may terminate the Third Restated Agreement if Program EBIT falls below $50.0 and, in such case, no termination fee would be payable to either party.

The termination fee structure requires Monsanto to pay a termination fee to the Company in an amount equal to (i) $375.0 upon a Brand Decommissioning Termination, and (ii) the greater of $175.0 or four times an amount equal to the average of the Program EBIT for the three program years before the year of termination, minus $186.4, if Monsanto or its successor terminates the Third Restated Agreement as a result of a Roundup Sale or Change of Control of Monsanto (each, as defined in the Third Restated Agreement).

The elements of the net commission and reimbursements earned under the Third Restated Agreement and included in the "Net sales" line in the Consolidated Statements of Operations are as follows:

	Year Ended September 30		
	2023	2022	2021
Gross commission	$ 75.7	$ 83.4	$ 94.0
Contribution expenses	(18.0)	(18.0)	(18.0)
Net commission	57.7	65.4	76.0
Reimbursements associated with Roundup® marketing agreement	82.5	67.9	70.8
Total net sales associated with Roundup® marketing agreement	$ 140.2	$ 133.3	$ 146.8

NOTE 8. ACQUISITIONS AND INVESTMENTS

Cyco

On April 28, 2022, the Company's Hawthorne segment completed the acquisition of substantially all of the assets of S.J. Enterprises PTY LTD, d.b.a. Cyco ("Cyco"), an Australia-based provider of premium nutrients, additives and growing media products for indoor growing sold mostly in the United States, for an estimated purchase price of $37.3. The purchase price includes contingent consideration, a non-cash investing activity, with an initial fair value of $3.1 and a maximum payout of $10.0, which will be paid by the Company based on the achievement of certain performance metrics through December 31, 2024. Prior to the transaction, the Company served as the exclusive distributor of Cyco's products in the United States. The valuation of the acquired assets included (i) $1.3 of inventory, (ii) $10.5 of finite-lived identifiable intangible assets and (iii) $25.6 of tax-deductible goodwill. Identifiable intangible assets included trade names, customer relationships and non-compete agreements with useful lives ranging between 5 and 25 years. The estimated fair values of the identifiable intangible assets were determined using an income-based approach, which includes market participant expectations of cash flows that an asset will generate over the remaining useful life discounted to present value using an appropriate discount rate.

Luxx Lighting

On December 30, 2021, the Company's Hawthorne segment completed the acquisition of substantially all of the assets of Luxx Lighting, Inc., a provider of lighting products for indoor growing. The purchase price was $213.2, a portion of which was paid by the issuance of 0.1 million Common Shares, a non-cash investing and financing activity, with a fair value of $21.0 based on the share price at the time of payment. The valuation of the acquired assets included (i) $32.8 of inventory and accounts receivable, (ii) $5.7 of other current assets, (iii) $24.2 of current liabilities, (iv) $47.3 of finite-lived identifiable intangible assets and (v) $151.6 of tax-deductible goodwill. Identifiable intangible assets included trade names, customer relationships and non-compete agreements with useful lives ranging between 5 and 25 years. The estimated fair values of the identifiable intangible assets were determined using an income-based approach, which includes market participant expectations of cash flows that an asset will generate over the remaining useful life discounted to present value using an appropriate discount rate.

During the fourth quarter of fiscal 2022, the Company decided it would discontinue and exit the market for certain Hawthorne lighting products and brands, including Luxx Lighting, Inc. Refer to "NOTE 4. IMPAIRMENT, RESTRUCTURING AND OTHER" for more information.

True Liberty Bags

On December 23, 2021, the Company's Hawthorne segment completed the acquisition of substantially all of the assets of True Liberty Bags, a leading provider of liners and storage solutions to dry and cure plant products, for $10.1. The valuation of the acquired assets included (i) $1.1 of inventory, (ii) $5.8 of finite-lived identifiable intangible assets and (iii) $3.2 of tax-deductible goodwill. Identifiable intangible assets included trade names and customer relationships with useful lives of 15 years. The estimated fair values of the identifiable intangible assets were determined using an income-based approach, which includes market participant expectations of cash flows that an asset will generate over the remaining useful life discounted to present value using an appropriate discount rate.

Hydro-Logic

On August 27, 2021, the Company's Hawthorne segment completed the acquisition of substantially all of the assets of Hydro-Logic Purification Systems, Inc., a leading provider of products, accessories and systems for water filtration and purification, for $65.3. The valuation of the acquired assets included (i) $4.5 of inventory and accounts receivable, (ii) $1.6 of non-current assets, (iii) $2.6 of other liabilities, (iv) $23.1 of finite-lived identifiable intangible assets and (v) $38.7 of tax-deductible goodwill. Identifiable intangible assets included trade names, customer relationships and non-compete agreements with useful lives ranging between 5 and 15 years. The estimated fair values of the identifiable intangible assets were determined using an income-based approach, which includes market participant expectations of cash flows that an asset will generate over the remaining useful life discounted to present value using an appropriate discount rate.

The Hawthorne Collective

On August 24, 2021, the Company's wholly-owned subsidiary, The Hawthorne Collective, Inc. ("THC"), made its initial investment under the Company's strategic minority non-equity investment initiative in the form of a $150.0 six-year convertible note issued to the Company by Toronto-based RIV Capital Inc. ("RIV Capital") (CSE: RIV) (OTC: CNPOF), a cannabis investment and acquisition firm listed on the Canadian Securities Exchange. The note bore interest on the principal amount at a rate of approximately 2% for the first two years of the term. No interest will accrue on the note for the remainder of the term. The note is convertible into RIV Capital common shares at a conversion price of CAD $1.90 per share which is based upon the RIV Capital closing stock price on August 9, 2021.

On April 22, 2022, pursuant to its follow-on investment rights, the Company made an additional investment in RIV Capital in the form of a $25.0 convertible note which matures on August 24, 2027. The note bears interest on the principal amount at a rate of approximately 2% for the first two years of the term. No interest will accrue on the note for the remainder of the term. The note is convertible into RIV Capital common shares at a conversion price of CAD $1.65 per share which is based upon the RIV Capital closing stock price on March 29, 2022.

Accrued interest on the initial $150.0 convertible note and the follow-on $25.0 convertible note (collectively, the "RIV Convertible Notes") will be payable to THC at maturity or will be included in the conversion value of the notes at the time of conversion. Assuming full conversion of the RIV Convertible Notes, including the full amount of the anticipated accrued interest over the life of the notes, THC would be entitled to receive approximately 123.0 million common shares of RIV Capital, representing approximately 48% of RIV Capital's outstanding shares as of September 30, 2023. The RIV Convertible Notes are convertible into common shares of RIV Capital either (i) at the election of THC or (ii) at the election of RIV Capital after the date on which federal laws in the United States are amended to allow for the general cultivation, distribution, and possession of cannabis.

In connection with issuance of the RIV Convertible Notes, the Company entered into an investor rights agreement with RIV Capital providing for, among other things, customary registration rights, participation rights, as well as certain standstill and transfer restrictions. In addition, THC is entitled to designate three nominees to the RIV Capital board of directors for so long as the board is comprised of seven directors, and will be entitled to designate four nominees to the RIV Capital board of directors if the size of the board is increased to nine directors.

During the fourth quarter of fiscal 2021, THC made minority non-equity investments of $43.1 in other entities focused on branded cannabis and high quality genetics. These additional investments also include conversion features that would provide the Company with minority ownership interests if it exercises the conversion features.

The Company or THC will not have control of or an active day-to-day role in any entity in which THC has a convertible debt investment. The convertible notes include restrictions that the funds received from the Company will be used for general corporate and other lawful purposes, which could include acquisitions, and that the funds will not be used in connection with or for any cannabis or cannabis-related operations in the U.S. unless and until such operations comply with all applicable U.S. federal laws.

Rhizoflora

On August 13, 2021, the Company's Hawthorne segment completed the acquisition of substantially all of the assets of Rhizoflora, Inc., the manufacturer of terpene enhancing nutrient products Terpinator® and Purpinator®, for $33.7. The valuation of the acquired assets included (i) $0.6 of inventory, (ii) $10.9 of finite-lived identifiable intangible assets and (iii) $22.2 of tax-deductible goodwill. Identifiable intangible assets included trade names, customer relationships and non-compete agreements with useful lives ranging between 5 and 25 years. The estimated fair values of the identifiable intangible assets were determined using an income-based approach, which includes market participant expectations of cash flows that an asset will generate over the remaining useful life discounted to present value using an appropriate discount rate.

AeroGrow

On November 11, 2020, the Company entered into an agreement and plan of merger to acquire the remaining outstanding shares of AeroGrow for cash consideration of $3.00 per share, or approximately $20.1. The merger closed on February 26, 2021. SMG Growing Media, Inc., a wholly-owned subsidiary of Scotts Miracle-Gro, was the holder of 80.5% of the outstanding shares of AeroGrow prior to the closing and now holds 100% of the outstanding shares of AeroGrow. The closing date carrying value of the noncontrolling interest was $6.7 and the $13.4 difference between the purchase price and carrying value was recognized in the "Common shares and capital in excess of $0.01 stated value per share" line within "Total equity (deficit)" in the Consolidated Balance Sheets.

NOTE 9. INVESTMENT IN UNCONSOLIDATED AFFILIATES

On December 31, 2020, the Company acquired a 50% equity interest in Bonnie Plants, LLC, a joint venture with AFC focused on planting, growing, developing, distributing, marketing and selling live plants, in exchange for cash payments of $102.3, as well as non-cash investing activities that included forgiveness of the Company's outstanding loan receivable with AFC and surrender of the Company's options to increase its economic interest in the Bonnie Plants business. The Company recorded a gain of $12.5 during the first quarter of fiscal 2021 to write-up the value of its loan receivable with AFC to its closing date fair value in the "Other non-operating income, net" line in the Consolidated Statements of Operations. The Company's interest in Bonnie Plants, LLC is recorded in the "Investment in unconsolidated affiliates" line in the Consolidated Balance Sheets. During the three months ended December 31, 2022, the Company and AFC amended the joint venture agreement to allow AFC to make an additional equity contribution to Bonnie Plants, LLC, and, as a result of this contribution by AFC, the Company's equity interest in Bonnie Plants, LLC was reduced to 45%. The Company's interest is accounted for using the equity method of accounting, with the Company's proportionate share of Bonnie Plants, LLC earnings subsequent to December 31, 2020 reflected in the Consolidated Statements of Operations. On November 7, 2023, the Company purchased an additional 5% equity interest in Bonnie Plants, LLC from AFC for $21.4, bringing its total equity interest back to 50%.

During fiscal 2023, the Company recorded a non-cash, pre-tax impairment charge of $94.7 associated with its investment in Bonnie Plants, LLC in the "Equity in (income) loss of unconsolidated affiliates" line in the Consolidated Statements of Operations. The impairment was driven by revisions to the Company's internal forecasts for Bonnie Plants, LLC in response to decreased sales volume and inflationary cost pressures. The estimated fair value of Bonnie Plants, LLC was based upon an equal weighting of the income-based and market-based approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the investment. The fair value estimate utilizes significant unobservable inputs and thus represents a Level 3 fair value measurement.

As a result of the impairment charge recorded by the Company during fiscal 2023, the carrying value of the Company's equity method investment was lower than its interest in Bonnie Plants, LLC's underlying net assets as of September 30, 2023. Of this basis difference, the majority relates to goodwill and indefinite-lived intangible assets recorded by Bonnie Plants, LLC, which are not amortized. The remaining amount relates to long-lived assets, including finite-lived intangible assets, and will be amortized over the remaining useful life of the long-lived assets.

The Company recorded equity in (income) loss of unconsolidated affiliates associated with Bonnie Plants, LLC of $101.1, $12.9 and $(14.4) during fiscal 2023, fiscal 2022 and fiscal 2021, respectively. The Company also received a distribution of $12.0 from Bonnie Plants, LLC during fiscal 2021, which was classified as an operating activity in the Consolidated Statements of Cash Flows.

NOTE 10. RETIREMENT PLANS

The Company sponsors a defined contribution 401(k) plan for substantially all U.S. associates. The Company matches 200% of associates' initial 3% contribution and 50% of their remaining contribution up to 6%. The Company may make additional discretionary profit sharing matching contributions to eligible employees on their initial 4% contribution. The Company recorded expenses of $24.1, $28.3 and $30.1 associated with the plan in fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

The Company sponsors two defined benefit pension plans for certain U.S. associates and three defined benefit pension plans associated with the former businesses in the United Kingdom and Germany. Benefits under these plans have been frozen and closed to new associates since 1997 for the U.S. plans, 2010 for the United Kingdom plans and 2017 for the Germany plan. The benefits under the plans are based on years of service and compensation levels. The Company's funding policy for the defined benefit pension plans, consistent with statutory requirements and tax considerations, is based on actuarial computations using the Projected Unit Credit method.

During fiscal 2023 and 2021, the defined benefit pension plans associated with the former business in the United Kingdom entered into buy-in insurance policies in exchange for premium payments of $76.3 and $67.7, respectively, which are subject to adjustment as a result of subsequent data cleansing activities. Under the terms of these buy-in insurance policies, the respective insurers are liable to pay the benefits to the plans but the plans still retain full legal responsibility to pay benefits to plan participants using the insurance payments. The buy-in policies will be treated as assets of the plans going forward until such time as the buy-in policies are converted to buy-out policies, which is when individual insurance policies will be assigned to each plan participant and the plans will no longer have legal responsibility to pay the benefits to the plan participants.

(Dollars in millions, except per share data)

The following tables present information about benefit obligations, plan assets, annual expense, assumptions and other information about the Company's defined benefit pension plans. The defined benefit pension plans are valued using a September 30 measurement date.

	U.S. Defined Benefit Pension Plans		International Defined Benefit Pension Plans	
	2023	2022	2023	2022
Change in projected benefit obligation:				
Benefit obligation at beginning of year	$ 77.7	$ 100.2	$ 109.2	$ 193.6
Interest cost	3.6	1.7	6.2	3.0
Actuarial gain	(2.5)	(17.2)	(11.0)	(55.1)
Benefits paid	(6.9)	(7.0)	(5.9)	(7.5)
Foreign currency translation	—	—	10.0	(24.8)
Projected benefit obligation ("PBO") at end of year	$ 71.8	$ 77.7	$ 108.5	$ 109.2
Accumulated benefit obligation ("ABO") at end of year	$ 71.8	$ 77.7	$ 108.5	$ 109.2
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 59.1	$ 81.7	$ 128.9	$ 221.6
Actual return on plan assets	1.7	(15.8)	(11.5)	(61.2)
Employer contribution	0.2	0.2	1.2	5.3
Benefits paid	(6.9)	(7.0)	(5.9)	(7.5)
Foreign currency translation	—	—	12.1	(29.3)
Fair value of plan assets at end of year	$ 54.1	$ 59.1	$ 124.8	$ 128.9
Overfunded (underfunded) status at end of year	$ (17.7)	$ (18.6)	$ 16.3	$ 19.7

	U.S. Defined Benefit Pension Plans		International Defined Benefit Pension Plans	
	2023	2022	2023	2022
Information for pension plans with an ABO in excess of plan assets:				
Accumulated benefit obligation	$ 71.8	$ 77.7	$ 11.5	$ 11.6
Fair value of plan assets	54.1	59.1	—	—
Information for pension plans with a PBO in excess of plan assets:				
Projected benefit obligation	$ 71.8	$ 77.7	$ 11.5	$ 11.6
Fair value of plan assets	54.1	59.1	—	—
Amounts recognized in the Consolidated Balance Sheets consist of:				
Non-current assets	$ —	$ —	$ 27.8	$ 31.3
Current liabilities	(0.2)	(0.2)	(0.9)	(0.8)
Non-current liabilities	(17.5)	(18.4)	(10.6)	(10.8)
Total amount accrued	$ (17.7)	$ (18.6)	$ 16.3	$ 19.7
Amounts recognized in AOCL consist of:				
Actuarial loss	$ 35.2	$ 38.8	$ 60.0	$ 51.2
Prior service cost	—	—	2.1	2.1
Total amount recognized	$ 35.2	$ 38.8	$ 62.1	$ 53.3

(Dollars in millions, except per share data)

	U.S. Defined Benefit Pension Plans		International Defined Benefit Pension Plans	
	2023	2022	2023	2022
Total change in other comprehensive loss attributable to:				
Net gain (loss) during the period	$ 1.8	$ (1.3)	$ (6.0)	$ (11.1)
Reclassification to net earnings	1.8	1.7	2.0	1.3
Foreign currency translation	—	—	(4.8)	10.6
Total change in other comprehensive loss	$ 3.6	$ 0.4	$ (8.8)	$ 0.8
Weighted average assumptions used in development of projected benefit obligation:				
Discount rate	5.54 %	5.06 %	5.38 %	4.96 %

	U.S. Defined Benefit Pension Plans			International Defined Benefit Pension Plans		
	2023	2022	2021	2023	2022	2021
Components of net periodic benefit cost (income):						
Interest cost	$ 3.6	$ 1.7	$ 1.5	$ 6.2	$ 3.0	$ 2.6
Expected return on plan assets	(2.5)	(2.8)	(3.4)	(5.5)	(5.1)	(5.5)
Net amortization	1.8	1.7	2.1	2.0	1.3	1.3
Net periodic benefit cost (income)	$ 2.9	$ 0.6	$ 0.2	$ 2.7	$ (0.8)	$ (1.6)
Weighted average assumptions used in development of net periodic benefit cost (income):						
Weighted average discount rate - interest cost	4.87 %	1.74 %	1.43 %	5.29 %	1.64 %	1.26 %
Expected return on plan assets	4.50 %	3.50 %	4.25 %	3.91 %	2.37 %	2.45 %

Investment Strategy

Target allocation percentages among various asset classes are maintained based on an individual investment policy established for each of the various pension plans. Asset allocations are designed to achieve long-term objectives of return while mitigating against downside risk considering expected cash requirements necessary to fund benefit payments. However, the Company cannot predict future investment returns and therefore cannot determine whether future pension plan funding requirements could materially and adversely affect its financial condition, results of operations or cash flows.

Basis for Long-Term Rate of Return on Asset Assumptions

The Company's expected long-term rate of return on asset assumptions are derived from studies conducted by third parties. The studies include a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the plans to determine the average rate of earnings expected. While the studies give appropriate consideration to recent fund performance and historical returns, the assumptions primarily represent expectations about future rates of return over the long term.

(Dollars in millions, except per share data)

	U.S. Defined Benefit Pension Plans	International Defined Benefit Pension Plans
Other information:		
Plan asset allocations:		
Target for September 30, 2024:		
Equity securities	22 %	— %
Debt securities	74 %	5 %
Real estate securities	4 %	— %
Cash and cash equivalents	— %	11 %
Insurance contracts	— %	84 %
September 30, 2023		
Equity securities	18 %	— %
Debt securities	75 %	5 %
Real estate securities	3 %	— %
Cash and cash equivalents	4 %	11 %
Insurance contracts	— %	84 %
September 30, 2022		
Equity securities	17 %	25 %
Debt securities	75 %	44 %
Real estate securities	5 %	— %
Cash and cash equivalents	3 %	1 %
Insurance contracts	— %	30 %
Expected company contributions in fiscal 2024	$ 2.9	$ 1.8
Expected future benefit payments:		
2024	$ 7.4	$ 6.4
2025	7.1	6.7
2026	7.0	6.8
2027	6.8	6.8
2028	6.6	7.0
2029 – 2033	29.4	37.0

(Dollars in millions, except per share data)

The following tables set forth the fair value of the Company's pension plan assets, segregated by level within the fair value hierarchy:

	Fair Value Hierarchy Level	U.S. Defined Benefit Pension Plans		International Defined Benefit Pension Plans	
		2023	2022	2023	2022
Cash and cash equivalents	Level 1	$ 2.2	$ 2.1	$ 14.0	$ 1.7
Insurance contracts	Level 3	—	—	104.3	38.1
Total assets in the fair value hierarchy		$ 2.2	$ 2.1	$ 118.3	$ 39.8
Common collective trusts measured at net asset value					
Real estate		$ 1.8	$ 2.8	$ —	$ —
Equities		10.0	10.0	—	32.6
Fixed income		40.1	44.2	6.5	56.5
Total common collective trusts measured at net asset value		51.9	57.0	6.5	89.1
Total assets at fair value		$ 54.1	$ 59.1	$ 124.8	$ 128.9

The carrying value of cash equivalents approximated their aggregate fair value as of September 30, 2023 and 2022. The valuation of the buy-in insurance policies was calculated on an insurer pricing basis updated for changes in market implied insurance pricing, market rates, and inflation during the year, and was estimated using unobservable inputs. Common collective trusts are not publicly traded and were valued at a net asset value unit price determined by the portfolio's sponsor based on the fair value of underlying assets held by the common collective trust on September 30, 2023 and 2022. The common collective trusts hold underlying investments that have prices derived from quoted prices in active markets. The underlying assets are principally marketable equity and fixed income securities.

(Dollars in millions, except per share data)

NOTE 11. ASSOCIATE MEDICAL BENEFITS

The Company provides comprehensive major medical benefits to its associates. The Company is self-insured for certain health benefits up to $1.0 per occurrence per individual. The cost of such benefits is recognized as expense in the period the claim is incurred and was $40.1, $46.6 and $43.7 in fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

The Company also provides comprehensive major medical benefits to certain retired associates and their dependents. Substantially all of the Company's domestic associates who were hired before January 1, 1998 become eligible for these benefits if they retire at age 55 or older with more than ten years of service. The retiree medical plan requires certain minimum contributions from retired associates and includes provisions to limit the overall cost increases the Company is required to cover. The Company funds its portion of retiree medical benefits as claims are paid.

The following tables set forth information about the retiree medical plan for domestic associates. The retiree medical plan is valued using a September 30 measurement date.

	2023	2022
Change in Accumulated Plan Benefit Obligation ("APBO"):		
Benefit obligation at beginning of year	$ 15.7	$ 20.1
Service cost	0.1	0.2
Interest cost	0.8	0.5
Plan participants' contributions	0.4	0.4
Actuarial gain	(2.2)	(4.0)
Curtailment loss	—	0.6
Benefits paid	(1.5)	(2.1)
Benefit obligation at end of year	$ 13.3	$ 15.7
Change in plan assets:		
Fair value of plan assets at beginning of year	$ —	$ —
Employer contribution	1.1	1.7
Plan participants' contributions	0.4	0.4
Gross benefits paid	(1.5)	(2.1)
Fair value of plan assets at end of year	$ —	$ —
Unfunded status at end of year	$ (13.3)	$ (15.7)

	2023	2022
Amounts recognized in the Consolidated Balance Sheets consist of:		
Current liabilities	$ (1.4)	$ (1.6)
Non-current liabilities	(11.9)	(14.1)
Total amount accrued	$ (13.3)	$ (15.7)
Amounts recognized in AOCL consist of:		
Actuarial (gain) loss	$ (3.4)	$ (1.2)
Prior service credit	—	(0.2)
Total accumulated other comprehensive (income) loss	$ (3.4)	$ (1.4)
Total change in other comprehensive loss attributable to:		
Gain during the period	$ 2.2	$ 3.4
Reclassification to net earnings	(0.2)	(0.9)
Total change in other comprehensive loss	$ 2.0	$ 2.5
Discount rate used in development of APBO	5.98 %	5.60 %

Net periodic benefit cost (income) was $0.7, $(0.2) and $(0.2) during fiscal 2023, fiscal 2022 and fiscal 2021, respectively. For measurement as of September 30, 2023, management has assumed that health care costs will increase at an annual rate of 7.00%, and thereafter decreasing to an ultimate trend rate of 5.00% in 2028.

(Dollars in millions, except per share data)

The following benefit payments under the plan are expected to be paid by the Company and the retirees for the fiscal years indicated:

	Gross Benefit Payments	Retiree Contributions	Net Company Payments
2024	$ 1.8	$ (0.4)	$ 1.4
2025	1.8	(0.4)	1.4
2026	1.9	(0.5)	1.4
2027	1.9	(0.6)	1.4
2028	2.0	(0.7)	1.3
2029 – 2033	9.8	(3.8)	6.0

NOTE 12. DEBT

The components of debt are as follows:

	September 30,	
	2023	2022
Credit Facilities:		
Revolving loans	$ 88.3	$ 300.5
Term loans	925.0	975.0
Senior Notes due 2031 – 4.000%	500.0	500.0
Senior Notes due 2032 – 4.375%	400.0	400.0
Senior Notes due 2029 – 4.500%	450.0	450.0
Senior Notes due 2026 – 5.250%	250.0	250.0
Receivables facility	—	75.0
Finance lease obligations	16.9	28.9
Other	0.4	12.7
Total debt	2,630.6	2,992.1
Less current portions	52.3	144.3
Less unamortized debt issuance costs	20.9	21.6
Long-term debt	$ 2,557.4	$ 2,826.2

The Company’s aggregate scheduled maturities of debt, excluding finance lease obligations, are as follows:

2024	$ 50.4
2025	50.0
2026	50.0
2027	1,113.3
2028	—
Thereafter	1,350.0
	$ 2,613.7

Credit Facilities

On July 5, 2018, the Company entered into a fifth amended and restated credit agreement, which provided the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of $2,300.0, comprised of a revolving credit facility of $1,500.0 and a term loan in the original principal amount of $800.0.

On April 8, 2022, the Company entered into the Sixth A&R Credit Agreement, providing the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of $2,500.0, comprised of a revolving credit facility of $1,500.0 and a term loan in the original principal amount of $1,000.0. The Sixth A&R Credit Agreement replaced the fifth amended and restated credit agreement and will terminate on April 8, 2027. The Sixth A&R Credit Facilities

are available for the issuance of letters of credit up to $100.0. The terms of the Sixth A&R Credit Agreement include customary representations and warranties, affirmative and negative covenants, financial covenants, and events of default.

Under the terms of the Sixth A&R Credit Agreement, loans bear interest, at the Company's election, at a rate per annum equal to either (i) the Alternate Base Rate plus the Applicable Spread (each, as defined in the Sixth A&R Credit Agreement) or (ii) the Adjusted Term SOFR Rate for the Interest Period in effect for such borrowing plus the Applicable Spread (all as defined in the Sixth A&R Credit Agreement). Swingline Loans bear interest at the applicable Swingline Rate set forth in the Sixth A&R Credit Agreement. Interest rates for other select non-U.S. dollar borrowings, including borrowings denominated in euro, Pounds Sterling and Canadian dollars, are based on separate interest rate indices, as set forth in the Sixth A&R Credit Agreement.

On June 8, 2022, the Company entered into Amendment No. 1 to the Sixth A&R Credit Agreement. Amendment No. 1 increased the maximum permitted leverage ratio for the quarterly leverage covenant until April 1, 2024. Amendment No. 1 also increased the interest rate applicable to borrowings under the revolving credit facility by 35 bps and the term loan facility by 50 bps, and increased the annual facility fee rate on the revolving credit facility by 15 bps, in each case, when the Company's quarterly-tested leverage ratio exceeded 4.75.

On July 31, 2023, the Company entered into Amendment No. 2 to the Sixth A&R Credit Agreement. Amendment No. 2 (i) reduces the revolving loan commitments by $250.0; (ii) increases the maximum permitted leverage ratio for the quarterly leverage covenant during the Leverage Adjustment Period; (iii) replaces the interest coverage covenant with a fixed charge coverage covenant; (iv) increases the interest rate applicable to borrowings under the revolving credit facility and the term loan facility by 25 bps for each existing pricing tier and adds a pricing tier applicable to periods when the leverage ratio exceeds 6.00; (v) limits the amount of certain incremental investments, loans and advances to $25.0 during the Leverage Adjustment Period; and (vi) adds the Company's intellectual property (subject to certain exceptions) as collateral to secure its obligations under the Sixth A&R Credit Agreement. Additionally, Amendment No. 2 limits the Company's ability to declare or pay any discretionary dividends, distributions or other restricted payments during the Leverage Adjustment Period to only the payment of (i) regularly scheduled cash dividends to holders of its Common Shares in an aggregate amount not to exceed $225.0 per fiscal year and (ii) other dividends, distributions or other restricted payments in an aggregate amount not to exceed $25.0. Amendment No. 2 also subjects the Company's ability to make certain investments to pro forma compliance with certain leverage levels specified in Amendment No. 2. Pursuant to Amendment No. 2, the Sixth A&R Credit Agreement is secured by (i) a perfected first priority security interest in all of the accounts receivable, inventory, equipment and intellectual property (subject to certain exceptions) of Scotts Miracle-Gro and certain of its domestic subsidiaries and (ii) the pledge of all of the capital stock of certain of Scotts Miracle-Gro's domestic subsidiaries and a portion of the capital stock of certain of its foreign subsidiaries.

At September 30, 2023, the Company had letters of credit outstanding in the aggregate principal amount of $5.0, and had $1,156.7 of borrowing availability under the Sixth A&R Credit Agreement. The weighted average interest rates on average borrowings under the credit facilities, excluding the impact of interest rate swaps, were 7.6%, 2.8% and 1.9% for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

The Sixth A&R Credit Agreement contains, among other obligations, an affirmative covenant regarding the Company's leverage ratio determined as of the end of each of its fiscal quarters calculated as average total indebtedness, divided by the Company's Adjusted EBITDA. Pursuant to Amendment No. 2, the maximum permitted leverage ratio is (i) 7.75 for the fourth quarter of fiscal 2023, (ii) 8.25 for the first quarter of fiscal 2024, (iii) 7.75 for the second quarter of fiscal 2024, (iv) 6.50 for the third quarter of fiscal 2024, (v) 6.00 for the fourth quarter of fiscal 2024, (vi) 5.50 for the first quarter of fiscal 2025, (vii) 5.25 for the second quarter of fiscal 2025, (viii) 5.00 for the third quarter of fiscal 2025, (ix) 4.75 for the fourth quarter of fiscal 2025 and (x) 4.50 for the first quarter of fiscal 2026 and thereafter. The Company's leverage ratio was 6.57 at September 30, 2023. Pursuant to Amendment No. 2, the Sixth A&R Credit Agreement also contains an affirmative covenant regarding the Company's fixed charge coverage ratio determined as of the end of each of its fiscal quarters, calculated as Adjusted EBITDA minus capital expenditures and expense for taxes paid in cash, divided by the sum of interest expense plus restricted payments, as described in Amendment No. 2. The minimum required fixed charge coverage ratio is (i) 0.75 for the fourth quarter of fiscal 2023 through the third quarter of fiscal 2024 and (ii) 1.00 for the fourth quarter of fiscal 2024 and thereafter. The Company's fixed charge coverage ratio was 1.56 for the twelve months ended September 30, 2023.

As of September 30, 2023, the Company was in compliance with all applicable covenants in the agreements governing its debt. Based on the Company's projections of its financial performance for the twelve-month period subsequent to the date of the filing of this Form 10-K, the Company expects to remain in compliance with the financial covenants under the Sixth A&R Credit Agreement. However, the Company's assessment of its ability to meet its future obligations is inherently subjective, judgment-based, and susceptible to change based on future events. A covenant violation may result in an event of default. Such a default would allow the lenders under the Sixth A&R Credit Agreement to accelerate the maturity of the indebtedness

thereunder and would also implicate cross-default provisions under the Senior Notes, and cause the Senior Notes to become due and payable at that time. As of September 30, 2023, the Company's indebtedness under the Sixth A&R Credit Agreement and Senior Notes was $2,613.3. The Company does not have sufficient cash on hand or available liquidity that can be utilized to repay these outstanding amounts in the event of default.

As part of its contingency planning to address potential future circumstances that could result in noncompliance, the Company has contemplated alternative plans including additional restructuring activities to reduce operating expenses and certain cash management strategies that are within the Company's control. Additionally, the Company has contemplated alternative plans that are subject to market conditions and not in the Company's control, including, among others, discussions with its lenders to amend the terms of its financial covenants under the Sixth A&R Credit Agreement and generating cash by completing other financing transactions, which may include issuing equity. There is no assurance that the Company will be successful in implementing these alternative plans.

Senior Notes

On December 15, 2016, Scotts Miracle-Gro issued $250.0 aggregate principal amount of 5.250% Senior Notes due 2026. The 5.250% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company's existing and future unsecured senior debt. The 5.250% Senior Notes have interest payment dates of June 15 and December 15 of each year.

On October 22, 2019, Scotts Miracle-Gro issued $450.0 aggregate principal amount of 4.500% Senior Notes due 2029. The 4.500% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company's existing and future unsecured senior debt. The 4.500% Senior Notes have interest payment dates of April 15 and October 15 of each year.

On March 17, 2021, Scotts Miracle-Gro issued $500.0 aggregate principal amount of 4.000% Senior Notes due 2031. The 4.000% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company's existing and future unsecured senior debt. The 4.000% Senior Notes have interest payment dates of April 1 and October 1 of each year.

On August 13, 2021, Scotts Miracle-Gro issued $400.0 aggregate principal amount of 4.375% Senior Notes due 2032. The 4.375% Senior Notes represent general unsecured senior obligations and rank equal in right of payment with the Company's existing and future unsecured senior debt. The 4.375% Senior Notes have interest payment dates of February 1 and August 1 of each year.

Substantially all of Scotts Miracle-Gro's directly and indirectly owned domestic subsidiaries serve as guarantors of the 5.250% Senior Notes, the 4.500% Senior Notes, the 4.000% Senior Notes and the 4.375% Senior Notes.

The Senior Notes contain an affirmative covenant regarding the Company's interest coverage ratio determined as of the end of each of its fiscal quarters, calculated as Adjusted EBITDA divided by interest expense excluding costs related to refinancings. The minimum required interest coverage ratio is 2.00. The Company's interest coverage ratio was 2.81 for the twelve months ended September 30, 2023.

Receivables Facility

On April 7, 2017, the Company entered into a Receivables Facility under which the Company could sell a portfolio of available and eligible outstanding customer accounts receivable to the purchasers subject to agreeing to repurchase the receivables on a weekly basis. The eligible accounts receivable consisted of accounts receivable generated by sales to three specified customers. The eligible amount of customer accounts receivables which could be sold under the Receivables Facility was $400.0 and the commitment amount during the seasonal commitment period that began on February 24, 2023 and ended on June 16, 2023 was $160.0. The Receivables Facility expired on August 18, 2023.

The sale of receivables under the Receivables Facility was accounted for as short-term debt and the Company continued to carry the receivables on its Consolidated Balance Sheets, primarily as a result of its requirement to repurchase receivables sold. As of September 30, 2022, there were $75.0 in borrowings on receivables pledged as collateral under the Receivables Facility, and the carrying value of the receivables pledged as collateral was $79.8.

Interest Rate Swap Agreements

The Company enters into interest rate swap agreements with major financial institutions that effectively convert a portion of the Company's variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. Swap agreements that were hedging interest payments as of September 30, 2023 and 2022 had a maximum total U.S. dollar equivalent notional amount of $600.0 and $800.0, respectively. On October 26, 2023, the Company executed an interest rate swap agreement with a notional amount that adjusts in accordance with a specified seasonal schedule, and a maximum notional amount of $100.0. This swap agreement has a fixed rate of 4.74%, an effective date of November 20, 2023 and an expiration date of March 22, 2027. The notional amount, effective date, expiration date and rate of each of the swap agreements outstanding at September 30, 2023 are shown in the table below:

Notional Amount ($)		Effective Date (a)	Expiration Date	Fixed Rate
200	(b)	1/20/2022	6/20/2024	0.49 %
200		6/7/2023	6/8/2026	0.80 %
150		6/7/2023	4/7/2027	3.37 %
50		6/7/2023	4/7/2027	3.34 %

(a) The effective date refers to the date on which interest payments are first hedged by the applicable swap agreement.
(b) Notional amount adjusts in accordance with a specified seasonal schedule. This represents the maximum notional amount at any point in time.

Weighted Average Interest Rate

The weighted average interest rates on the Company's debt, including the impact of interest rate swaps, were 5.4%, 3.6% and 3.7% for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

NOTE 13. EQUITY (DEFICIT)

Authorized and issued shares consisted of the following (in millions):

	September 30,	
	2023	2022
Preferred shares, no par value:		
Authorized	0.2 shares	0.2 shares
Issued	0.0 shares	0.0 shares
Common shares, no par value, $0.01 stated value per share:		
Authorized	100.0 shares	100.0 shares
Issued	68.1 shares	68.1 shares

In fiscal 1995, The Scotts Company merged with Stern's Miracle-Gro Products, Inc. ("Miracle-Gro"). At September 30, 2023, the former shareholders of Miracle-Gro, including the Hagedorn Partnership, L.P., owned approximately 24% of Scotts Miracle-Gro's outstanding Common Shares on a fully diluted basis and, therefore, have the ability to significantly influence the election of directors and other actions requiring the approval of Scotts Miracle-Gro's shareholders.

Under the terms of the merger agreement with Miracle-Gro, the former shareholders of Miracle-Gro may not collectively acquire, directly or indirectly, beneficial ownership of Voting Stock (as that term is defined in the Miracle-Gro merger agreement) representing more than 49% of the total voting power of the outstanding Voting Stock, except pursuant to a tender offer for 100% of that total voting power, which tender offer is made at a price per share which is not less than the market price per share on the last trading day before the announcement of the tender offer and is conditioned upon the receipt of at least 50% of the Voting Stock beneficially owned by shareholders of Scotts Miracle-Gro other than the former shareholders of Miracle-Gro and their affiliates and associates.

(Dollars in millions, except per share data)

Accumulated Other Comprehensive Loss

Changes in AOCL by component were as follows for the fiscal years ended September 30:

	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) On Derivative Instruments	Net Unrealized Loss On Securities	Pension and Other Post-Retirement Benefit Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance at September 30, 2020	$ (6.2)	$ (15.1)	$ —	$ (77.8)	$ (99.1)
Other comprehensive income (loss) before reclassifications	4.5	26.8	(3.1)	6.9	35.1
Amounts reclassified from accumulated other comprehensive net income (loss)	—	7.3	—	0.4	7.7
Income tax benefit (expense)	—	(8.9)	0.8	(1.9)	(10.0)
Net current period other comprehensive income (loss)	4.5	25.2	(2.3)	5.4	32.8
Balance at September 30, 2021	(1.7)	10.2	(2.3)	(72.5)	(66.4)
Other comprehensive income (loss) before reclassifications	(27.2)	40.1	(102.0)	(7.3)	(96.4)
Amounts reclassified from accumulated other comprehensive net income (loss)	—	(9.1)	—	11.7	2.6
Income tax benefit (expense)	—	(7.9)	24.6	(1.1)	15.6
Net current period other comprehensive income (loss)	(27.2)	23.1	(77.4)	3.3	(78.2)
Balance at September 30, 2022	(28.9)	33.3	(79.7)	(69.3)	(144.6)
Other comprehensive income (loss) before reclassifications	7.0	5.6	(34.9)	(2.5)	(24.8)
Amounts reclassified from accumulated other comprehensive net income (loss)	—	(23.3)	101.3	(1.6)	76.4
Income tax benefit (expense)	—	4.5	(25.3)	1.0	(19.8)
Net current period other comprehensive income (loss)	7.0	(13.2)	41.1	(3.1)	31.8
Balance at September 30, 2023	$ (21.9)	$ 20.1	$ (38.6)	$ (72.4)	$ (112.8)

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

Share Repurchases

On February 6, 2020, Scotts Miracle-Gro announced that its Board of Directors authorized the repurchase of up to $750.0 of Common Shares from April 30, 2020 through March 25, 2023. There were no share repurchases under this share repurchase authorization during fiscal 2023 through its expiration on March 25, 2023. During fiscal 2022 and fiscal 2021, Scotts Miracle-Gro repurchased 1.1 million and 0.6 million Common Shares under this share repurchase authorization for $175.0 and $113.1, respectively. Treasury share purchases also include cash paid to tax authorities to satisfy statutory income tax withholding obligations related to share-based compensation of $9.3, $82.9 and $16.3 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

(Dollars in millions, except per share data)

Share-Based Awards

In January 2023, the shareholders of Scotts Miracle-Gro approved an amendment and restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan. As of September 30, 2023, the Company is authorized under this plan to grant up to approximately 5.6 million Common Shares, which includes an estimate of the number of Common Shares subject to outstanding awards under the plan that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered without having been exercised, vested, or paid. At September 30, 2023, approximately 3.2 million Common Shares were not subject to outstanding awards and were available to underlie the grant of new share-based awards. Common Shares held in treasury totaling 0.4 million, 0.9 million and 0.4 million were reissued in support of share-based compensation awards under this plan and employee purchases under the employee stock purchase plan during fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Subsequent to September 30, 2023, the Company awarded restricted stock units and stock options representing 1.5 million Common Shares to employees with an estimated grant date fair value of $29.8.

Total share-based compensation was as follows for each of the periods indicated:

	Year Ended September 30,		
	2023	2022	2021
Share-based compensation	$ 68.1	$ 30.3	$ 40.6
Related tax benefit recognized	15.6	4.9	7.4

Excess tax benefit (tax deficiency) related to share-based compensation was $(1.5), $14.8 and $18.3 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Stock Options

Stock option activity was as follows:

	No. of Options	Wtd. Avg. Exercise Price	Wtd Avg Remaining Life	Aggregate Intrinsic Value
Awards outstanding at September 30, 2022	528,471	$ 110.86	4.4 years	
Granted	696,268	52.54		
Forfeited	(33,556)	115.53		
Awards outstanding at September 30, 2023	1,191,183	76.64	6.6 years	$ 0.8
Exercisable	399,223	66.24	2.2 years	—

The weighted average fair value per share of each option granted during fiscal 2023 and fiscal 2021 was $14.25 and $61.15, respectively. There were no options granted during fiscal 2022. The total intrinsic value of options exercised during fiscal 2021 was $41.8. There were no options exercised during fiscal 2023 or fiscal 2022. As of September 30, 2023, there was $2.9 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested stock options that is expected to be recognized over a weighted-average period of 2.0 years. Cash received from the exercise of stock options, including amounts received from employee purchases under the employee purchase plan, was $2.3, $3.3 and $15.2 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

The grant date fair value of stock option awards is estimated using a binomial model. Expected market price volatility is based on implied volatilities from traded options on Common Shares and historical volatility specific to the Common Shares. Historical data, including demographic factors impacting historical exercise behavior, is used to estimate stock option exercises and employee terminations within the valuation model. The risk-free rate for periods within the contractual life of the stock option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of stock options is based on historical experience and expectation for grants outstanding. The weighted average assumptions for awards granted in fiscal 2023 are as follows:

Expected volatility	36.8 %
Risk-free interest rate	4.3 %
Expected dividend yield	3.9 %
Expected life	6.1 years

(Dollars in millions, except per share data)

Restricted share-based awards

Restricted share-based award activity (including restricted stock units and deferred stock units) was as follows:

	No. of Units	Wtd. Avg. Grant Date Fair Value per Unit
Awards outstanding at September 30, 2022	320,575	$ 143.19
Granted	479,787	59.48
Vested	(140,334)	112.64
Forfeited	(48,190)	85.48
Awards outstanding at September 30, 2023	611,838	89.10

The weighted-average grant-date fair value of restricted stock-based awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 was $59.48, $109.10 and $230.95 per share, respectively. As of September 30, 2023, there was $16.5 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested restricted stock-based awards that is expected to be recognized over a weighted-average period of 1.5 years. The total fair value of restricted stock units and deferred stock units vested during fiscal 2023, fiscal 2022 and fiscal 2021 was $11.2, $28.2 and $41.8, respectively.

Performance-based awards

Performance-based award activity was as follows (based on target award amounts):

	No. of Units	Wtd. Avg. Grant Date Fair Value per Unit
Awards outstanding at September 30, 2022	113,256	$ 130.94
Granted	707,665	66.00
Vested [(a)]	(250,586)	69.16
Forfeited	(25,545)	91.56
Awards outstanding at September 30, 2023	544,790	76.85

(a) Vested at a weighted average of 102% of the target performance share units granted.

The weighted-average grant-date fair value of performance-based awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 was $66.00, $132.74 and $236.53 per share, respectively. As of September 30, 2023, there was $1.8 of total unrecognized pre-tax compensation cost, net of estimated forfeitures, related to nonvested performance-based awards that is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of performance-based units vested during fiscal 2023, fiscal 2022 and fiscal 2021 was $17.4, $182.5 and $11.9, respectively.

During fiscal 2023, short-term variable incentive compensation was provided to certain employees as performance-based awards in lieu of a cash-based program. During the third quarter of fiscal 2023, a cumulative adjustment was recognized to share-based compensation expense for certain of these performance-based award units to reflect management's assessment of a lower probability of achievement of performance goals. During the fourth quarter of fiscal 2023, 0.2 million performance-based awards issued in lieu of a cash-based short-term variable incentive compensation program were modified to remove the specified performance targets. As a result of that modification, the Company recognized $10.6 of additional compensation expense during the fourth quarter of fiscal 2023.

Restricted shares issued to vendor

During fiscal 2023, the Company issued 0.8 million restricted shares, with a weighted-average grant date fair value of $52.44 per share, out of its treasury shares to a vendor in exchange for advertising services. As of September 30, 2023, there was $20.7 of total unrecognized pre-tax compensation cost related to these restricted shares that is expected to be recognized during fiscal 2024.

(Dollars in millions, except per share data)

NOTE 14. EARNINGS PER COMMON SHARE

The following table presents information necessary to calculate basic and diluted income per Common Share.

	Year Ended September 30,		
	2023	2022	2021
Income (loss) from continuing operations	$ (380.1)	$ (437.5)	$ 517.3
Net income attributable to noncontrolling interest	—	—	(0.9)
Income (loss) attributable to controlling interest from continuing operations	(380.1)	(437.5)	516.4
Loss from discontinued operations, net of tax	—	—	(3.9)
Net income (loss) attributable to controlling interest	$ (380.1)	$ (437.5)	$ 512.5
Basic income (loss) per common share:			
Weighted-average common shares outstanding during the period	56.0	55.5	55.7
Income (loss) from continuing operations	$ (6.79)	$ (7.88)	$ 9.27
Loss from discontinued operations	—	—	(0.07)
Basic net income (loss) per common share	$ (6.79)	$ (7.88)	$ 9.20
Diluted income (loss) per common share:			
Weighted-average common shares outstanding during the period	56.0	55.5	55.7
Dilutive potential common shares	—	—	1.5
Weighted-average number of common shares outstanding and dilutive potential common shares	56.0	55.5	57.2
Income (loss) from continuing operations	$ (6.79)	$ (7.88)	$ 9.03
Loss from discontinued operations	—	—	(0.07)
Diluted net income (loss) per common share	$ (6.79)	$ (7.88)	$ 8.96
Antidilutive stock options outstanding	0.4	0.2	0.1

Diluted average common shares used in the diluted loss per common share calculation for fiscal 2023 and fiscal 2022 were 56.0 million and 55.5 million, respectively, which excluded potential Common Shares of 0.4 million and 0.6 million, respectively, because the effect of their inclusion would be anti-dilutive as the Company incurred a net loss for fiscal 2023 and 2022.

(Dollars in millions, except per share data)

NOTE 15. INCOME TAXES

The provision (benefit) for income taxes allocated to continuing operations consisted of the following:

	Year Ended September 30,		
	2023	2022	2021
Current:			
Federal	$ 3.7	$ 22.8	$ 113.7
State	0.6	9.3	31.6
Foreign	1.6	8.7	2.7
Total current	5.9	40.8	148.0
Deferred:			
Federal	(62.1)	(125.5)	9.1
State	(5.2)	(23.3)	1.5
Foreign	(11.8)	(12.6)	1.2
Total deferred	(79.1)	(161.4)	11.8
Income tax expense (benefit) from continuing operations	$ (73.2)	$ (120.6)	$ 159.8

The domestic and foreign components of income (loss) from continuing operations before income taxes were as follows:

	Year Ended September 30,		
	2023	2022	2021
Domestic	$ (376.2)	$ (427.3)	$ 670.2
Foreign	(77.1)	(130.8)	6.9
Income (loss) from continuing operations before income taxes	$ (453.3)	$ (558.1)	$ 677.1

A reconciliation of the federal corporate income tax rate and the effective tax rate on income (loss) from continuing operations before income taxes is summarized below:

	Year Ended September 30,		
	2023	2022	2021
Statutory income tax rate	21.0 %	21.0 %	21.0 %
Effect of foreign operations	0.2	(1.6)	(0.2)
State taxes, net of federal benefit	3.2	2.6	3.9
Effect of other permanent differences	(0.8)	2.8	(1.1)
Research and Experimentation and other federal tax credits	0.2	0.2	(0.2)
Effect of tax contingencies	0.1	(1.8)	—
Change in valuation allowances	(8.7)	(0.9)	0.1
Other	1.0	(0.7)	0.1
Effective income tax rate	16.2 %	21.6 %	23.6 %

(Dollars in millions, except per share data)

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities, and operating loss and tax credit carryforwards for tax purposes. The components of the deferred income tax assets and liabilities were as follows:

	September 30,	
	2023	2022
DEFERRED TAX ASSETS		
Intangible assets	$ 79.2	$ 60.8
Lease liabilities	70.0	70.7
Net operating loss carryovers	67.3	21.7
Accrued liabilities	48.7	80.8
Interest limitation carryforward	35.9	—
Convertible debt investments	33.4	25.3
Inventories	26.1	43.2
Foreign tax credit carryovers	16.3	15.0
Outside basis difference in equity investments	10.4	—
Accounts receivable	8.9	8.7
Other	14.9	12.5
Gross deferred tax assets	411.1	338.7
Valuation allowance	(87.7)	(40.7)
Total deferred tax assets	323.4	298.0
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(62.7)	(65.8)
Lease right-of-use assets	(62.1)	(68.6)
Derivative contracts	(5.8)	(10.5)
Outside basis difference in equity investments	—	(14.8)
Other	(4.1)	(3.3)
Total deferred tax liabilities	(134.7)	(163.0)
Net deferred tax asset	$ 188.7	$ 135.0

At September 30, 2023 and 2022, after netting by taxing jurisdiction, net deferred tax assets of $189.8 and $143.5, respectively, were recorded in the "Other assets" line in the Consolidated Balance Sheets, and net deferred tax liabilities of $1.1 and $8.5, respectively, were recorded in the "Other liabilities" line in the Consolidated Balance Sheets.

GAAP requires that a valuation allowance be recorded against a deferred tax asset if it is more likely than not that the tax benefit associated with the asset will not be realized in the future. As shown in the table above, valuation allowances were recorded against $87.7 and $40.7 of deferred tax assets as of September 30, 2023 and 2022, respectively. Most of these valuation allowances relate to losses on convertible debt investments, credits, and net operating losses ("NOLs"), as explained further below.

Deferred tax assets related to unrealized losses on convertible debt investments were $33.4 and $25.3 at September 30, 2023 and 2022, respectively. A full valuation allowance has been established against these losses at September 30, 2023 as the Company does not expect to utilize them prior to their expiration.

Deferred tax assets related to foreign tax credits were $16.3 and $15.0 at September 30, 2023 and 2022, respectively. A full valuation allowance has been established against these foreign tax credits at September 30, 2023 as the Company does not expect to utilize them prior to their expiration. Tax benefits associated with state tax credits will also expire if not utilized and amounted to $1.4 at September 30, 2023 and 2022. A valuation allowance in the amount of $1.3 has been established at September 30, 2023 related to state credits the Company does not expect to utilize.

Deferred tax assets related to certain federal NOLs subject to limitation under IRC §382 from current and prior ownership changes were $10.5 and $10.7 at September 30, 2023 and 2022, respectively. These NOLs will be subject to expiration gradually from fiscal year end 2023 through fiscal year end 2032. The Company determined that $10.2 of these deferred tax assets will expire unutilized due to the closing of statutes of limitation and has established a valuation allowance accordingly at September 30, 2023. The Company had deferred tax assets related to federal NOLs not subject to limitation of $33.3 at September 30, 2023, which can be utilized to reduce future years' tax liabilities.

(Dollars in millions, except per share data)

Deferred tax assets related to foreign NOLs of certain controlled foreign corporations were $8.3 and $3.7 as of September 30, 2023 and 2022, respectively. Due to a history of losses, a valuation allowance of $6.4 has been established against these deferred tax assets as of September 30, 2023. A valuation allowance has also been established against deferred tax assets related to other foreign items of $11.0 at September 30, 2023.

Deferred tax assets related to state NOLs were $15.2 and $7.3 as of September 30, 2023 and 2022, respectively, with carryforward periods ranging from 5 to 20 years. Any losses not utilized within a specific state's carryforward period will expire. A valuation allowance was recorded against $6.9 of these deferred tax assets as of September 30, 2023 for state NOLs that the Company does not expect to realize within their respective carryforward periods. A valuation allowance has also been established against deferred tax assets related to other state items of $2.2 at September 30, 2023.

As of September 30, 2023, the Company maintains its assertions of indefinite reinvestment of the earnings of all material foreign subsidiaries.

The Company had $34.6, $35.8 and $24.1 of gross unrecognized tax benefits related to uncertain tax positions at September 30, 2023, 2022 and 2021, respectively. Included in the September 30, 2023, 2022 and 2021 balances were $31.1, $31.5 and $19.9, respectively, of unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate.

A reconciliation of the unrecognized tax benefits is as follows:

	Year Ended September 30,		
	2023	2022	2021
Balance at beginning of year	$ 35.8	$ 24.1	$ 30.2
Additions for tax positions of the current year	0.2	11.3	0.3
Additions for tax positions of prior years	3.8	2.2	6.1
Reductions for tax positions of prior years	(0.2)	(2.5)	(5.9)
Settlements with tax authorities	(0.1)	1.3	0.2
Expiration of statutes of limitation	(4.9)	(0.6)	(6.8)
Balance at end of year	$ 34.6	$ 35.8	$ 24.1

The Company continues to recognize accrued interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes. As of September 30, 2023, 2022 and 2021, the Company had $3.9, $3.2 and $2.7, respectively, accrued for the payment of interest that, if recognized, would impact the effective tax rate. The Company had $1.3, $1.6 and $1.6 accrued for the payment of penalties as of September 30, 2023, 2022 and 2021, respectively.

Scotts Miracle-Gro or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. Subject to the following exceptions, the Company is no longer subject to examination by these tax authorities for fiscal years prior to 2020. There are currently no ongoing audits with respect to the U.S. federal jurisdiction. With respect to the foreign jurisdictions, a German audit covering fiscal years 2018 through 2020 and a Canadian audit covering fiscal years 2020 through 2021 are in process. The Company is currently under examination by certain U.S. state and local tax authorities covering various periods from fiscal years 2018 through 2021. In addition to the aforementioned audits, certain other tax deficiency notices and refund claims for previous years remain unresolved.

The Company currently anticipates that few of its open and active audits will be resolved within the next twelve months. The Company is unable to make a reasonably reliable estimate as to when or if cash settlements with taxing authorities may occur. Although the outcomes of such examinations and the timing of any payments required upon the conclusion of such examinations are subject to significant uncertainty, the Company does not anticipate that the resolution of these tax matters or any events related thereto will result in a material change to its consolidated financial position, results of operations or cash flows.

(Dollars in millions, except per share data)

NOTE 16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. To manage a portion of the volatility related to these exposures, the Company enters into various financial transactions. The utilization of these financial transactions is governed by policies covering acceptable counterparty exposure, instrument types and other hedging practices. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

Exchange Rate Risk Management

The Company uses currency forward contracts to manage the exchange rate risk associated with intercompany loans and certain other balances denominated in foreign currencies. Currency forward contracts are valued using observable forward rates in commonly quoted intervals for the full term of the contracts. The notional amount of outstanding currency forward contracts was $123.1 and $178.6 at September 30, 2023 and 2022, respectively. Contracts outstanding at September 30, 2023 will mature over the next fiscal quarter.

Interest Rate Risk Management

The Company enters into interest rate swap agreements as a means to hedge its variable interest rate risk on debt instruments. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. The Company has outstanding interest rate swap agreements with major financial institutions that effectively convert a portion of the Company's variable-rate debt to a fixed rate. Interest rate swap agreements are valued based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. Swap agreements that were hedging interest payments as of September 30, 2023 and 2022 had a maximum total U.S. dollar equivalent notional amount of $600.0 and $800.0, respectively. Refer to "NOTE 12. DEBT" for the terms of the swap agreements outstanding at September 30, 2023. Included in the AOCL balance at September 30, 2023 was a gain of $12.3 related to interest rate swap agreements that is expected to be reclassified to earnings during the next twelve months, consistent with the timing of the underlying hedged transactions.

Commodity Price Risk Management

The Company enters into hedging arrangements designed to fix the price of a portion of its projected future urea and diesel requirements. Commodity contracts are valued using observable commodity exchange prices in active markets. Included in the AOCL balance at September 30, 2023 was a loss of $3.2 related to commodity hedges that is expected to be reclassified to earnings during the next twelve months, consistent with the timing of the underlying hedged transactions.

The Company had the following outstanding commodity contracts that were entered into to hedge forecasted purchases:

	September 30,	
	2023	2022
Commodity		
Urea	52,500 tons	54,000 tons
Diesel	1,974,000 gallons	3,150,000 gallons
Heating Oil	966,000 gallons	1,218,000 gallons

(Dollars in millions, except per share data)

Fair Values of Derivative Instruments

The fair values of the Company's derivative instruments, which represent Level 2 fair value measurements, were as follows:

		Assets / (Liabilities)	
		2023	2022
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value**	
Interest rate swap agreements	Prepaid and other current assets	$ 16.7	$ 12.8
	Other assets	14.7	18.2
Commodity hedging instruments	Prepaid and other current assets	2.3	2.4
Total derivatives designated as hedging instruments		$ 33.7	$ 33.4
Derivatives Not Designated as Hedging Instruments	**Balance Sheet Location**		
Currency forward contracts	Prepaid and other current assets	$ 5.6	$ 3.4
Commodity hedging instruments	Prepaid and other current assets	0.9	0.4
Total derivatives not designated as hedging instruments		6.5	3.8
Total derivatives		$ 40.2	$ 37.2

The effect of derivative instruments on AOCL, net of tax, and the Consolidated Statements of Operations for the years ended September 30 was as follows:

	Amount of Gain / (Loss) Recognized in AOCL	
Derivatives in Cash Flow Hedging Relationships	**2023**	**2022**
Interest rate swap agreements	$ 11.3	$ 24.1
Commodity hedging instruments	(7.1)	5.8
Total	$ 4.2	$ 29.9

	Reclassified from AOCL into	Amount of Gain / (Loss)	
Derivatives in Cash Flow Hedging Relationships	**Statement of Operations**	**2023**	**2022**
Interest rate swap agreements	Interest expense	$ 11.5	$ (2.1)
Commodity hedging instruments	Cost of sales	5.9	8.9
Total		$ 17.4	$ 6.8

	Recognized in	Amount of Gain / (Loss)	
Derivatives Not Designated as Hedging Instruments	**Statement of Operations**	**2023**	**2022**
Currency forward contracts	Other income / expense, net	$ (14.7)	$ 17.9
Commodity hedging instruments	Cost of sales	1.2	10.5
Total		$ (13.5)	$ 28.4

NOTE 17. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or the most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following describes the valuation methodologies used for financial assets and liabilities measured or disclosed at fair value on a recurring basis, as well as the general classification within the valuation hierarchy.

Cash Equivalents

Cash equivalents consist of highly liquid financial instruments with original maturities of three months or less. The carrying value of these cash equivalents approximates fair value due to their short-term maturities.

Other

Investment securities in non-qualified retirement plan assets are valued using observable market prices in active markets. Loans receivable were carried at outstanding principal amount. The estimated fair value was determined using an income-based approach, which included market participant expectations of cash flows over the remaining useful life discounted to present value using an appropriate discount rate. The estimate required subjective assumptions to be made, including those related to credit risk and discount rates.

The fair values of convertible debt investments are determined using scenario-based internally developed valuation models that consider a probability-weighted assessment of possible future cash flows related to the debt component and the conversion component of the instruments, discounted to present value using an appropriate discount rate. The probability of amendments to federal laws in the United States to allow for the general cultivation, distribution, and possession of cannabis, and the impact of such amendments on the value of the underlying investments are important assumptions in the fair value estimates. The valuation models and related assumptions require significant judgment. These and other assumptions are impacted by economic conditions and expectations of management and may change in the future based on period specific facts and circumstances.

Debt Instruments

Debt instruments are recorded at cost. The interest rate on borrowings under the Sixth A&R Credit Agreement fluctuates in accordance with the terms of the Sixth A&R Credit Agreement and thus the carrying value is a reasonable estimate of fair value. The fair values of the 4.000% Senior Notes, 4.375% Senior Notes, 4.500% Senior Notes and 5.250% Senior Notes are determined based on quoted market prices. The interest rate on the short-term debt associated with accounts receivable pledged under the Receivables Facility fluctuated in accordance with the terms of the Receivables Facility and thus the carrying value is a reasonable estimate of fair value.

(Dollars in millions, except per share data)

The following table summarizes the fair value of the Company's assets and liabilities for which disclosure of fair value is required:

		2023		2022	
	Fair Value Hierarchy Level	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets					
Cash equivalents	Level 1	$ 1.2	$ 1.2	$ 64.3	$ 64.3
Other					
Investment securities in non-qualified retirement plan assets	Level 1	36.3	36.3	38.4	38.4
Loans receivable	Level 3	—	—	32.8	32.8
Convertible debt investments	Level 3	85.8	85.8	117.0	117.0
Liabilities					
Debt instruments					
Credit facilities – revolving loans	Level 2	88.3	88.3	300.5	300.5
Credit facilities – term loans	Level 2	925.0	925.0	975.0	975.0
Senior Notes due 2031 – 4.000%	Level 2	500.0	380.0	500.0	350.6
Senior Notes due 2032 – 4.375%	Level 2	400.0	304.0	400.0	284.0
Senior Notes due 2029 – 4.500%	Level 2	450.0	366.8	450.0	325.7
Senior Notes due 2026 – 5.250%	Level 2	250.0	233.1	250.0	230.0
Receivables facility	Level 2	—	—	75.0	75.0
Other debt	Level 2	0.4	0.4	12.7	12.7

Changes in the balance of Level 3 convertible debt investments carried at fair value are presented below. There were no transfers into or out of Level 3.

	Year Ended September 30,	
	2023	2022
Fair value at beginning of year	$ 117.0	$ 190.3
Purchases	—	25.0
Total realized / unrealized gains (losses) included in net earnings	(97.6)	3.7
Total realized / unrealized gains (losses) included in OCI	66.4	(102.0)
Fair value at end of year	$ 85.8	$ 117.0

During fiscal 2023, the Company recognized a non-cash, pre-tax other-than-temporary impairment charge related to its convertible debt investments of $101.3 in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations. This charge was driven by revisions to the Company's internal forecasts of cash flows expected to be collected from its convertible debt investments resulting from the accumulation of adverse conditions impacting the cannabis market, including both federal and state level regulatory considerations and persistent industry oversupply conditions.

The amortized cost basis of convertible debt investments was $225.8 and $222.1 at September 30, 2023 and 2022, respectively. At September 30, 2023 and 2022, gross unrealized losses on convertible debt investments were $140.0 and $105.1, respectively, and there were no gross unrealized gains. These investments have been in a continuous unrealized loss position for greater than 12 months as of September 30, 2023. The allowance for expected credit losses was $101.3 and $0.0 at September 30, 2023 and 2022, respectively. At September 30, 2023, the period until scheduled maturity of the Company's convertible debt investments was between 3.9 years and 6.0 years.

(Dollars in millions, except per share data)

Credit losses on convertible debt investments are measured based on the present value of expected future cash flows compared to amortized cost. Impairment losses are recognized through an allowance and recoveries of previously impaired amounts are recorded as an immediate reversal of all or a portion of the allowance. In addition, the allowance for expected credit losses cannot cause the amortized cost net of the allowance to be below fair value. A progression of the allowance for expected credit losses on convertible debt investments is shown below:

	Year Ended September 30, 2023
Balance at beginning of year	$ —
Provision for expected credit losses on securities with no previous allowance	101.3
Balance at end of year	$ 101.3

NOTE 18. LEASES

The Company leases certain property and equipment from third parties under various non-cancelable lease agreements, including industrial, commercial and office properties and equipment that support the management, manufacturing, distribution and research and development of products marketed and sold by the Company. The lease agreements generally require that the Company pay taxes, insurance and maintenance expenses related to the leased assets. At September 30, 2023, the Company had entered into operating leases that were yet to commence with a combined total expected lease liability of $54.1. From time to time, the Company will sublease portions of its facilities, resulting in sublease income. Sublease income and the related cash flows were not material to the consolidated financial statements for fiscal 2023.

The Company leases certain vehicles (primarily cars and light trucks) under agreements that are cancellable after the first year, but typically continue on a month-to-month basis until canceled by the Company. The vehicle leases and certain other non-cancelable operating leases contain residual value guarantees that create a contingent obligation on the part of the Company to compensate the lessor if the leased asset cannot be sold for an amount in excess of a specified minimum value at the conclusion of the lease term. If all such vehicle leases had been canceled as of September 30, 2023, the Company's residual value guarantee would have approximated $5.2.

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

	Balance Sheet Location	September 30, 2023	September 30, 2022
Operating leases:			
Right-of-use assets	Other assets	$ 262.6	$ 288.9
Current lease liabilities	Other current liabilities	76.4	76.2
Non-current lease liabilities	Other liabilities	220.1	223.2
Total operating lease liabilities		$ 296.5	$ 299.4
Finance leases:			
Right-of-use assets	Property, plant and equipment, net	$ 14.5	$ 26.4
Current lease liabilities	Current portion of debt	1.9	6.4
Non-current lease liabilities	Long-term debt	15.0	22.5
Total finance lease liabilities		$ 16.9	$ 28.9

(Dollars in millions, except per share data)

Components of lease cost were as follows:

	Year Ended September 30,		
	2023	2022	2021
Operating lease cost [(a)]	$ 92.3	$ 86.7	$ 70.3
Variable lease cost	28.6	35.9	29.4
Finance lease cost			
Amortization of right-of-use assets	3.0	6.4	6.0
Interest on lease liabilities	0.8	1.2	1.4
Total finance lease cost	$ 3.8	$ 7.6	$ 7.4

(a) Operating lease cost includes amortization of right-of-use assets of $81.0, $75.3 and $62.3 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively. Short-term lease expense is excluded from operating lease cost and was $6.6, $19.1 and $22.8 for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

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

	Year Ended September 30,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases, net	$ 93.0	$ 83.9	$ 66.9
Operating cash flows from finance leases	0.8	1.2	1.4
Financing cash flows from finance leases	2.7	5.9	5.3
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 90.4	$ 71.9	$ 200.0
Finance leases	—	1.5	2.6

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

	September 30, 2023	September 30, 2022
Weighted-average remaining lease term (in years):		
Operating leases	5.4	4.9
Finance leases	9.5	7.3
Weighted-average discount rate:		
Operating leases	5.2 %	3.5 %
Finance leases	4.4 %	4.3 %

Maturities of lease liabilities by fiscal year for the Company's leases as of September 30, 2023 were as follows:

Year	Operating Leases	Finance Leases
2024	$ 88.9	$ 2.6
2025	73.8	2.5
2026	55.1	2.1
2027	31.4	1.8
2028	22.8	1.6
Thereafter	72.8	10.2
Total lease payments	344.8	20.8
Less: Imputed interest	(48.3)	(3.9)
Total lease liabilities	$ 296.5	$ 16.9

(Dollars in millions, except per share data)

On September 21, 2022, the Company completed an asset sale-leaseback transaction relating to a facility in Vancouver, Washington. The Company received proceeds of $44.7, net of selling costs, and the asset had a carrying value of $36.7, resulting in a gain of $8.0 on the transaction which was recorded in the "Impairment, restructuring and other" line in the Consolidated Statements of Operations during fiscal 2022. The leaseback has a term of 3 years and is accounted for as an operating lease.

NOTE 19. COMMITMENTS

At September 30, 2023, the Company had the following unconditional purchase obligations by purchase date that have not been recognized in the Consolidated Balance Sheet:

2024	$	349.8
2025		185.7
2026		136.2
2027		52.1
2028		24.5
Thereafter		51.1
	$	799.4

Purchase obligations primarily represent commitments for materials used in the Company's manufacturing processes, including urea and packaging, as well as commitments for warehouse services, grass seed, marketing services and information technology services.

NOTE 20. CONTINGENCIES

Management regularly evaluates the Company's contingencies, including various judicial and administrative proceedings and claims arising in the ordinary course of business, including product and general liabilities, workers' compensation, property losses and other liabilities for which the Company is self-insured or retains a high exposure limit. Self-insurance accruals are established based on actuarial loss estimates for specific individual claims plus actuarially estimated amounts for incurred but not reported claims and adverse development factors applied to existing claims. Legal costs incurred in connection with the resolution of claims, lawsuits and other contingencies generally are expensed as incurred. In the opinion of management, the assessment of contingencies is reasonable and related accruals, in the aggregate, are adequate; however, there can be no assurance that final resolution of these matters will not have a material effect on the Company's financial condition, results of operations or cash flows.

Regulatory Matters

At September 30, 2023, the Company had recorded liabilities of $2.7 for environmental actions, the majority of which are for site remediation. The Company believes that the amounts accrued are adequate to cover such known environmental exposures based on current facts and estimates of likely outcomes. Although it is reasonably possible that the costs to resolve such known environmental exposures will exceed the amounts accrued, any variation from accrued amounts is not expected to be material.

Other

The Company has been named as a defendant in a number of cases alleging injuries that the lawsuits claim resulted from exposure to asbestos-containing products, apparently based on the Company's historic use of vermiculite in certain of its products. In many of these cases, the complaints are not specific about the plaintiffs' contacts with the Company or its products. The cases vary, but complaints in these cases generally seek unspecified monetary damages (actual, compensatory, consequential and punitive) from multiple defendants. The Company believes that the claims against it are without merit and is vigorously defending against them. No accruals have been recorded in the Company's consolidated financial statements as the likelihood of a loss is not probable at this time; and the Company does not believe a reasonably possible loss would be material to, nor does it expect the ultimate resolution of these cases will have a material adverse effect on, the Company's financial condition, results of operations or cash flows. There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on the Company's financial condition, results of operations or cash flows.

(Dollars in millions, except per share data)

The Company is involved in other lawsuits and claims which arise in the normal course of business. These claims individually and in the aggregate are not expected to result in a material effect on the Company's financial condition, results of operations or cash flows.

NOTE 21. SEGMENT INFORMATION

The Company divides its operations into three reportable segments: U.S. Consumer, Hawthorne and Other. U.S. Consumer consists of the Company's consumer lawn and garden business in the United States. Hawthorne consists of the Company's indoor and hydroponic gardening business. Other primarily consists of the Company's consumer lawn and garden business in Canada. This identification of reportable segments is consistent with how the segments report to and are managed by the chief operating decision maker of the Company. In addition, Corporate consists of general and administrative expenses and certain other income and expense items not allocated to the business segments.

The performance of each reportable segment is evaluated based on several factors, including income (loss) from continuing operations before income taxes, amortization, impairment, restructuring and other charges ("Segment Profit (Loss)"). Senior management uses Segment Profit (Loss) to evaluate segment performance because the Company believes this measure is indicative of performance trends and the overall earnings potential of each segment.

The following tables present financial information for the Company's reportable segments for the periods indicated:

	Year Ended September 30,		
	2023	2022	2021
Net Sales:			
U.S. Consumer	$ 2,843.7	$ 2,928.8	$ 3,197.7
Hawthorne	467.3	716.2	1,424.2
Other	240.3	279.1	303.1
Consolidated	$ 3,551.3	$ 3,924.1	$ 4,925.0
Segment Profit (Loss):			
U.S. Consumer	$ 454.1	$ 568.6	$ 726.7
Hawthorne	(48.1)	(21.1)	163.8
Other	12.4	20.2	42.1
Total Segment Profit	418.4	567.7	932.6
Corporate	(101.6)	(112.4)	(149.7)
Intangible asset amortization	(25.2)	(37.1)	(30.9)
Impairment, restructuring and other	(466.0)	(852.2)	(29.0)
Equity in income (loss) of unconsolidated affiliates	(101.1)	(12.9)	14.4
Interest expense	(178.1)	(118.1)	(78.9)
Other non-operating income, net	0.3	6.9	18.6
Income (loss) from continuing operations before income taxes	$ (453.3)	$ (558.1)	$ 677.1
Depreciation and amortization:			
U.S. Consumer	$ 58.2	$ 55.8	$ 48.6
Hawthorne	25.8	34.8	30.3
Other	5.6	7.0	7.0
Corporate	2.9	7.6	7.9
	$ 92.5	$ 105.2	$ 93.8
Capital expenditures:			
U.S. Consumer	$ 79.6	$ 97.4	$ 78.3
Hawthorne	8.5	12.4	25.0
Other	4.7	3.7	3.6
	$ 92.8	$ 113.5	$ 106.9

(Dollars in millions, except per share data)

	September 30,	
	2023	2022
Total assets:		
U.S. Consumer	$ 2,296.2	$ 2,454.4
Hawthorne	581.6	1,061.5
Other	189.8	197.1
Corporate	346.1	583.8
Consolidated	$ 3,413.7	$ 4,296.8

The following table presents net sales by product category for the periods indicated:

	Year Ended September 30,		
	2023	2022	2021
U.S. Consumer:			
Growing media and mulch	$ 1,223.7	$ 1,192.6	$ 1,286.7
Lawn care	897.4	973.6	1,060.6
Controls	362.9	382.2	402.4
Roundup® marketing agreement	138.7	132.3	145.2
Other, primarily gardening	221.0	248.1	302.8
Hawthorne:			
Lighting	165.9	200.0	452.4
Nutrients	105.3	148.0	324.7
Growing environment	72.5	143.7	264.0
Growing media	67.5	119.0	192.6
Other, primarily hardware	56.1	105.5	190.5
Other:			
Growing media	93.0	96.6	116.7
Lawn care	75.8	92.9	99.2
Other, primarily gardening and controls	71.5	89.6	87.2
Total net sales	$ 3,551.3	$ 3,924.1	$ 4,925.0

The Company's two largest customers accounted for the following percentages of net sales for the fiscal years ended September 30:

	Percentage of Net Sales		
	2023	2022	2021
Home Depot	29 %	28 %	24 %
Lowe's	18 %	15 %	15 %

Accounts receivable for these two largest customers as a percentage of consolidated accounts receivable were 41% and 46% as of September 30, 2023 and 2022, respectively.

(Dollars in millions, except per share data)

The following table presents net sales by geographic area for the periods indicated:

	Year Ended September 30,		
	2023	2022	2021
Net sales:			
United States	$ 3,209.5	$ 3,554.6	$ 4,507.0
International	341.8	369.5	418.0
	$ 3,551.3	$ 3,924.1	$ 4,925.0

Other than the United States, no other country accounted for more than 10% of the Company's net sales for any period presented above.

The following table presents long-lived assets (property, plant and equipment and finite-lived intangibles) by geographic area:

	September 30,	
	2023	2022
Long-lived assets:		
United States	$ 644.4	$ 753.3
International	78.7	109.0
	$ 723.1	$ 862.3

Schedule II—Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2023

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions Other	Additions Charged to Expense	Deductions Credited and Write-Offs	Balance at End of Period
			(In millions)		
Valuation and qualifying accounts deducted from the assets to which they apply:					
Allowance for expected credit losses	$ 14.4	$ —	$ 109.6	$ (7.6)	$ 116.4
Income tax valuation allowance	40.7	9.5	37.8	(0.3)	87.7

Schedule II—Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2022

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions Other	Additions Charged to Expense	Deductions Credited and Write-Offs	Balance at End of Period
			(In millions)		
Valuation and qualifying accounts deducted from the assets to which they apply:					
Allowance for expected credit losses	$ 16.8	$ —	$ 5.8	$ (8.2)	$ 14.4
Income tax valuation allowance	32.3	—	9.0	(0.6)	40.7

Schedule II—Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2021

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions Other	Additions Charged to Expense	Deductions Credited and Write-Offs	Balance at End of Period
			(In millions)		
Valuation and qualifying accounts deducted from the assets to which they apply:					
Allowance for expected credit losses	$ 7.5	$ —	$ 11.1	$ (1.8)	$ 16.8
Income tax valuation allowance	33.8	—	3.0	(4.5)	32.3

The Scotts Miracle-Gro Company

Index to Exhibits

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
3.1(a)	Initial Articles of Incorporation of The Scotts Miracle-Gro Company filed on November 22, 2004	8-K	3.1	March 24, 2005	
3.1(b)	Certificate of Amendment by Shareholders to Articles of Incorporation of The Scotts Miracle-Gro Company filed on March 18, 2005	8-K	3.2	March 24, 2005	
3.2	Code of Regulations of The Scotts Miracle-Gro Company	8-K	3.3	March 24, 2005	
4.1(a)	Indenture, dated as of December 15, 2016, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	8-K	4.1	December 16, 2016	
4.1(b)	First Supplemental Indenture, dated July 17, 2018, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	10.4	August 8, 2018	
4.1(c)	Second Supplemental Indenture, dated March 24, 2020, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.2	May 6, 2020	
4.1(d)	Third Supplemental Indenture, dated March 29, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.2	May 12, 2021	
4.1(e)	Fourth Supplemental Indenture, dated June 24, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.1	August 11, 2021	
4.1(f)	Form of 5.250% Senior Notes due 2026 (included in Exhibit 4.1)	8-K	4.2	December 16, 2016	
4.2(a)	Indenture, dated as of October 22, 2019, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	8-K	4.1	October 28, 2019	
4.2(b)	First Supplemental Indenture, dated March 24, 2020, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.1	May 6, 2020	
4.2(c)	Second Supplemental Indenture, dated March 29, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.3	May 12, 2021	
4.2(d)	Third Supplemental Indenture, dated June 24, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.2	August 11, 2021	
4.2(e)	Form of 4.500% Senior Notes due 2029 (included in Exhibit 4.1)	8-K	4.2	October 28, 2019	
4.3(a)	Indenture, dated as of March 17, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	8-K	4.1	March 17, 2021	
4.3(b)	First Supplemental Indenture, dated as of June 24, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	10-Q	4.3	August 11, 2021	
4.3(c)	Form of 4.000% Senior Notes due 2031 (included in Exhibit 4.1)	8-K	4.2	March 17, 2021	
4.4(a)	Indenture, dated as of August 13, 2021, by and among The Scotts Miracle-Gro Company, the Guarantors (as defined therein) and U.S. Bank National Association, as trustee	8-K	4.1	August 13, 2021	
4.4(b)	Form of 4.375% Senior Notes due 2032 (included in Exhibit 4.1)	8-K	4.2	August 13, 2021	
4.5	Agreement to furnish copies of instruments and agreements defining rights of holders of long-term debt				X
4.6	Description of Capital Stock	10-K	4.4	November 27, 2019	

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.1(a)(i)	Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022, by and among The Scotts Miracle-Gro Company, as a Borrower; the Subsidiary Borrowers (as defined therein); JPMorgan Chase Bank, N.A., as Administrative Agent; Wells Fargo Bank, National Association, Mizuho Bank, Ltd. and Bank of America, N.A., as Co-Syndication Agents; CoBank, ACB, Fifth Third Bank, National Association, Coöperatieve Rabobank U.A., New York Branch, Sumitomo Mitsui Banking Corporation, TD Bank N.A. and Truist Bank, as Co-Documentation Agents; and the several other banks and other financial institutions from time to time parties thereto	8-K	10.1	April 14, 2022	
10.1(a)(ii)	Amendment No. 1, dated June 8, 2022, to Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022, by and among The Scotts Miracle-Gro Company, as a Borrower; the Subsidiary Borrowers (as defined therein); JPMorgan Chase Bank, N.A., as Administrative Agent; Wells Fargo Bank, National Association, Mizuho Bank, Ltd. and Bank of America, N.A., as Co-Syndication Agents; CoBank, ACB, Fifth Third Bank, National Association, Coöperatieve Rabobank U.A., New York Branch, Sumitomo Mitsui Banking Corporation, TD Bank N.A. and Truist Bank, as Co-Documentation Agents; and the several other banks and other financial institutions from time to time parties thereto	8-K	10.1	June 8, 2022	
10.1(a)(iii)	Amendment No. 2, dated July 31, 2023, to Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022, by and among The Scotts Miracle-Gro Company, as a Borrower; the Subsidiary Borrowers (as defined therein); JPMorgan Chase Bank, N.A., as Administrative Agent; Wells Fargo Bank, National Association, Mizuho Bank, Ltd. and Bank of America, N.A., as Co-Syndication Agents; CoBank, ACB, Fifth Third Bank, National Association, Coöperatieve Rabobank U.A., New York Branch, Sumitomo Mitsui Banking Corporation, TD Bank N.A. and Truist Bank, as Co-Documentation Agents; and the several other banks and other financial institutions from time to time parties thereto				X
10.1(b)(i)	Sixth Amended and Restated Guarantee and Collateral Agreement, dated as of April 8, 2022, made by The Scotts Miracle-Gro Company, each domestic Subsidiary Borrower under the Sixth Amended and Restated Credit Agreement, and certain of its and their domestic subsidiaries, in favor of JPMorgan Chase Bank, N.A., as Administrative Agent	8-K	10.2	April 14, 2022	
10.1(b)(ii)	Amendment No. 1, dated July 31, 2023, to Sixth Amended and Restated Guarantee and Collateral Agreement, dated as of April 8, 2022, made by The Scotts Miracle-Gro Company, each domestic Subsidiary Borrower under the Sixth Amended and Restated Credit Agreement, and certain of its and their domestic subsidiaries, in favor of JPMorgan Chase Bank, N.A., as Administrative Agent				X
10.2(a)†	The Scotts Miracle-Gro Company Long-Term Incentive Plan (reflects amendment and restatement of plan formerly known as The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan) [January 17, 2013 through January 26, 2017 version]	8-K	10.1	January 24, 2013	
10.2(b)†	Form of Standard Nonqualified Stock Option Award Agreement for Employees used to evidence grants made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 17, 2013 through January 26, 2017 version]	10-Q	10.7	May 7, 2015	
10.3(a)†	The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 27, 2017 through January 23, 2022 version]	8-K	10.1	January 30, 2017	
10.3(b)†	Form of Standard Restricted Stock Unit Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 27, 2017 through January 23, 2022 version]				X
10.3(c)†	Form of Standard Nonqualified Stock Option Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 27, 2017 through January 23, 2022 version]				X

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.3(d)†	Form of Deferred Stock Unit Award Agreement for Non-Employee Directors Retainer Deferrals (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 27, 2017 through January 23, 2022 version]	10-K	10.3(g)	November 29, 2018	
10.3(e)†	Form of Standard Deferred Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 27, 2017 through January 23, 2022 version]				X
10.4(a)†	The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]	8-K	10.1	January 27, 2022	
10.4(b)†	Form of Standard Performance Unit Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]	10-K	10.4(b)	November 28, 2022	
10.4(c)†	Form of Standard Restricted Stock Unit Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]				X
10.4(d)†	Form of Standard Nonqualified Stock Option Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]				X
10.4(e)†	Form of Deferred Stock Unit Award Agreement for Non-Employee Directors Retainer Deferrals (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]				X
10.4(f)†	Form of Standard Restricted Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan [January 24, 2022 through January 22, 2023]				X
10.5(a)†	The Scotts Miracle-Gro Company Long-Term Incentive Plan (effective as of January 23, 2023)	8-K	10.1	January 27, 2023	
10.5(b)†	Form of Special Restricted Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan	8-K	10.2	January 27, 2023	
10.5(c)†	Form of Standard Restricted Stock Unit Award Agreement for Non-Employee Directors (with Related Dividend Equivalents) used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan				X
10.5(d)†	Form of Standard Performance Unit Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Long-Term Incentive Plan	8-K	10.1	February 1, 2023	
10.5(e)†	Form of Standard Nonqualified Stock Option Award Agreement for Employees used to evidence grants which may be made under The Scotts Miracle-Gro Company Long-Term Incentive Plan				X
10.6(a)†	The Scotts Company LLC Amended and Restated Executive Incentive Plan (effective as of October 1, 2019)	10-Q	10	August 5, 2020	
10.6(b)†	Form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (now known as The Scotts Company LLC Amended and Restated Executive Incentive Plan)	10-Q	10.1	August 10, 2006	
10.7†	The Scotts Company LLC Executive Retirement Plan, as Amended and Restated as of January 1, 2015 (executed December 31, 2014)	10-Q	10.2	February 5, 2015	

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.8(a)†	Employee Confidentiality, Noncompetition, Nonsolicitation Agreement, dated as of December 12, 2013, by and between The Scotts Company LLC, all companies controlled by, controlling or under common control with The Scotts Company LLC, and James Hagedorn	8-K	10.2	December 17, 2013	
10.8(b)†	Executive Severance Agreement, dated as of December 11, 2013, by and between The Scotts Company LLC and James Hagedorn	8-K	10.1	December 17, 2013	
10.9†	Summary of Compensation for Nonemployee Directors of The Scotts Miracle-Gro Company (effective as of January 23, 2023)				X
10.10(a)†	The Scotts Company LLC Executive Severance Plan, adopted on April 25, 2017	10-Q	10.9	May 10, 2017	
10.10(b)†	Form of Tier 1 Participation Agreement under The Scotts Company LLC Executive Severance Plan	10-Q	10.10	May 10, 2017	
10.11	Third Amended and Restated Exclusive Agency and Marketing Agreement, entered into on July 29, 2019 and effective as of August 1, 2019, between Monsanto Company and The Scotts Company LLC	8-K	10.2	July 31, 2019	
10.12†	Form of Aircraft Time Sharing Agreement for Executive Officers	10-Q	10.4	May 11, 2016	
10.13†	Separation Agreement and Release of All Claims, effective as of October 4, 2022, by and between The Scotts Company LLC and Cory J. Miller	8-K	10.1	October 4, 2022	
10.14†	Separation Agreement and Release of All Claims, entered into on October 6, 2023, by and between The Scotts Company LLC and Michael C. Lukemire	8-K	10.1	October 10, 2023	
10.15(a)†	Retention Agreement, dated August 20, 2018, by and between The Scotts Company LLC and Denise S. Stump	8-K	10.3	August 24, 2018	
10.15(b)†	Separation Agreement and Release of All Claims, entered into on November 12, 2023, by and between The Scotts Company LLC and Denise S. Stump	8-K	10.1	November 16, 2023	
10.16	Master Receivables Purchase Agreement, dated October 27, 2023, by and among The Scotts Company LLC, The Scotts Miracle-Gro Company and JPMorgan Chase Bank, N.A.	8-K	10.1	November 1, 2023	
10.17	Performance Undertaking, dated October 27, 2023, by The Scotts Miracle-Gro Company in favor of JP Morgan Chase Bank, N.A.	8-K	10.2	November 1, 2023	
21	Subsidiaries of The Scotts Miracle-Gro Company				X
22	Guarantor Subsidiaries				X
23	Consent of Independent Registered Public Accounting Firm — Deloitte & Touche LLP				X
24	Powers of Attorney of Executive Officers and Directors of The Scotts Miracle-Gro Company				X
31.1	Rule 13a-14(a)/15d-14(a) Certifications (Principal Executive Officer)				X
31.2	Rule 13a-14(a)/15d-14(a) Certifications (Principal Financial Officer)				X
32	Section 1350 Certifications (Principal Executive Officer and Principal Financial Officer)				X
101.SCH	XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	XBRL Taxonomy Extension Label Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

† Management contract, compensatory plan or arrangement.

Exhibit 4.5

November 22, 2023

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: The Scotts Miracle-Gro Company – Annual Report on Form 10-K for the fiscal year ended September 30, 2023

Ladies and Gentlemen:

The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro"), is today filing its Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the "Form 10-K").

Neither Scotts Miracle-Gro nor any of its consolidated subsidiaries has outstanding any instrument or agreement with respect to its long-term debt, other than those filed or incorporated by reference as an exhibit to the Form 10-K, under which the total amount of long-term debt authorized exceeds ten percent (10%) of the total assets of Scotts Miracle-Gro and its subsidiaries on a consolidated basis. In accordance with the provisions of Item 601(b)(4)(iii) of SEC Regulation S-K, Scotts Miracle-Gro hereby agrees to furnish to the SEC, upon request, a copy of each such instrument or agreement defining the rights of holders of long-term debt of Scotts Miracle-Gro or the rights of holders of long-term debt of one of Scotts Miracle-Gro's consolidated subsidiaries, in each case which is not being filed or incorporated by reference as an exhibit to the Form 10-K.

Very truly yours,

THE SCOTTS MIRACLE-GRO COMPANY

/s/ MATTHEW E. GARTH

Matthew E. Garth
Executive Vice President, Chief Financial Officer and Chief Administrative Officer

AMENDMENT NO. 2

Dated as of July 31, 2023

To

SIXTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of April 8, 2022

THIS AMENDMENT NO. 2 (this "Amendment") is made as of July 31, 2023 by and among The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), The Scotts Company LLC, an Ohio limited liability company ("Scotts"), Scotts Canada Ltd., a company organized under the laws of Canada ("Scotts Canada"), the Subsidiary Borrowers listed on the signature pages hereto (together with the Company, Scotts, and Scotts Canada, each a "Borrower" and, collectively, the "Borrowers"), the other Loan Parties listed on the signature pages hereto, the Lenders listed on the signature pages hereto, and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), under that certain Sixth Amended and Restated Credit Agreement dated as of April 8, 2022 by and among the Borrowers, the Lenders and the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time immediately prior to the date hereof, the "Existing Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Existing Credit Agreement.

WHEREAS, the Company has requested that the Lenders and the Administrative Agent agree to a certain amendment to the Existing Credit Agreement;

WHEREAS, the Borrowers, the Lenders party hereto, constituting the Required Lenders, and the Administrative Agent have agreed to amend the Existing Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers, the Lenders party hereto, constituting the Required Lenders, and the Administrative Agent hereby agree to enter into this Amendment.

1. Amendments to the Credit Agreement. The parties hereto agree that, effective as of the Amendment Effective Date (as defined below):

(a) the Existing Credit Agreement (including Schedule 2.01A thereto) is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Existing Credit Agreement (including Schedule 2.01A thereto) attached as Annex A hereto; and

(b) Schedule 1.01B of the Existing Credit Agreement is hereby restated in its entirety as attached as Annex B hereto.

The Existing Credit Agreement as so amended pursuant to this Section 1, is referred to in this Amendment as the "Amended Credit Agreement".

2. Consent. Notwithstanding anything to the contrary in the Amended Credit Agreement or the other Loan Documents, subject to the terms and conditions set forth herein, the

Administrative Agent and Required Lenders hereby consent to the consummation of the Project Bob Transaction, including, without limitation, all pre-consummation internal reorganizational steps generally described in the materials delivered to the Administrative Agent and the Lenders prior to the Amendment Effective Date.

3. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent (the date of such satisfaction, the "Amendment Effective Date"):

(a) the Administrative Agent (or its counsel) shall have received counterparts (or written evidence reasonably satisfactory to the Administrative Agent that such party has signed a counterpart) of this Amendment duly executed by (A) each Loan Party, (B) the Administrative Agent, and (C) the Lenders constituting at least the Required Lenders;

(b) the Administrative Agent shall have received (or provisions reasonably satisfactory to the Administrative Agent shall have been made for the payment of) a non-refundable fee for the account of each Lender party hereto, equal to the product of 0.25% and the sum of (i) such Lender's Revolving Commitment and (ii) the principal amount of its outstanding Term Loans, in each case immediately after giving effect to this Amendment on the Amendment Effective Date;

(c) the Administrative Agent shall have received such collateral and security documents, legal opinions and documents and certificates as the Administrative Agent or its counsel may reasonably request relating, all in form and substance reasonably satisfactory to the Administrative Agent;

(d) the Administrative Agent shall have made such reallocations of each Lender's Applicable Percentage of the Revolving Credit Exposure under the Amended Credit Agreement as are necessary in order that the Revolving Credit Exposure as of the Amendment Effective Date with respect to such Lender reflects such Lender's Applicable Percentage of the Revolving Credit Exposure under the Amended Credit Agreement (it being understood and agreed that the Company will not be obligated to compensate any Lender for any losses, costs and expenses incurred by such Lender in connection with the sale and assignment of any Loans and the reallocation described in this clause (d) pursuant to Section 2.16 of the Amended Credit Agreement); and

(e) unless otherwise waived by the Administrative Agent, the Administrative Agent shall have received (or provisions reasonably satisfactory to the Administrative Agent shall have been made for the reimbursement of) the Administrative Agent's and its Affiliates' reasonable and documented out-of-pocket fees and expenses (including, to the extent invoiced in advance of the Amendment Effective Date, reasonable fees and expenses of counsel for the Administrative Agent) in connection with this Amendment.

4. Representations and Warranties of the Borrowers. Each Borrower hereby represents and warrants to the Administrative Agent and each Lender party hereto, on and as of the Amendment Effective Date:

(a) This Amendment and the Amended Credit Agreement as modified hereby constitute legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) (i) No Event of Default or Default has occurred and is continuing and (ii) the representations and warranties of such Borrower set forth in the Amended Credit Agreement, as amended hereby, are true and correct in all material respects (or, in the case of any representation or warranty qualified by materiality or Material Adverse Effect, in all respects), except to the extent such representations and warranties specifically refer to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (or, in the case of any representation or warranty qualified by materiality or Material Adverse Effect, in all respects) as of such earlier date).

5. Consent and Reaffirmation. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the Loan Parties consents to this Amendment and reaffirms the terms and conditions of the Collateral Agreement and any other Loan Document executed by such Loan Party and acknowledges and agrees that the Collateral Agreement and each and every such Loan Document executed by such Loan Party in connection with the Amended Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

6. Reference to and Effect on the Loan Documents.

(a) Upon and after the Amendment Effective Date, each reference to the Amended Credit Agreement in the Amended Credit Agreement or any other Loan Document shall mean and be a reference to the Amended Credit Agreement.

(b) Each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Amended Credit Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment is a Loan Document under (and as defined in) the Amended Credit Agreement.

7. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

8. Submission To Jurisdiction; Waivers. Each Borrower hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment and any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims, cross-claims or third party claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court;

(b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Amendment or any other Loan Document in any court referred to in paragraph (a) of

this Section. Each Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court;

(c) agrees that service of process in any such action or proceeding may be effected in accordance with Section 9.01 of the Amended Credit Agreement; and

(d) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in Section 9.03(d) of the Amended Credit Agreement any special, indirect, consequential or punitive damages.

9. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

10. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

THE SCOTTS MIRACLE-GRO COMPANY,
as the Company

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

THE SCOTTS COMPANY LLC,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS CANADA LTD.,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

HYPONEX CORPORATION,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS MANUFACTURING COMPANY,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS TEMECULA OPERATIONS, LLC,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SMG GROWING MEDIA, INC.,
as a Subsidiary Borrower

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

MIRACLE-GRO LAWN PRODUCTS, INC.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

OMS INVESTMENTS, INC.

By: /s/ GREGORY A. LIENING
Name: Gregory A. Liening
Title: President and Chief Executive Officer

SCOTTS PRODUCTS CO.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS PROFESSIONAL PRODUCTS CO.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS-SIERRA INVESTMENTS LLC

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

SWISS FARMS PRODUCTS, INC.

By: /s/ GREGORY A. LIENING
Name: Gregory A. Liening
Title: President and Chief Executive Officer

SANFORD SCIENTIFIC, INC.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

ROD MCLELLAN COMPANY

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SMGM LLC

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

GENSOURCE, INC.

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Treasurer

HAWTHORNE HYDROPONICS LLC

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

HGCI, INC.

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President

THE HAWTHORNE GARDENING COMPANY

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

1868 VENTURES LLC

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS LIVE GOODS HOLDINGS, INC.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

AEROGROW INTERNATIONAL, INC.

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

THE HAWTHORNE COLLECTIVE, INC.

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Treasurer

JPMORGAN CHASE BANK, N.A., individually as
a Lender, as the Swingline Lender, as an Issuing
Bank and as Administrative Agent

By: /s/ RUPAM AGRAWAL
Name: Rupam Agrawal
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ WALKER HIGGINS
Name: Walker Higgins
Title: Director

MIZUHO BANK, LTD., as a Lender

By: /s/ TRACY RAHN
Name: Tracy Rahn
Title: Executive Director

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

By: /s/ JOHN DOROST
Name: John Dorost
Title: Vice President

COBANK, ACB, as a Lender

By: /s/ NATALYA RIVKIN
Name: Natalya Rivkin
Title: Managing Director

FIFTH THIRD BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ JOSE A. ROSADO
Name: Jose A. Rosado
Title: Senior Vice President

COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as a Lender

By: /s/ ELIZABETH HALFIN
Name: Elizabeth Halfin
Title: Vice President

By: /s/ ROBERT GRAFF
Name: Robert Graff
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION, as a Lender

By: /s/ ROSA PRITSCH
Name: Rosa Pritsch
Title: Director

TD BANK, N.A., as a Lender

By: /s/ STEVE LEVI
Name: Steve Levi
Title: Senior Vice President

TRUIST BANK, as a Lender

By: /s/ TESHA WINSLOW
Name: Tesha Winslow
Title: Director

CITIZENS BANK, N.A., as a Lender

By: /s/ DAVID W. STACK
Name: David W. Stack
Title: Senior Vice President

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ TODD KENNEDY
Name: Todd Kennedy
Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ PETER HALE
Name: Peter Hale
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ DAVID C. BECKETT
Name: David C. Beckett
Title: Senior Vice President

PNC BANK CANADA BRANCH

By: /s/ BEAU FILKOWSKI
Name: Beau Filkowski
Title: Senior Vice President

CAPITAL ONE, N.A., as a Lender

By: /s/ ANUJ DHINGRA
Name: Anuj Dhingra
Title: Duly Authorized Signatory

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ DAN MARTIS
Name: Dan Martis
Title: Authorized Signatory

THE NORTHERN TRUST COMPANY,
as a Lender

By: /s/ ANDREW D. HOLTZ
Name: Andrew D. Holtz
Title: Senior Vice President

TRISTATE CAPITAL BANK, as a Lender

By: /s/ ELLEN FRANK
Name: Ellen Frank
Title: Senior Vice President

ANNEX A

Attached

TABLE OF CONTENTS

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreed Currencies" means (i) Dollars, (ii) euro, (iii) Pounds Sterling, (iv) Canadian Dollars, and (v) any other currency (other than Dollars) (x) that is a lawful currency that is readily available and freely transferable and convertible into Dollars and (y) that is agreed to by the Administrative Agent and each of the Global Tranche Lenders.

"Agreement" has the meaning assigned to such term in the introductory paragraph.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the FRBNY Rate in effect on such day plus ½ of 1% and (c) the Adjusted Term SOFR Rate for a one month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the FRBNY Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the FRBNY Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.14(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Amendment No. ~~1~~2 Effective Date" means ~~June 8~~July 31, ~~2022~~2023.

"Ancillary Document" has the meaning assigned to it in Section 9.06.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Anti-Money Laundering Laws" means applicable laws or regulations in any jurisdiction in which the Company or any Subsidiary is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"Applicable Lender" has the meaning assigned to such term in Section 2.06(d).

"Applicable Party" has the meaning assigned to it in Section 8.03(c).

"Applicable Percentage" means (a) with respect to any Global Tranche Lender, its Global Tranche Percentage, (b) with respect to any US Tranche Lender, its US Tranche Percentage and (c) with

respect to any Term Lender, a percentage equal to a fraction the numerator of which is such Term Lender's outstanding principal amount of the Term Loans and the denominator of which is the aggregate outstanding principal amount of the Term Loans of all Term Lenders.

"Applicable Facility Fee Rate" and "Applicable Spread" means, for any day, (a) with respect to any Incremental Term Loan of any Series, the rate per annum specified in the Incremental Facility Agreement establishing the Incremental Term Loan Commitments of such Series and (b) with respect to any Term Benchmark Revolving Loan, RFR Revolving Loan, any Term Benchmark Tranche A Term Loan, RFR Tranche A Term Loan, any ABR Revolving Loan, any ABR Tranche A Term Loan or with respect to the facility fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Term Benchmark Spread for Revolving Loans", "RFR Benchmark Spread for Revolving Loans", "Term Benchmark Spread for Tranche A Term Loans", "ABR Spread for Revolving Loans", "ABR Spread for Tranche A Term Loans" or "Facility Fee Rate", as the case may be, based upon the Leverage Ratio applicable on such date:

	Leverage Ratio:	Term Benchmark Spread for Revolving Loans	RFR Spread for Revolving Loans	Term Benchmark Spread for Tranche A Term Loans	ABR Spread for Revolving Loans	ABR Spread for Tranche A Term Loans	Facility Fee Rate
Category 1:	≤ 2.25 to 1.00	~~0.80~~1.05%	~~0.80~~1.05%	~~1.00~~1.25%	~~0~~0.05%	~~0~~0.25%	0.20%
Category 2:	> 2.25 to 1.00 but ≤ 3.25 to 1.00	~~1.00~~1.25%	~~1.00~~1.25%	~~1.25~~1.50%	~~0~~0.25%	~~0.25~~0.50%	0.25%
Category 3:	> 3.25 to 1.00 but ≤ 4.25 to 1.00	~~1.20~~1.45%	~~1.20~~1.45%	~~1.50~~1.75%	~~0.20~~0.45%	~~0.50~~0.75%	0.30%
Category 4:	> 4.25 to 1.00 but ≤ 4.75 to 1.00	~~1.40~~1.65%	~~1.40~~1.65%	~~1.75~~2.00%	~~0.40~~0.65%	~~0.75~~1.00%	0.35%
Category 5:	> 4.75 to 1.00 but ≤ 6.00 to 1.00	~~1.75~~2.00%	~~1.75~~2.00%	~~2.25~~2.50%	~~0.75~~1.00%	~~1.25~~1.50%	0.50%
Category 6:	> 6.00 to 1.00	2.25%	2.25%	2.75%	1.25%	1.75%	0.50%

For purposes of the foregoing,

(i) if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category ~~5~~6 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Category then in effect shall be effective three (3) Business Days after the Administrative Agent has received the applicable Financials (it being understood

and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) notwithstanding the foregoing, Category ~~3~~6 shall be deemed to be applicable from and after the Amendment No. 2 Effective Date until the Administrative Agent's receipt of the applicable Financials for the Company's fiscal quarter ending on or about ~~April 2, 2022~~July 1, 2023 and adjustments to the Category then in effect shall thereafter be effected in accordance with the preceding paragraphs.

"Applicable Time" means, with respect to any Borrowings and payments in any Foreign Currency, the local time in the place of settlement for such Foreign Currency as may be determined by the Administrative Agent or the Issuing Bank, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Approved Electronic Platform" has the meaning assigned to such term in Section 8.03(a).

"Approved Fund" has the meaning assigned to such term in Section 9.04(b).

"Arranger" means each of JPMorgan Chase Bank, N.A., Wells Fargo Securities, LLC, Mizuho Bank, Ltd. and BofA Securities, Inc., in its capacity as a joint bookrunner and a joint lead arranger hereunder.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark for any Agreed Currency, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of Section 2.14.

"Average Consolidated Net Indebtedness" means the average of the Consolidated Net Indebtedness of the Company at the end of each of the four most recent consecutive fiscal quarters.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Bonnie" has the meaning assigned to it under the definition of Subsidiary.

"Borrower" means the Company or any Subsidiary Borrower.

"Borrowing" means (a) Revolving Loans of the same Type and Tranche, made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect, (b) a Term Loan of the same Type, made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect or (c) a Swingline Loan.

"Borrowing Request" means a request by any Borrower (or the Company on behalf of the applicable Borrower) for a Borrowing in accordance with Section 2.03 in the form attached hereto as Exhibit E-1 or such other form as is reasonably satisfactory to the Administrative Agent.

"Business Day" means, any day (other than a Saturday or a Sunday) on which banks are open for business in New York City or Chicago; *provided* that (i) in relation to Loans denominated in Pounds Sterling, any day (other than a Saturday or a Sunday) on which banks are open for business in London, (ii) in relation to Loans denominated in euro and in relation to the calculation or computation of the EURIBO Rate, any day which is a TARGET Day, (iii) in relation to Loans denominated in Canadian Dollars and in relation to the calculation or computation of the CDOR Rate or the Canadian Prime Rate, any day (other than a Saturday or a Sunday) on which banks are open for business in Toronto and (iv) in relation to RFR Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such RFR Loan, or any other dealings in the applicable Agreed Currency of such RFR Loan, any such day that is only an RFR Business Day.

"CAM Exchange" means the exchange of the Lenders' interests provided for in Article X.

"CAM Exchange Date" means the first date on which there shall occur (a) any event referred to in clause (f) of Article VII with respect to the Company or (b) an acceleration of Loans pursuant to Article VII.

"CAM Percentage" means, as to each Revolving Lender, a fraction, expressed as a decimal, of which (a) the numerator shall be the aggregate Dollar Amount (determined on the CAM Exchange Date) of the Designated Obligations owed to such Lender (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date and (b) the denominator shall be the

Dollar Amount (as so determined) of the Designated Obligations owed to all the Revolving Lenders (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date.

"Canadian Borrower" means (i) the Initial Canadian Borrower and (ii) any other Borrower that is organized under the laws of Canada or any province or territory thereof.

"Canadian Dollars" means the lawful currency of Canada.

"Canadian Prime Rate" means, on any day, the rate determined by the Administrative Agent to be the higher of (i) the rate equal to the PRIMCAN Index rate that appears on the Bloomberg screen at 10:15 a.m. Toronto time on such day (or, in the event that the PRIMCAN Index is not published by Bloomberg, any other information services that publishes such index from time to time, as selected by the Administrative Agent in its reasonable discretion) and (ii) the average rate for thirty (30) day Canadian Dollar bankers' acceptances that appears on the Reuters Screen CDOR Page (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion) at 10:15 a.m. Toronto time on such day, plus 1.00% per annum; provided, that if any of the above rates shall be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement. Any change in the Canadian Prime Rate due to a change in the PRIMCAN Index or the CDOR Rate shall be effective from and including the effective date of such change in the PRIMCAN Index or the CDOR Rate, respectively.

"Canadian Swingline Loan" means a Loan made to a Borrower in Canadian Dollars pursuant to Section 2.05.

"Canadian Swingline Rate" means, with respect to any Canadian Swingline Loan, a rate in respect of such Canadian Swingline Loan that is agreed upon by the Company and the Swingline Lender (it being understood and agreed that if a Canadian Swingline Rate cannot be so agreed upon by the Company and the Swingline Lender in respect of such Canadian Swingline Loan, then, at the Company's election, either (i) the "Canadian Swingline Rate" for such Canadian Swingline Loan shall be equal to the Canadian Prime Rate plus the Applicable Spread for ABR Borrowings or (ii) the request for such Canadian Swingline Loan made by the applicable Borrower shall be deemed automatically terminated and cancelled and of no further force or effect).

"Capital Expenditures" means, without duplication, any expenditure for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Equivalents" means (a) securities with maturities of one year or less issued or fully guaranteed by any Governmental Authority and such securities are rated at least A by S&P or A by Moody's; (b) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's; (c) certificates of deposit issued by and time deposits with commercial banks having capital and surplus in excess of $300,000,000; and (d) money-market funds or money-market mutual funds which (i) seek to maintain a constant net asset value, (ii) maintain fund assets under management having an aggregate market value

of at least $1,000,000,000 and (iii) invest primarily in instruments referred to in clauses (a) through (c) above and/or repurchase agreements thereon having a term not more than 30 days.

"CBR Loan" means a Loan that bears interest at a rate determined by reference to the Central Bank Rate.

"CBR Spread" means the Applicable Spread applicable to such Loan that is replaced by a CBR Loan.

"CDOR" means the Canadian Dollar offered rate.

"CDOR Rate" means, with respect to any Term Benchmark Borrowing denominated in Canadian Dollars and for any Interest Period, the CDOR Screen Rate at approximately 10:15 a.m., Toronto time, on the first day of such Interest Period; provided that if the CDOR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement

"CDOR Screen Rate" means on any day for the relevant Interest Period, the annual rate of interest equal to the average rate applicable to Canadian Dollar Canadian bankers' acceptances for the applicable period that appears on the "Reuters Screen CDOR Page" as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time (or, in the event such rate does not appear on such page or screen, on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion), rounded to the nearest 1/100th of 1% (with .005% being rounded up), as of 10:15 a.m. Toronto time on the first day of such Interest Period and, if such day is not a business day, then on the immediately preceding business day (as adjusted by Administrative Agent after 10:15 a.m. Toronto time to reflect any error in the posted rate of interest or in the posted average annual rate of interest).

"Central Bank Rate" means, the greater of (i) (A) for any Loan denominated in (a) Pounds Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (b) euro, one of the following three rates as may be selected by the Administrative Agent: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time, or (3) the rate for the deposit facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time and (c) any other Foreign Currency determined after the Effective Date, a central bank rate as determined by the Administrative Agent in its reasonable discretion; plus (B) the applicable Central Bank Rate Adjustment and (ii) the Floor.

"Central Bank Rate Adjustment" means, for any day, for any Loan denominated in:

(a) Pounds Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Adjusted Daily Simple RFR for Pounds Sterling Borrowings for the five most recent RFR Business Days preceding such day for which SONIA was available (excluding, from such averaging, the highest and the lowest such Adjusted Daily Simple

RFR applicable during such period of five RFR Business Days) minus (ii) the Central Bank Rate in respect of Pounds Sterling in effect on the last RFR Business Day in such period,

(b) euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the Adjusted EURIBO Rate for the five most recent Business Days preceding such day for which the EURIBO Screen Rate was available (excluding, from such averaging, the highest and the lowest Adjusted EURIBO Rate applicable during such period of five Business Days) minus (ii) the Central Bank Rate in respect of euro in effect on the last Business Day in such period, and

(c) any other Foreign Currency determined after the Effective Date, an adjustment as determined by the Administrative Agent in its reasonable discretion.

For purposes of this definition, (x) the term Central Bank Rate shall be determined disregarding clause (i)(B) of the definition of such term and (y) the EURIBO Rate on any day shall be based on the EURIBO Screen Rate on such day at approximately the time referred to in the definition of such term for deposits in the applicable Agreed Currency for a maturity of one month.

~~*"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.*~~

~~*"Cash Equivalents" means (a) securities with maturities of one year or less issued or fully guaranteed by any Governmental Authority and such securities are rated at least A by S&P or A by Moody's; (b) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's; (c) certificates of deposit issued by and time deposits with commercial banks having capital and surplus in excess of $300,000,000; and (d) money-market funds or money-market mutual funds which (i) seek to maintain a constant net asset value, (ii) maintain fund assets under management having an aggregate market value of at least $1,000,000,000 and (iii) invest primarily in instruments referred to in clauses (a) through (c) above and/or repurchase agreements thereon having a term not more than 30 days.*~~

"Change in Law" means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or such Issuing Bank's holding company, if any) with any request, rule, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"Charitable Foundation" means The Scotts Miracle-Gro Foundation, an Ohio non-profit corporation, which qualifies as an exempt organization under 501(c)(3) of the Code and is organized solely for charitable purposes.

"Consolidated Adjusted EBITDA" means, for any period of determination thereof, Consolidated EBITDA plus, without duplication, and to the extent deducted from revenues in determining Consolidated Net Income, (i) non-recurring losses, (ii) non-cash charges or expenses (including, without limitation, non-cash expenses related to stock based compensation), (iii) non-recurring write-off charges or expenses related to non-restructuring excess and obsolete inventory in an aggregate amount not to exceed $20,000,000 for the fiscal quarters ending July 1, 2023 and September 30, 2023 and (iv) non-restructuring expenses related to closed Hawthorne warehouses in an amount not to exceed (A) $7,600,000 for the fiscal quarter ending September 30, 2022, (B) $5,800,000 for the fiscal quarter ending December 31, 2022, (C) $5,000,000 for the fiscal quarter ending April 1, 2023 and (D) $3,000,000 for the fiscal quarter ending July 1, 2023 minus, to the extent included in Consolidated Net Income, (1) non-recurring gains and (2) any cash payments made during such period in respect of items described in clause (ii) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were incurred, all as determined on a consolidated basis for the Company and its Subsidiaries.

"Consolidated EBITDA" means, for any period of determination thereof, Consolidated Net Income plus, without duplication and to the extent deducted from revenues in determining Consolidated Net Income, (i) income tax expenses, (ii) depreciation expense, (iii) interest expense, (iv) amortization expense minus, to the extent included in Consolidated Net Income, (1) interest income and (2) income tax credits and refunds (to the extent not netted from tax expense), all as determined on a consolidated basis for the Company and its Subsidiaries.

"Consolidated Interest Expense" means, for any period of determination thereof, the interest expense of the Company and its Subsidiaries for such period, as determined in accordance with GAAP; provided that (a) all items that are non-cash items in the period when recognized and (b) all non-recurring or extraordinary items in any fiscal period, including, without limitation, all costs, expenses and amortization of premiums, discounts and deferred issue costs of any Indebtedness, shall be excluded for the purpose of determining Consolidated Interest Expense for any period.

"Consolidated Net Income" means, for any period of determination thereof, net income of the Company and its Subsidiaries for such period, as determined in accordance with GAAP.

"Consolidated Net Indebtedness" means, for any date of determination thereof, Indebtedness plus the aggregate outstanding principal amount of the obligations secured by Sold Receivables Assets (~~but only~~ to the extent ~~not already included in Indebtedness), minus~~ such obligations are required to be accounted for as indebtedness on the Company's balance sheet or such obligations are Recourse Obligations), minus the lesser of (i) $50,000,000 and (ii) cash and Cash Equivalents, all as determined on a consolidated basis, without duplication, for the Company and its Subsidiaries.

"Consolidated Total Assets" means, at any date, all amounts that would be set forth opposite the caption "total assets" (or any like caption) on a consolidated balance sheet of the Company and its Subsidiaries at such date in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any material provision of any material security issued by such Person or of any material agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"ETA" means the *Excise Tax Act* (Canada).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"EURIBO Rate" means, with respect to any Term Benchmark Borrowing denominated in euro and for any Interest Period, the EURIBO Screen Rate, two (2) TARGET Days prior to the commencement of such Interest Period.

"EURIBO Screen Rate" means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters as published at approximately 11:00 a.m. Brussels time two TARGET Days prior to the commencement of such Interest Period. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Company.

"euro" or "€" means the single currency of the Participating Member States.

"euro Swingline Loan" means a Loan made to a Borrower in euro pursuant to Section 2.05.

"euro Swingline Rate" means, with respect to any euro Swingline Loan, a rate in respect of such euro Swingline Loan that is agreed upon by the Company and the Swingline Lender (it being understood and agreed that if a euro Swingline Rate cannot be so agreed upon by the Company and the Swingline Lender in respect of such euro Swingline Loan, then the request for such euro Swingline Loan made by the applicable Borrower shall be deemed automatically terminated and cancelled and of no further force or effect).

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Domestic Subsidiary" means (i) any Receivables Subsidiary, (ii) each Domestic Subsidiary set forth on Schedule 1.01A and (iii) the Charitable Foundation.

"Excluded Entities" means each of (i) Bonnie, (ii) Laketon and (iii) upon the consummation of the Project Bob Transaction, each of the Hawthorne Entities, in each case until such time as such Person becomes a Wholly-Owned Subsidiary of the Company.

"Excluded Swap Obligation" means, with respect to any Loan Party, any Specified Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Specified Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an ECP at the time the Guarantee of such Loan Party or the grant of such security interest becomes or would become effective with respect to such Specified Swap Obligation. If a Specified Swap Obligation arises under a master agreement governing

legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the FRBNY based on such day's federal funds transactions by depositary institutions (as determined in such manner as shall be set forth on the FRBNY's Website from time to time) and published on the next succeeding Business Day by the FRBNY as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Finance Lease Obligations" means, as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or finance leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Company and its Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"Fixed Charge Coverage Ratio" means, *as at the last day of any fiscal quarter of the Company, the ratio of (a)* (i) Consolidated Adjusted EBITDA minus (ii) Capital Expenditures minus (iii) expense for taxes paid in cash, in each case *for the four consecutive fiscal quarters ending on such day to (b)* Fixed Charges*; provided that any calculation of the above ratio following any acquisition or disposition made during the four-quarter period covered by such calculation, by purchase, sale or otherwise, of all or substantially all of the business or assets of, any Person or of any line of business of any Person shall be determined on a pro forma basis without duplication as if such acquisition or disposition had occurred on the first day of the relevant period and any savings associated with such acquisition or disposition had been achieved beginning on the first day of the relevant period.*

"Fixed Charge RP Amount" means (i) for the four consecutive fiscal quarter period ending on or about September 30, 2023, the amount of Restricted Payments made during the fiscal quarter ending on or about September 30, 2023, (ii) for the four consecutive fiscal quarter period ending on or about December 31, 2023, the aggregate amount of Restricted Payments made during the two consecutive fiscal quarter period ending on or about December 31, 2023, (iii) for the four consecutive fiscal quarter period ending on or about March 31, 2024, the aggregate amount of Restricted Payments made during the three consecutive fiscal quarter period ending on or about March 31, 2024 and (iv) for the four consecutive fiscal quarter period ending on or about June 30, 2024 and each four consecutive fiscal quarter period ending thereafter, the aggregate amount of Restricted Payments made during such four consecutive fiscal quarter period.

"Fixed Charges" means, for any period of four consecutive fiscal quarters, (i) Consolidated Interest Expense plus (ii) plus scheduled principal payments on Indebtedness actually made plus (iii) the Fixed Charge RP Amount.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate, the Adjusted EURIBO Rate, the CDOR Rate, each Adjusted Daily Simple RFR or the Central Bank Rate, as applicable. For the avoidance of doubt,

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"Foreign Subsidiary Borrower" means any Borrower which is a Foreign Subsidiary.

"FRBNY" means the Federal Reserve Bank of New York.

"FRBNY Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "FRBNY Rate" means the rate for a federal funds transaction quoted at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"FRBNY's Website" means the website of the FRBNY at http://www.newyorkfed.org, or any successor source.

"Full Security Period" shall have the meaning specified in the Guarantee and Collateral Agreement.

"GAAP" means generally accepted accounting principles in the United States of America.

"Global Tranche Commitment" means, with respect to each Global Tranche Lender, the commitment of such Global Tranche Lender to make Global Tranche Revolving Loans and to acquire participations in Global Tranche Letters of Credit and Swingline Loans hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased or assumed from time to time pursuant to an Incremental Facility Agreement pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Global Tranche Lender's Global Tranche Commitment is set forth on Schedule 2.01A, or in the Assignment and Assumption (or other documentation contemplated by this Agreement) pursuant to which such Global Tranche Lender shall have assumed its Global Tranche Commitment, as applicable. The aggregate principal amount of the Global Tranche Commitments on the Amendment No. 2 Effective Date is $~~1,285,550,000~~1,071,291,666.67.

"Global Tranche LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Global Tranche Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements in respect of Global Tranche Letters of Credit that have not yet been reimbursed by or on behalf of the Company at such time. The Global Tranche LC Exposure of any Global Tranche Lender at any time shall be its Global Tranche Percentage of the total Global Tranche LC Exposure at such time.

"Global Tranche Lender" means a Lender with a Global Tranche Commitment or holding Global Tranche Revolving Loans.

"Global Tranche Letter of Credit" means any letter of credit issued under the Global Tranche Commitments pursuant to this Agreement.

"Global Tranche Percentage" means the percentage equal to a fraction the numerator of which is such Lender's Global Tranche Commitment and the denominator of which is the aggregate

"Hawthorne Entities" means The Hawthorne Gardening Company, Hawthorne Hydroponics LLC, Agrolux Canada Limited, any other Subsidiary of The Hawthorne Gardening Company and any Subsidiary formed to own Hawthorne intellectual property.

"Hazardous Materials" means any explosive or radioactive substance or waste and any hazardous or toxic substance, waste or other pollutant, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreements" means (a) any interest rate protection agreement, interest rate future, interest rate option, interest rate swap, interest rate cap, interest rate exchange (from fixed to floating rates, from one floating rate to another floating rate or otherwise) or other interest rate hedge or arrangement under which the Company is a party or a beneficiary and (b) any agreement or arrangement designed to limit or eliminate the risk and/or exposure of the Company to fluctuations in currency exchange rates or in commodity prices.

"Hedging Lender" means any Lender or affiliate thereof which from time to time enters into a Hedging Agreement with the Company or any Subsidiary.

"Incremental Commitment" means an Incremental Revolving Commitment or an Incremental Term Loan Commitment.

"Incremental Equivalent Notes" has the meaning assigned to such term in Section 6.05(n).

"Incremental Facility Agreement" means an Incremental Facility Agreement, in form and substance reasonably satisfactory to the Administrative Agent, among the Company, the Subsidiary Borrowers, if any, the Administrative Agent and one or more Incremental Lenders, establishing Incremental Term Loan Commitments of any Series or Incremental Revolving Commitments and effecting such other amendments hereto and to the other Loan Documents as are contemplated by Section 2.20.

"Incremental Lender" means an Incremental Revolving Lender or an Incremental Term Lender.

"Incremental Revolving Commitment" means, with respect to any Lender, the commitment, if any, of such Lender, established pursuant to an Incremental Facility Agreement and Section 2.20, to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans (in each case in respect of Global Tranche Commitments or US Tranche Commitments, as applicable, as set forth in the Incremental Facility Agreement) hereunder, expressed as an amount representing the maximum aggregate permitted amount of such Lender's Revolving Credit Exposure under such Incremental Facility Agreement.

"Incremental Revolving Lender" means a Lender with an Incremental Revolving Commitment.

"Incremental Term Loan Commitment" means, with respect to any Lender, the commitment, if any, of such Lender, established pursuant an Incremental Facility Agreement and Section 2.20, to make Incremental Term Loans of any Series hereunder, expressed as an amount representing the maximum principal amount of the Incremental Term Loans of such Series to be made by such Lender.

"Incremental Term Loans" means any term loans made pursuant to Section 2.20(a).

"Incremental Term Lender" means a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

"Incremental Term Maturity Date" means, with respect to Incremental Term Loans of any Series, the scheduled date on which such Incremental Term Loans shall become due and payable in full hereunder, as specified in the applicable Incremental Facility Agreement.

"Indebtedness" means, in respect of any Person, at a particular date, without duplication, (a) indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (including, without limitation, any such indebtedness which is non-recourse to the credit of such Person but is secured by assets of such Person, but excluding current amounts payable incurred in the ordinary course of business; it being understood that current amounts payable to an intermediary in connection with an inventory management financing arrangement shall be deemed to be incurred in the ordinary course of business on and after the entry by such Person into any such arrangement), (b) obligations of such Person under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases or finance leases, (c) indebtedness of such Person arising under acceptance facilities, (d) indebtedness of such Person arising under unpaid reimbursement obligations in respect of all drafts drawn under letters of credit issued for the account of such Person, (e) liabilities arising under Hedging Agreements of such Person (calculated without giving effect to any mark-to-market adjustments, including embedded derivatives contained in other debt or equity instruments under ASC 815), (f) indebtedness of such Person under any synthetic lease and (g) all Guarantees by such Person of Indebtedness of others.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Initial Canadian Borrower" means Scotts Canada Ltd., a company organized under the laws of Canada.

"Initial Domestic Subsidiary Borrowers" means (i) The Scotts Company LLC, an Ohio limited liability company, (ii) Hyponex Corporation, a Delaware corporation, (iii) Scotts Manufacturing Company, a Delaware corporation, (iv) Scotts Temecula Operations, LLC, a Delaware limited liability company and (v) SMG Growing Media, Inc., an Ohio corporation.

"Initial Subsidiary Borrowers" means the Initial Domestic Subsidiary Borrower and the Initial Canadian Borrower.

~~"Interest Coverage Ratio" shall mean~~, *~~as at the last day of any fiscal quarter of the Company, the ratio of (a) the sum of Consolidated Adjusted EBITDA for the four consecutive fiscal quarters ending on such day to (b) Consolidated Interest Expense for the four consecutive fiscal quarters ending on such day; provided that any calculation of the above ratio following any acquisition or disposition made during the four-quarter period covered by such calculation, by purchase, sale or otherwise, of all or substantially all of the business or assets of, any Person or of any line of business of any Person shall be determined on a pro forma basis without duplication as if such acquisition or~~*

~~*disposition had occurred on the first day of the relevant period and any savings associated with such acquisition or disposition had been achieved beginning on the first day of the relevant period.*~~

"Intellectual Property" shall have the meaning specified in the Guarantee and Collateral Agreement.

"Interest Election Request" means a request by the applicable Borrower to convert or continue a Borrowing in accordance with Section 2.08 in the form attached hereto as Exhibit E-2 or such other form as is reasonably satisfactory to the Administrative Agent.

"Interest Payment Date" means (a) with respect to any ABR Loan and any Swingline Loan, the third (3rd) Business Day after the last day of each March, June, September and December and the Maturity Date, (b) with respect to any RFR Loan, each date that is on the numerically corresponding day in each calendar month that is one month after the Borrowing of such RFR Loan (or, if there is no such numerically corresponding day in such month, then the last day of such month) and the Maturity Date and (c) with respect to any Term Benchmark Loan, the last day of each Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Term Benchmark Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date.

"Interest Period" means with respect to any Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or, other than with respect to CDOR Borrowing, six months thereafter (in each case, subject to the availability for the Benchmark applicable to the relevant Loan or Commitment for any Agreed Currency), as the applicable Borrower (or the Company on behalf of the applicable Borrower) may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been removed from this definition pursuant to Section 2.14(e) shall be available for specification in such Borrowing Request or Interest Election Request. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"IP Security Agreements" shall have the meaning specified in the Guarantee and Collateral Agreement.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means each of JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association, Mizuho Bank, Ltd., Bank of America, N.A. and each other Lender designated by the Company as an "Issuing Bank" hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Laketon" has the meaning assigned to it under the definition of Subsidiary.

"Latest Maturity Date" means, as of any date of determination, the latest Maturity Date applicable to any Loans outstanding or Commitments in effect hereunder.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means a payment made by an Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The LC Exposure of any Global Tranche Lender at any time shall be its Global Tranche Percentage of the total Global Tranche LC Exposure at such time and the LC Exposure of any US Tranche Lender at any time shall be its US Tranche Percentage of the total US Tranche LC Exposure at such time.

"Lender Cash Management Agreements" means all agreements providing for treasury, depositary or cash management services, including in connection with any automated clearing house transfers of funds or any similar transactions between the Company or any Subsidiary and any Lender (or any Affiliate of any Lender), including any overdraft or similar credit facility in connection therewith and including credit cards for commercial customers (including, without limitation, commercial credit cards and purchasing cards).

"Lender Hedging Agreements" means all Hedging Agreements entered into by the Company or any Subsidiary with a Hedging Lender.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lender Qualified Bilateral Letters of Credit" means one or more letters of credit issued for the benefit of the Company or any of its Subsidiaries in an aggregate principal amount not to exceed (a) $25,000,000 for all such letters of credit which are issued by The Bank of Nova Scotia and (b) $50,000,000 for all such other letters of credit which are issued by a Lender (or any affiliate of a Lender) pursuant to a bilateral facility and not under this Agreement or any other Loan Document, all to the extent such letters of credit are confirmed to such Lender in writing by the Administrative Agent, in its good faith, reasonable credit judgment (such confirmation not to be unreasonably withheld or delayed), as "Qualified Bilateral Letters of Credit" secured by the Collateral.

"Lender Presentation" means the lender presentation distributed to the Lenders, dated March 23, 2022 (including the updated financial projections included therein).

"Lender-Related Person" has the meaning assigned to such term in Section 9.03(d).

"Lender Supply Chain Financing Agreements" means all agreements between the Company or any Subsidiary and any Lender (or any Affiliate of any Lender) providing for credit support and/or payment obligations in respect of trade payables of the Company or any Subsidiary, in each case issued for the benefit of, or payable to, any bank, financial institution or other person that has acquired such trade payables pursuant to "supply chain" or other similar financing for vendors and suppliers of the Company or any Subsidiaries, so long as (i) other than pursuant to this Agreement and the Security Documents, such payment obligations are unsecured, (ii) the payment

maturity date of such trade payables shall not have been extended after such trade payables have been acquired in connection with the Lender Supply Chain Financing Agreement, (iii) such payment obligations represent amounts not in excess of those which the Company or any of its Subsidiaries would otherwise have been obligated to pay to its vendor or supplier in respect of the applicable trade payables, (iv) the aggregate amount of all obligations under Lender Supply Chain Financing Agreements that constitute "Obligations" under this Agreement and the other Loan Documents secured by the Collateral does not exceed $125,000,000 and (v) (A) the Company has delivered to the Administrative Agent, promptly after the entry into the relevant Lender Supply Chain Financing Agreement, written notice (I) setting forth the details of such Lender Supply Chain Financing Agreement, including the provider and amount of such Lender Supply Chain Financing Agreement, (II) confirming that the aggregate amount of all obligations under Lender Supply Chain Financing Agreements that constitute "Obligations" under this Agreement and the other Loan Documents secured by the Collateral (including for the purposes of such calculation, such Lender Supply Chain Financing Agreement) does not exceed $125,000,000 and (III) designating the obligations in respect of such Lender Supply Chain Financing Agreement as "Obligations" under this Agreement and the other Loan Documents secured by the Collateral pursuant to the terms of the Loan Documents and (B) in respect of which the Administrative Agent has acknowledged in writing its receipt of such written notice (and, for the avoidance of doubt, if the Administrative Agent has not provided such acknowledgement in respect of such supply chain financing agreement, then such supply chain financing agreement shall not be included as "Obligations" under this Agreement and the other Loan Documents secured by the Collateral pursuant to the terms of the Loan Documents).

"Lenders" means the Persons listed on Schedule 2.01A and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption, an Incremental Facility Agreement or other documentation contemplated hereby, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption or other documentation contemplated hereby. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender and the Issuing Banks. For the avoidance of doubt, the term "Lenders" excludes the Departing Lenders.

"Letter of Credit" means any Global Tranche Letter of Credit or US Tranche Letter of Credit (it being understood and agreed that, for the avoidance of doubt, Lender Qualified Bilateral Letters of Credit shall not be deemed to be letters of credit issued pursuant to this Agreement).

"Letter of Credit Agreement" has the meaning assigned to such term in Section 2.06(b).

"Letter of Credit Commitment" means, with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit hereunder. The initial amount of each Issuing Bank's Letter of Credit Commitment is set forth on Schedule 2.01B, or if an Issuing Bank has entered into an Assignment and Assumption, the amount set forth for such Issuing Bank as its Letter of Credit Commitment in the Register maintained by the Administrative Agent.

"Leverage Ratio" means, as at the last day of any fiscal quarter of the Company, the ratio of (i) the Average Consolidated Net Indebtedness to (ii) Consolidated Adjusted EBITDA for the four consecutive fiscal quarters ending on such day; provided that any calculation of the above ratio following any acquisition or disposition made during the four-quarter period covered by such calculation, by purchase, sale or otherwise, of all or substantially all of the business or assets of, any Person or of any line of business of any Person shall be determined on a pro forma basis without duplication as if such

acquisition or disposition had occurred on the first day of the relevant period and any savings associated with such acquisition or disposition had been achieved beginning on the first day of the relevant period.

"Leverage Adjustment Period" means the period commencing on the Amendment No. ~~1~~2 Effective Date and ending on the Leverage Adjustment Period Termination Date.

"Leverage Adjustment Period Termination Date" means the earlier of (i) ~~April~~October 1, ~~2024~~2025 and (ii) the date which the Company specifies in a written notice to the Administrative Agent as the date on which it elects to terminate the Leverage Adjustment Period (it being understood and agreed that, for the avoidance of doubt, upon the occurrence of the Leverage Adjustment Period Termination Date pursuant to clause (ii) of this definition, the Company will not have any right to rescind, reverse, cancel or otherwise nullify its election to terminate the Leverage Adjustment Period).

"Liabilities" means any losses, claims (including intraparty claims), demands, damages or liabilities of any kind.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, charge, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the authorized filing by or against a Person of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction).

"Limited Conditionality Acquisition" has the meaning assigned to such term in Section 2.20(c).

"Limited Conditionality Acquisition Agreement" has the meaning assigned to such term in Section 2.20(c).

"Loan Documents" means, collectively, this Agreement, any Notes, the Letters of Credit, Letter of Credit applications, Letter of Credit Agreements, the Security Documents and any Incremental Facility Agreement.

"Loan Parties" means the Company, each Subsidiary Borrower and each other Subsidiary Guarantor.

"Loans" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"Local Time" means (i) New York City time in the case of a Loan, Borrowing or LC Disbursement denominated in Dollars and (ii) local time in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency (it being understood that such local time shall mean (a) Toronto, Canada time with respect to Canadian Dollars, (b) London, England time with respect to any Foreign Currency (other than Canadian Dollars or euro) and (c) Brussels, Belgium time with respect to euro, in each case of the foregoing clauses (a), (b) and (c) unless otherwise notified by the Administrative Agent).

"Majority in Interest", when used in reference to Lenders of any Class, means, at any time (i) in the case of the Global Tranche Lenders, Lenders having Global Tranche Revolving Credit Exposures and unused Global Tranche Commitments representing more than 50% of the sum of the aggregate Global Tranche Revolving Credit Exposures and the aggregate unused Global Tranche

Commitments at such time, (ii) in the case of the US Tranche Lenders, Lenders having US Tranche Revolving Credit Exposures and unused US Tranche Commitments representing more than 50% of the sum of the aggregate US Tranche Revolving Credit Exposures and the aggregate unused US Tranche Commitments at such time and (iii) in the case of the Term Lenders, Lenders having outstanding Term Loans of the applicable Class representing more than 50% of the sum of the aggregate principal amount of all Term Loans of such Class outstanding at such time.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property or financial condition of the Company and its Subsidiaries taken as a whole or (b) the validity or enforceability of any material term of this Agreement or the other Loan Documents, taken as a whole, or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Material Domestic Subsidiary" means a Domestic Subsidiary that is a Material Subsidiary.

"Material Intellectual Property" means Intellectual Property that is material to the business operations of the Company and its Subsidiaries.

"Material Subsidiary" means at any time (i) any Subsidiary Borrower, (ii) any Subsidiary which, as of the most recent fiscal quarter of the Company, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01(a) or (b), contributed greater than five percent (5%) of Consolidated Adjusted EBITDA for such period or (iii) any Subsidiary designated in writing by the Company as a Material Subsidiary; provided that if at any time the aggregate amount of Consolidated Adjusted EBITDA attributable to all Subsidiaries that are not Material Subsidiaries exceeds ten percent (10%) of Consolidated Adjusted EBITDA for any such period, then the term Material Subsidiary shall be deemed to include such Subsidiaries of the Company as may be required so that this proviso shall not be true.

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls, and urea-formaldehyde insulation and any other substance that could reasonably be expected to give rise to liability under any Environmental Law.

"Maturity Date" means the Tranche A Term Loan Maturity Date, the Incremental Term Maturity Date with respect to Incremental Term Loans of any Series or the Revolving Maturity Date, as the context requires.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA that is subject to Title IV of ERISA.

"Non-Quoted Currency" means Canadian Dollars.

"Note" has the meaning assigned to such term in Section 2.10(e).

"Obligations" means all unpaid principal of and interest on the Loans, all LC Exposure, all unpaid fees, and all indemnities, costs, expenses (including, without limitation, interest and fees accruing after the maturity of the Loans and interest thereon accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the

Company or any Subsidiary, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations and liabilities of the Company or any Subsidiary to the Administrative Agent or the Lenders (or, in the case of Lender Hedging Agreements, Lender Cash Management Agreements~~ or~~, Lender Qualified Bilateral Letters of Credit or Lender Supply Chain Financing Agreements, any Affiliate of a Lender), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the other Loan Documents, any Lender Hedging Agreement, any Lender Cash Management Agreement, any Lender Qualified Bilateral Letters of Credit, any Lender Supply Chain Financing Agreements or any thereof or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or any Lender) or otherwise; provided that for purposes of determining any Guarantor Obligations (as defined in the Guarantee and Collateral Agreement) of any Guarantor under this Agreement or any other Loan Document, the definition of "Obligations" shall not include any Excluded Swap Obligation.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document).

"Other Taxes" means all present or future stamp, court, registration or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19 or Section 2.20(e)).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the FRBNY as set forth on the FRBNY's Website from time to time, and published on the next succeeding Business Day by the FRBNY as an overnight bank funding rate.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the FRBNY Rate and (b) with respect to any amount denominated in a Foreign Currency, an overnight rate determined by the Administrative Agent or the Issuing Banks, as the case may be, in accordance with banking industry rules on interbank compensation.

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Project Bob Transaction" means a non-cash transaction involving the Hawthorne Entities (including the entry into a joint venture transaction), the general terms and counterparties of such transaction as previously disclosed to the Administrative Agent and Lenders prior to the Amendment No. 2 Effective Date.

"Projections" has the meaning assigned to such term in Section 5.02(b).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to it in Section 9.19.

"Rabobank Receivables Purchase Facility" has the meaning set forth in the definition of "Receivables Purchase Facility".

"Receivable" means any account and any other right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an instrument or chattel paper and whether or not it has been earned by performance. The terms "account", "instrument" and "chattel paper" as used herein shall have the meaning assigned to such terms in the Uniform Commercial Code in effect from time to time in the State of New York.

"Receivables Subsidiary" means a Subsidiary of the Company created to purchase and finance Sold Receivables Assets.

"Receivables Purchase Facility" means any receivables financing facility entered into in connection with any sale, discounting, factoring, financing, contribution or securitization arrangement with terms and conditions reasonably satisfactory to the Administrative Agent and pursuant to which the Company or any Subsidiary of the Company may sell, convey or otherwise transfer to a Receivables Subsidiary or any other Person, or may grant a security interest in, any Sold Receivables Assets, or pursuant to which ownership interests in, or notes, commercial paper, certificates or other debt instruments may be secured by Sold Receivables Assets. For the avoidance of doubt, the (i) Master Repurchase Agreement, and Annex I thereto, with Cooperatieve Rabobank, U.A. (New York Branch), as agent (the "Receivables Agent") and purchaser, and Sumitomo Mitsui Banking Corporation (New York Branch), as purchaser, dated as of April 7, 2017, as amended and (ii) Master Framework Agreement with Cooperatieve Rabobank, U.A. (New York Branch), as agent and purchaser, and Sumitomo Mitsui Banking Corporation (New York Branch), as purchaser, dated as of April 7, 2017, as amended to date and as either of which may be renewed, amended and/or restated from time to time (the "Rabobank Receivables Purchase Facility"), shall be considered a Receivables Purchase Facility.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable.

"Recourse Obligation" means any obligation (contingent or otherwise) which (i) is guaranteed by the Company or any Subsidiary (excluding guarantees of obligations (other than the principal, interest and fees) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates the Company or any Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Company or any

Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings.

"Reference Time" with respect to any setting of the then-current Benchmark means (i) if such Benchmark is the Term SOFR Rate, 5:00 a.m., Chicago time, on the day that is two (2) Business Days preceding the date of such setting, (ii) if such Benchmark is the EURIBO Rate, 11:00 a.m., Brussels time two (2) TARGET Days preceding the date of such setting, (iii) if the RFR for such Benchmark is SONIA, then four (4) Business Days prior to such setting, (iv) if the RFR for such Benchmark is Daily Simple SOFR, then four (4) Business Days prior to such setting or (v) if such Benchmark is none of the Term SOFR Rate, Daily Simple SOFR, the EURIBO Rate or SONIA, the time determined by the Administrative Agent in its reasonable discretion.

"Refinancing" means the refinancing of the amounts outstanding under the Existing Credit Agreement with the proceeds of Loans.

"Register" has the meaning assigned to such term in Section 9.04(b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person's Affiliates.

"Relevant Governmental Body" means (i) with respect to a Benchmark Replacement in respect of Loans denominated in Dollars, the Board, the FRBNY and/or the CME Term SOFR Administrator, as applicable, or a committee officially endorsed or convened by the Board and/or the FRBNY or, in each case, any successor thereto, (ii) with respect to a Benchmark Replacement in respect of Loans denominated in Pounds Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, (iii) with respect to a Benchmark Replacement in respect of Loans denominated in euro, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto and (iv) with respect to a Benchmark Replacement in respect of Loans denominated in any other currency, (a) the central bank for the currency in which such Benchmark Replacement is denominated or any central bank or other supervisor which is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement or (b) any working group or committee officially endorsed or convened by (1) the central bank for the currency in which such Benchmark Replacement is denominated, (2) any central bank or other supervisor that is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement, (3) a group of those central banks or other supervisors or (4) the Financial Stability Board or any part thereof.

"Relevant Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, the Adjusted Term SOFR Rate, (ii) with respect to any Term Benchmark Borrowing denominated in euro, the Adjusted EURIBO Rate, (iii) with respect to any Term Benchmark Borrowing denominated in Canadian Dollars, the CDOR Rate or (iv) with respect to any RFR Borrowing denominated in Pounds Sterling or Dollars, the applicable Adjusted Daily Simple RFR, as applicable.

"Relevant Screen Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, the Term SOFR Reference Rate, (ii) with respect to any Term Benchmark

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned, whether individually or in the aggregate, directly or indirectly, by a 50% or greater interest, or controlled by any such Person or Persons described in the foregoing clauses (a) or (b) or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state or the United Kingdom, including Her Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"SEC" means the United States Securities and Exchange Commission.

"Secured Parties" means the holders of the Obligations from time to time and shall include (i) each Lender and each Issuing Bank in respect of its Loans and LC Exposure respectively, (ii) the Administrative Agent, the Issuing Banks and the Lenders in respect of all other present and future obligations and liabilities of the Company and each Subsidiary of every type and description arising under or in connection with this Agreement or any other Loan Document, (iii) each Lender and ~~affiliate~~Affiliate of such Lender in respect of Lender Hedging Agreements, Lender Cash Management Agreements~~ and~~, Lender Qualified Bilateral Letters of Credit and Lender Supply Chain Financing Agreements entered into with such Person by the Company or any Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Borrowers to such Person hereunder and under the other Loan Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

"Securities Act" means the United States Securities Act of 1933.

"Security Document" means each of (a) the Guarantee and Collateral Agreement, (b) the IP Security Agreements, (c) the Foreign Pledge Agreements and (~~c~~d) the Foreign Pledge Agreement Acknowledgment and Confirmation.

"Series" has the meaning assigned to such term in Section 2.20(b).

"Single Employer Plan" means, at any particular time, any employee pension benefit plan (as defined in Section 3(2) of ERISA) (other than a Multiemployer Plan) which is covered by Titles I and IV of ERISA or Title I of ERISA and Section 412 of the Code, and in respect of which the Company, any Subsidiary Borrower or any Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" (as defined in Section 3(5) of ERISA) or to which the Company, Subsidiary Borrower or Commonly Controlled Entity has any actual or contingent liability.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the FRBNY (or a successor administrator of the secured overnight financing rate).

"SONIA Administrator's Website" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"Specified Conditions" means, at any time of determination thereof, (a) no Incremental Term Loans in the form of an institutional term loan B facility have been issued and are outstanding pursuant to Section 2.20 and (b) (i) the Company's "corporate credit rating" from S&P (or such other term as S&P may from time to time use to describe the Company's senior unsecured non-credit enhanced long term indebtedness, such rating, the "S&P Rating") shall be at least BBB- (with a stable outlook) and the Company's "corporate family rating" from Moody's (or such other term as Moody's may from time to time use to describe the Company's senior unsecured non-credit enhanced long term indebtedness, such rating, the "Moody's Rating") shall be at least Baa3 (with a stable outlook) or (ii) (x) the Company's S&P Rating shall be at least BBB- (with a stable outlook) or the Company's Moody's Rating shall be at least Baa3 (with a stable outlook) and (y) the Leverage Ratio is less than or equal to 2.50 to 1.00.

"Specified Excluded Capital Stock" means (i) the Capital Stock of SMG Germany GmbH, (ii) the Capital Stock of SMG Gardening (UK) Ltd., (iii) the Capital Stock of Scotts de Mexico SA de CV, (iv) the Capital Stock of Scotts Servicios S.A., (v) the Capital Stock of Scotts Sierra (China) Co. Ltd., (vi) Miracle-Gro Tecnologia & Servicios, S. de R.L. de C.V., (vii) the Capital Stock of The ~~Scotts-Miracle Grow~~Scotts Miracle-Gro Foundation, and (~~vii) up to (but no more than) 7.5% of the issued and outstanding~~viii) the Capital Stock of the Excluded Entities (other than the Capital Stock of The Hawthorne Gardening Company ~~to the extent such Capital Stock has been issued to the employees of such entity in the form of compensation.~~directly owned by the Company or any Subsidiary Guarantor, which shall be pledged in accordance with the terms of Section 5.11(a)).

"Specified Property" means all Capital Stock of any Domestic Subsidiary and 65% of any first-tier Foreign Subsidiary (other than (i) Capital Stock of Subsidiaries listed on Schedule 1.01B (ii) ~~each Domestic Subsidiary substantially all of the assets of which are intellectual property assets, (iii)~~ Specified Excluded Capital Stock and (~~iv~~iii) Capital Stock carved-out in Section 5.11), Equipment, Inventory ~~and~~, Receivables (other than Sold Receivables Assets) and Intellectual Property owned by the Company and the Subsidiary Guarantors. The terms "Equipment" and "Inventory" as used herein shall have the meaning assigned to such terms in the Uniform Commercial Code in effect from time to time in the State of New York.

"Specified Swap Obligation" means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary thereof in connection with a receivable financing or securitization which are reasonably customary for a seller or servicer of assets in a non-recourse bankruptcy-remote accounts receivable financing transaction or purchase program.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted EURIBO Rate for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board) or any other reserve ratio or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the

Commitments or the funding of the Loans. Such reserve percentage shall include those imposed pursuant to Regulation D of the Board. Term Benchmark Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D of the Board or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Indebtedness" means any Indebtedness of the Company or any Subsidiary the payment of which is expressly subordinated to payment of the obligations under the Loan Documents.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held; provided, that, notwithstanding the foregoing, (i) to the extent Bonnie Plants, LLC ("Bonnie") becomes a "Subsidiary" following the Effective Date, Bonnie will not be a "Material Subsidiary" or "Subsidiary" for purposes of the representations and warranties, covenants, events of default or any other terms of this Agreement until such time as it becomes a Wholly-Owned Subsidiary of the Company, (ii) to the extent Laketon Peat Moss Inc. ("Laketon") becomes a "Subsidiary" following the Effective Date, Laketon will not be a "Material Subsidiary" or "Subsidiary" for purposes of the representations and warranties, covenants, events of default or any other terms of this Agreement until such time as it becomes a Wholly-Owned Subsidiary of the Company ~~and~~, (iii) the Charitable Foundation will not be a "Subsidiary" for purposes of this Agreement and the other Loan Documents~~.~~ and (iv) upon the consummation of the Project Bob Transaction, none of the Hawthorne Entities will be a "Material Subsidiary" or "Subsidiary" for purposes of the representations and warranties, covenants, events of default or any other terms of this Agreement until such time as such Hawthorne Entity becomes a Wholly-Owned Subsidiary of the Company.

"Subsidiary Borrower" means (i) the Initial Subsidiary Borrowers and (ii) any Eligible Subsidiary that becomes a Subsidiary Borrower pursuant to Section 2.23 and, in the case of each of the foregoing, that has not ceased to be a Subsidiary Borrower pursuant to such Section.

"Subsidiary Borrower Agreement" means a Subsidiary Borrower Agreement substantially in the form of Exhibit C-1.

"Subsidiary Borrower Termination" means a Subsidiary Borrower Termination substantially in the form of Exhibit C-2.

"Subsidiary Guarantor" means (a) each Material Domestic Subsidiary of the Company ~~executing~~party to the Guarantee and Collateral Agreement ~~on the Effective Date~~ (which shall expressly exclude each Excluded Domestic Subsidiary) and (b) each Required Subsidiary acquired or organized subsequent to the Effective Date, except as otherwise provided in Section 5.11, that is a party to the Guarantee and Collateral Agreement.

"Supported QFC" has the meaning assigned to it in Section 9.19.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unliquidated Obligations" means, at any time, any Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"US Borrower" means the Company and each Domestic Subsidiary Borrower.

"US Tranche Commitment" means, with respect to each US Tranche Lender, the commitment of such US Tranche Lender to make US Tranche Revolving Loans and to acquire participations in US Tranche Letters of Credit hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased or assumed from time to time pursuant to an Incremental Facility Agreement pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each US Tranche Lender's US Tranche Commitment is set forth on Schedule 2.01A, or in the Assignment and Assumption (or other documentation contemplated by this Agreement) pursuant to which such US Tranche Lender shall have assumed its US Tranche Commitment, as applicable. The aggregate principal amount of the US Tranche Commitments on the Amendment No. 2 Effective Date is $~~214,450,000~~178,708,333.33.

"US Tranche LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding US Tranche Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements in respect of US Tranche Letters of Credit that have not yet been reimbursed by or on behalf of the Company at such time. The US Tranche LC Exposure of any US Tranche Lender at any time shall be its US Tranche Percentage of the total US Tranche LC Exposure at such time.

"US Tranche Lender" means a Lender with a US Tranche Commitment or holding US Tranche Revolving Loans.

"US Tranche Letter of Credit" means any letter of credit issued under the US Tranche Commitments pursuant to this Agreement.

"US Tranche Percentage" means the percentage equal to a fraction the numerator of which is such Lender's US Tranche Commitment and the denominator of which is the aggregate US Tranche Commitments of all US Tranche Lenders (if the US Tranche Commitments have terminated or expired, the US Tranche Percentages shall be determined based upon the US Tranche Commitments most recently in effect, giving effect to any assignments); provided that in the case of Section 2.22 when a

proceeds of any such Incremental Term Loans, Incremental Revolving Commitments and Incremental Equivalent Notes for purposes of netting cash and Cash Equivalents in the calculation of the Leverage Ratio), the Leverage Ratio shall not exceed 3.50 to 1.00 (other than to the extent such Incremental Revolving Commitments, Incremental Term Loan Commitments and/or Incremental Equivalent Notes are incurred pursuant to this clause (C) concurrently with the incurrence of Incremental Revolving Commitments, Incremental Term Loan Commitments and/or Incremental Equivalent Notes in reliance on clause (A) of this sentence, in which case the Leverage Ratio shall be permitted to exceed 3.50 to 1.00 to the extent of such Incremental Revolving Commitments, Incremental Term Loan Commitments and/or Incremental Equivalent Notes incurred in reliance on such clause (A)); provided that, for the avoidance of doubt, Incremental Revolving Commitments, Incremental Term Loan Commitments and Incremental Equivalent Notes may be incurred pursuant to this clause (C) prior to utilization of the amount set forth in clause (A) of this sentence. Notwithstanding anything to the contrary in this Section 2.20(a), it is understood and agreed that the amount of Incremental Revolving Commitments, Incremental Term Loan Commitments and secured Incremental Equivalent Notes permitted to be incurred during the Leverage Adjustment Period shall not exceed $25,000,000 in the aggregate.

(b) The terms and conditions of any Incremental Revolving Commitment and Loans and other extensions of credit to be made thereunder shall be identical to those of the Revolving Commitments and Loans and other extensions of credit made thereunder (including the Tranche under which such Incremental Revolving Commitment is being effected), and shall be treated as a single Class with such Revolving Commitments and Loans under such Tranche. The terms and conditions of any Incremental Term Loan Commitments and the Incremental Term Loans to be made thereunder shall be, except as otherwise set forth herein or in the applicable Incremental Facility Agreement, identical to those of the Tranche A Term Loan Commitments and the Tranche A Term Loans; provided that (i) the interest rate margins with respect to any Incremental Term Loans shall be as agreed by the Company and the lenders in respect thereof, (ii) any Incremental Term Loan shall have terms, in the Company's reasonable judgment, customary for a term loan of such type under then-existing market convention, (iii) subject to clause (ii) above, the amortization schedule with respect to any Incremental Term Loans shall be as agreed by the Company and the lenders in respect thereof, provided that the weighted average life to maturity of any Incremental Term Loans shall be no shorter than the remaining weighted average life to maturity of the Tranche A Terms Loans and Incremental Term Loans with the longest remaining weighted average life to maturity, (iv) no Incremental Term Maturity Date with respect to Incremental Term Loans shall be earlier than the Tranche A Term Loan Maturity Date, (v) except as set forth above (or otherwise customary for Incremental Term Loans of such type), the Incremental Term Loans shall be treated no more favorably than the Tranche A Term Loans (in each case, including with respect to mandatory and voluntary prepayments); provided that the foregoing shall not apply to covenants or other provisions applicable only to periods after the Latest Maturity Date in effect immediately prior to the establishment of such Incremental Term Loans; provided further that any Incremental Term Loans may add additional covenants or events of default not otherwise applicable to the Tranche A Term Loans or covenants more restrictive than the covenants applicable to the Tranche A Term Loans in each case prior to the Latest Maturity Date in effect immediately prior to the establishment of such Incremental Facility so long as all Lenders receive the benefits of such additional covenants, events of default or more restrictive covenants (unless such additional covenants, events of default or more restrictive covenants are customarily limited to term loans of the type of such Incremental Term Loans), (vi) to the extent the terms applicable to any Incremental Term Loans are inconsistent with the terms applicable to the Tranche A Term Loans (except, in each case, as otherwise permitted pursuant to this paragraph (b)), such terms shall be reasonably satisfactory to the Administrative Agent, (vii) any Incremental Term Loans shall have the same Guarantees as, shall rank pari passu with respect to the Liens on the Collateral and in right of payment with the Loans (except to the extent that the related Incremental Facility Agreement provides for such Incremental Term Loans to be treated less favorably, in which case such Incremental Term Loans shall be subject to a customary intercreditor agreement in form and substance reasonably satisfactory to

part of their business nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to the Company or any of its Subsidiaries.

(f) There has been no release or threat of release of Materials of Environmental Concern at any location for which the Company or any of its Subsidiaries is liable by contract or operation of law, in violation of or in amounts or in a manner that would reasonably be expected to give rise to liability to the Company or any of its Subsidiaries under any applicable Environmental Laws.

SECTION 3.18. Intellectual Property. The Company and each of its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted except for those the failure of which to own or license would not reasonably be expected to have a Material Adverse Effect (the "Significant Intellectual Property"). No claim has been asserted and is pending by any Person challenging or questioning the use of any such Significant Intellectual Property or the validity or effectiveness of any such Significant Intellectual Property, and no Responsible Officer of the Company knows of any valid basis for any such claim, except for such claims which would not reasonably be expected to have a Material Adverse Effect. The use of such Significant Intellectual Property by the Company and its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.19. Security Documents. Except to the extent otherwise noted therein, the Guarantee and Collateral Agreement and each Foreign Pledge Agreement are effective to create, or continue, in favor of the Administrative Agent, for the benefit of the Lenders (or, where required by law, in favor of each Lender), a legal, valid and enforceable security interest in the Collateral described therein and the proceeds thereof. In the case of (i) the Pledged Stock described and defined in the Guarantee and Collateral Agreement, except to the extent otherwise noted therein, when stock certificates representing such Pledged Stock are delivered to the Administrative Agent, (ii) the other Collateral described and defined in the Guarantee and Collateral Agreement, except to the extent otherwise noted therein, when the financing statements specified on Schedule 3.19(ii) in appropriate form are filed in the offices specified on Schedule 3.19(ii) and (iii) the filings and other actions are made in respect of the Foreign Pledge Agreements specified on Schedule 3.19(iii), each Security Document shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations, in each case prior and superior in right to any other Person, subject to Liens permitted by Section 6.01. The pledge of the voting Capital Stock of any Foreign Subsidiary will be limited to 65% of such Capital Stock of such Foreign Subsidiary, but no other assets of Foreign Subsidiaries of the Company shall be pledged as collateral security.

SECTION 3.20. Solvency. The Company and its Subsidiaries, on a consolidated basis, are, and after giving effect to the Refinancing and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent.

SECTION 3.21. Affected Financial Institutions. No Loan Party is an Affected Financial Institution.

(b) An incumbency certificate, executed by the Secretary or Assistant Secretary of such Subsidiary, which shall identify by name and title and bear the signature of the officers of such Subsidiary authorized to request Borrowings hereunder and sign the Subsidiary Borrower Agreement and the other Loan Documents to which such Subsidiary is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Subsidiary;

(c) Opinions of counsel to such Subsidiary, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other matters as are reasonably requested by counsel to the Administrative Agent and addressed to the Administrative Agent and the Lenders;

(d) Any documentation and other information related to such Subsidiary reasonably requested by the Administrative Agent or any Lender under applicable "know your customer" or similar rules and regulations, including the Act and the Beneficial Ownership Regulation; and

(e) Any promissory notes requested by any Lender, and any other instruments and documents reasonably requested by the Administrative Agent; and

(f) Any documentation and other information that is reasonably requested by the Administrative Agent or any of the Lenders and that is required by regulatory authorities under applicable "know-your-customer" and Anti-Money Laundering Laws, including the Patriot Act and the Beneficial Ownership Regulation.

ARTICLE V

Affirmative Covenants

The Company hereby agrees that, until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full (other than Unliquidated Obligations) and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Company shall, and in the case of the agreements set forth in Sections 5.03, 5.04, 5.05, 5.06, 5.07, 5.11 and 5.12, shall cause each of its Material Subsidiaries to:

SECTION 5.01. Financial Statements. Furnish to the Administrative Agent (for distribution to each Lender):

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Company (beginning with the fiscal year ending September 30, 2022), a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related statements of consolidated income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year; provided that the consolidated statements shall be certified by independent certified public accountants of nationally recognized standing without a "going concern" or like qualification or exception or qualification arising out of the scope of the audit; ~~and~~

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Company (beginning with the fiscal quarter ending April 2, 2022), a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of each such quarter and the related unaudited statements of consolidated

income and retained earnings and of cash flows for such quarter and the portion of the fiscal year through such date setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer of the Company as being fairly stated in all material respects; and

(c) for any period during which there are any Excluded Entities, simultaneously with the delivery of each set of consolidated financial statements referred to in Sections 5.01(a) and 5.01(b) above, reasonable supplemental financial information reflecting adjustments necessary to eliminate the accounts of the Excluded Entities (if any) from such consolidated financial statements (which may be in footnote form);

all such financial statements to be complete and correct in all material respects and prepared in reasonable detail and in accordance with GAAP (except, in the case of the financial statements referred to in subparagraph (b), such financial statements need not contain notes and shall be prepared substantially in accordance with GAAP) applied consistently throughout the periods reflected therein, except as otherwise disclosed in the notes thereto.

Any financial statement or other documents required to be delivered pursuant to this Section 5.01 or Section 5.02(c) below shall be deemed to have been delivered on the date on which the Company posts such financial statement or other document on its website at www.scotts.com or when such financial statement or other document is posted on the SEC's website at www.sec.gov.

SECTION 5.02. Certificates; Other Information. Furnish to the Administrative Agent (for distribution to each Lender):

(a) concurrently with the delivery of the financial statements referred to in Section 5.01(a) and 5.01(b) above, a certificate from a Responsible Officer of the Company (i) certifying as to whether a Default or Event of Default has occurred and, if a Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, ~~and~~ (ii) showing in detail the calculations supporting such statement in respect of Sections 5.09 and 5.10~~;~~ and (iii) certifying that the aggregate amount of all obligations under Lender Supply Chain Financing Agreements that constitute "Obligations" under this Agreement and the other Loan Documents secured by the Collateral does not exceed $125,000,000;

(b) as soon as available, and in any event no later than 90 days after the end of each fiscal year of the Company, a consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Company and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected income and cash flow and a description of the underlying assumptions applicable thereto) (collectively, the "Projections");

(c) promptly after the same are sent and received, copies of all financial statements, reports and notices which the Company sends to its shareholders and promptly after the same are filed and received, copies of all financial statements and reports which the Company may make to, or file with, and copies of all material notices the Company receives from, the SEC or any public body succeeding to any or all of the functions of the SEC;

(d) promptly upon receipt thereof, copies of all final reports submitted to the board of directors of the Company by independent certified public accountants in connection with each annual, interim or special audit of the books of the Company made by such accountants, including, without limitation, any letter to the board of directors of the Company by such accountants regarding internal

SECTION 5.09. Maintenance of ~~Interest~~Fixed Charge Coverage Ratio. Maintain the ~~Interest~~Fixed Charge Coverage Ratio, determined as of the end of each of its fiscal quarters ending on and after ~~April 2~~September 30, ~~2022~~2023, of not less than ~~3.00 to 1.00~~the applicable ratio set forth in the grid below:

Fiscal Quarter Ending	Fixed Charge Coverage Ratio
September 30, 2023	0.75 to 1.00
December 30, 2023	0.75 to 1.00
March 30, 2024	0.75 to 1.00
June 29, 2024	0.75 to 1.00
September 30, 2024 and each fiscal quarter thereafter	1.00 to 1.00

SECTION 5.10. Maintenance of Leverage Ratio. Subject to the last sentence of this Section, maintain the Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after ~~April 2~~July 1, ~~2022~~2023, of not greater than the applicable ratio set forth in the grid below:

Fiscal Quarter Ending	Leverage Ratio
~~April 2~~July 1, ~~2022~~2023	~~4.50~~7.00 to 1.00
~~June~~September 30, ~~2022~~2023	~~6.25~~7.75 to 1.00
~~September~~December 30, ~~2022~~2023	~~6.25~~8.25 to 1.00
March 30, 2024	7.75 to 1.00
June 29, 2024	6.50 to 1.00
~~December 31, 2022~~September 30, 2024	~~6.25~~6.00 to 1.00
~~March 31~~December 28, ~~2023~~2024	~~6.50~~5.50 to 1.00
~~June 30~~March 29, ~~2023~~2025	~~6.50~~5.25 to 1.00
~~September 30~~June 28, ~~2023~~2025	~~6.25~~5.00 to 1.00
~~December 31, 2023~~September 30, 2025	~~6.25~~4.75 to 1.00
~~March 31, 2024~~	~~5.50 to 1.00~~
~~June 30, 2024~~December 27, 2025 and each fiscal quarter thereafter	4.50 to 1.00

It is understood and agreed that if the Company terminates the Leverage Adjustment Period pursuant to clause (ii) of the definition of Leverage Adjustment Period Termination Date, the above grid shall be disregarded and be null, void and of no further force and effect from and after such Leverage Adjustment Period Termination Date and with immediate effect upon such Leverage Adjustment Period Termination Date, the Company will be required to maintain the Leverage Ratio, determined as of the end of each of its fiscal quarters ending on and after the fiscal quarter of the Company immediately following the then most recent fiscal quarter of the Company in respect of which the Company has delivered Financials pursuant to Section 5.01(a) or (b) and the related compliance certificate pursuant to Section 5.02(a) to the Administrative Agent, of not greater than 4.50 to 1.00.

SECTION 5.11. Additional Collateral, etc.

(a) During any Full Security Period, with respect to any Specified Property acquired after the Effective Date by the Company or any of its Required Subsidiaries (other than (w) any Specified Property described in clause (b) or (c) below, (x) any Specified Property subject to a Lien expressly permitted by Section 6.01(a) or Section 6.01(l), (y) Specified Property acquired by any Excluded Domestic Subsidiary and (z) Specified Property acquired by any Foreign Subsidiary) as to which the Administrative Agent, for the benefit of the Secured Parties, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in such Specified Property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in such Specified Property, including the filing of IP Security Agreements with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency within the United States and the filing of UCC financing statements in such jurisdictions as may be required by the applicable Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent. Notwithstanding anything to the contrary set forth in this Agreement, regardless of whether The Hawthorne Gardening Company is a Subsidiary under this Agreement, the Company shall cause all of the outstanding Capital Stock of The Hawthorne Gardening Company directly owned by the Company or any Subsidiary Guarantor to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent to secure the Obligations in accordance with the terms and conditions of the Guarantee and Collateral Agreement. Notwithstanding anything to the contrary set forth in this Agreement, the Company shall not be required to grant to the Administrative Agent a security interest in any Intellectual Property owned by any of the Hawthorne Entities until the date that is ninety (90) days following the Amendment No. 2 Effective Date (or such later date as is agreed to by the Administrative Agent in its reasonable discretion).

(b) During any Full Security Period, with respect to any new Required Subsidiary (other than an Excluded Domestic Subsidiary) created or acquired after the Effective Date by the Company or any of its Subsidiaries, promptly and in any event within thirty (30) days of such creation or acquisition (or such later date as is agreed to by the Administrative Agent in its reasonable discretion) (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such new Required Subsidiary that is owned by the Company or any of its Subsidiaries, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Company or such Subsidiary, as the case may be, (iii) cause such new Required Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and such other Security Documents, as applicable, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Secured Parties a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement or such other Security Document, as applicable, with respect to such new Required Subsidiary (however, in the case of a pledge by the new Domestic Subsidiary of voting Capital Stock of a first-tier Foreign Subsidiary, such pledge shall be limited to 65% of such Capital Stock of such first-tier Foreign Subsidiary), including the filing of UCC financing statements in such jurisdictions as may be required by applicable Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such new Required Subsidiary, substantially in the form of Exhibit G, with appropriate insertions and attachments, and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. Notwithstanding the foregoing, no new Foreign Pledge Agreement, and no Foreign Pledge Agreement Acknowledgment and Confirmation in respect of any

Foreign Pledge Agreement that is in effect on the Effective Date (or any legal opinions in respect thereof), shall be required hereunder (A) until the date that is sixty (60) days after the Effective Date or such later date as the Administrative Agent may agree in the exercise of its reasonable discretion with respect thereto, and (B) to the extent the Administrative Agent determines that such pledge would not provide material credit support for the benefit of the Secured Parties pursuant to legally valid, binding and enforceable pledge agreements.

(c) Wherever the Administrative Agent reasonably requests the Company to do anything (i) to ensure that any Security Document is fully effective, enforceable and perfected with the contemplated priority, (ii) for more satisfactorily assuring or securing to the Lenders the property the subject of such Security Document in a manner consistent with such Security Document, or (iii) for aiding the exercise of any right or power in any Security Document, the Company shall (and, with respect to actions by third parties that are not Controlled directly or indirectly by the Company, shall use commercially reasonably efforts to) do it promptly and at its own cost. This may include using commercially reasonable efforts to obtain consents, get documents completed and signed, supply information, deliver documents and evidence of title and executed blank transfers, and give possession or control with respect to any property the subject of any Foreign Pledge Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, no amendment, modification or waiver to this Agreement shall (i) change any of the provisions of this Section 5.11(d) without the written consent of each Lender, (ii) subordinate the Lien on a material portion of the Collateral, taken as a whole, securing the Obligations to the Lien securing any other Indebtedness (other than any Lien permitted pursuant to Section 6.01(a)(i), 6.01(i) or 6.01(l)), without the written consent of each Lender directly affected thereby (provided that no such Lender's consent shall be required pursuant to this Section 5.11(d) if such Lender is offered a reasonable, bona fide opportunity to participate on a pro rata basis in any priming Indebtedness (including any fees payable in connection therewith) permitted to be issued as a result of such waiver, amendment or modification) or (iii) subordinate the Secured Obligations (or any Class thereof) in right of payment to any other Indebtedness, without the written consent of each Lender directly affected thereby (provided that no such Lender's consent shall be required pursuant to this Section 5.11(d) if such Lender is offered a reasonable, bona fide opportunity to participate on a pro rata basis in any priming Indebtedness (including any fees payable in connection therewith) permitted to be issued as a result of such waiver, amendment or modification).

SECTION 5.12. Environmental, Health and Safety Matters.

(a) Comply in all material respects with all applicable Environmental Laws, including, without limitation, obtaining and complying with and maintaining any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws. For purposes of this Section 5.12(a), material noncompliance by the Company, any of its Subsidiaries or any tenant or subtenant, with any applicable Environmental Law shall be deemed not to constitute a breach of this covenant provided that, upon learning of any actual or suspected material noncompliance, the Company and the relevant Subsidiaries shall promptly undertake all reasonable efforts to achieve material compliance (or contest in good faith by appropriate proceedings the alleged violation or applicable Environmental Law at issue and (to the extent required by GAAP) provide on the books of the Company or any of its Subsidiaries, as the case may be, reserves in accordance with GAAP with respect thereto), and provided further that, in any case, such noncompliance, and any other noncompliance with applicable Environmental Law, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

to a sale and leaseback transaction), or all or substantially all of the Capital Stock of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that:

(a) any Subsidiary of the Company may be merged, amalgamated or consolidated with or into the Company or any Wholly-owned Subsidiary of the Company (provided that in the case of each such merger or consolidation, the Company or such Wholly-owned Subsidiary, as the case may be, shall be the continuing or surviving corporation);

(b) (i) any Subsidiary of the Company that is not a Loan Party may liquidate, wind up or dissolve and (ii) any Loan Party (other than the Company) may liquidate, wind up or dissolve as long as any assets of such entity are transferred to the Company or another Loan Party;

(c) any Subsidiary of the Company may dispose of all or substantially all of its business, property or assets (including its Capital Stock), in one transaction or a series of transactions, to, (i) the Company or any Wholly-owned Subsidiary of the Company (provided that such Wholly-owned Subsidiary shall be a Subsidiary Guarantor) or (ii) to any other Person in compliance with Section 6.08; and

(d) the Company or any Subsidiary of the Company may consummate any transaction of merger or consolidation or amalgamation with any Person (including, without limitation, any Affiliate of the Company), provided that such merger, consolidation or amalgamation shall be a Permitted Acquisition.

SECTION 6.04. Limitation on Acquisitions, Investments, Loans and Advances. Make any advance, loan, extension of credit or capital contribution to, or purchase of stock, bonds, notes, debentures or other securities of any Person, or make any other investment in any Person, except:

(a) investments in Cash Equivalents;

(b) loans and advances to officers and directors of the Company or any of its Subsidiaries (or employees thereof or manufacturers' representatives provided such loans and advances are approved by an officer of the Company) for travel, entertainment and relocation expenses in the ordinary course of business in an aggregate amount not to exceed $5,000,000 at any one time outstanding;

(c) loans and advances to and investments in the Company or its Subsidiaries;

(d) investments in notes and other securities received in the settlement of overdue debts and accounts payable in the ordinary course of business and for amounts which, individually or in the aggregate, are not material to the Company and its Subsidiaries taken as a whole;

(e) Permitted Acquisitions and other loans, advances and investments, provided that after giving pro forma effect to such transactions, (x) (i) the Company shall be in compliance with the covenant contained in Section 5.09 and (ii) the Leverage Ratio is less than or equal to 4.50 to 1.00, in each case of the foregoing clauses (i) and (ii), recomputed as at the last day of the most recently ended fiscal quarter of the Company as if such transaction had occurred on such day and (y) there shall be no Event of Default;

(f) loans to or investments in Affiliates ~~in an aggregate amount not to exceed $75,000,000 at any one time outstanding;~~, provided that after giving pro forma effect to such loans or investments, (x) (i) the Company shall be in compliance with the covenant contained in Section 5.09 and (ii) the Leverage Ratio is less than or equal to 4.50 to 1.00, in each case of the foregoing

clauses (i) and (ii), recomputed as at the last day of the most recently ended fiscal quarter of the Company as if such transaction had occurred on such day and (y) there shall be no Event of Default;

(g) investments in ~~the Capital Stock of~~ a joint venture entity that is a United States Person, provided that after giving pro forma effect to such ~~transactions~~investments, (x) (i) the Company shall be in compliance with the ~~covenants~~covenant contained in ~~Sections 5.09 and 5.10~~Section 5.09 and (ii) the Leverage Ratio is less than or equal to 4.50 to 1.00, in each case of the foregoing clauses (i) and (ii), recomputed as at the last day of the most recently ended fiscal quarter of the Company as if such ~~incurrence~~investment had occurred on such day and (y) there shall be no Event of Default;

(h) investments in ~~the Capital Stock of~~ a joint venture entity that is not a United States Person~~;~~, provided that after giving pro forma effect to such investments, (x) (i) the Company shall be in compliance with the covenant contained in Section 5.09 and (ii) the Leverage Ratio is less than or equal to 4.50 to 1.00, in each case of the foregoing clauses (i) and (ii), recomputed as at the last day of the most recently ended fiscal quarter of the Company as if such investment had occurred on such day and (y) there shall be no Event of Default;

(i) investments in the nature of seller financing of or other consideration received in any Disposition by the Company or any of its Subsidiaries of any assets permitted by Section 6.08;

(j) payments required to be made under the Exclusive Agency and Marketing Agreement;

(k) Indebtedness permitted under Section 6.05;

(l) investments existing on the Effective Date as set forth on Schedule 6.04;

(m) acquisitions, investments, loans and advances in an aggregate amount not to exceed the greater of (i) $250,000,000 and (ii) 4.5% of Consolidated Total Assets (determined as of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b)) at any one time outstanding;~~ and~~

(n) to the extent constituting an investment, the Company's or any other Loan Party's patronage with CoBank ACB in an aggregate amount not to exceed $5,000,000 annually~~.~~; and

(o) investments in Bonnie and, after the consummation of the Project Bob Transaction, the Hawthorne Entities (i) in an aggregate amount not to exceed $25,000,000 and (ii) in addition to the investments made in reliance on clause (i), an additional aggregate amount during any fiscal year not to exceed $225,000,000 (in the case of this clause (ii), less the amount of any Restricted Payments made during such fiscal year in reliance on Section 6.14(c)(1)(i) and Section 6.14(c)(2)(ii)).

SECTION 6.05. Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness except:

(a) Indebtedness outstanding on the date hereof and listed on Schedule 6.05 and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof, other than for accrued interest, premiums, costs and expenses);

SECTION 6.11. Modification of Certain Debt Instruments. Amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Existing Senior Notes or any other unsecured or subordinated notes (or any refinancing thereof) issued pursuant to Sections 6.05(e) or 6.05(n) other than any such amendment, modification, waiver or other change that:

(a) (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon, (ii) does not involve the payment of a consent fee material in proportion to the outstanding principal amount thereof and (iii) is no more restrictive to the Company and not material and adverse to the Lenders; or

(b) provides for actions which (i) are expressly permitted under this Agreement and (ii) do not require the consent of any of the holders of the Existing Senior Notes or unsecured or subordinated notes (or refinancing thereof) issued pursuant to Sections 6.05(e) or 6.05(n).

Nothing in this Section 6.11 shall be deemed to prohibit the optional prepayment, retirement, redemption, purchase, defeasance or exchange (or arranging therefor) of the Existing Senior Notes or any Indebtedness outstanding pursuant to Sections 6.05(e) or 6.05(n), which optional prepayment, retirement, redemption, purchase, defeasance or exchange shall be otherwise permitted by this Agreement.

SECTION 6.12. [Intentionally Omitted].

SECTION 6.13. Lines of Business. Engage to any material extent in any business activities other than in the respective primary lines of business of the Company and its Subsidiaries (which shall include any evolution or extension of business activities and any business activities reasonably related to such primary lines of business conducted on the Effective Date).

SECTION 6.14. Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any of its Capital Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations (collectively, "Restricted Payments"), except that:

(a) any Subsidiary may make Restricted Payments to the Company or any other Subsidiary;

(b) the Company and any of its Subsidiaries may make repurchases of its Capital Stock deemed to occur upon the exercise of stock options or the vesting or settlement of other equity or equity-based awards if such Capital Stock represents all or part of the exercise price of such options or represents any income or employment tax withholding associated therewith; and

(c) (1) at all times that the Leverage Adjustment Period is in effect, so long as no Default or Event of Default has occurred and is continuing at the time of declaration or would result therefrom, (i) the Company may declare and pay its regularly scheduled cash dividends to the holders of its common stock in an aggregate amount not to exceed $225,000,000 for each fiscal year (less the amount of any investments made during such fiscal year in reliance on Section 6.04(o)(ii)) and (ii) in addition to the foregoing, the Company and any of its Subsidiaries may make further Restricted Payments at all other times in an aggregate amount not to exceed $25,000,000; or

(2) at all times on and after the Leverage Adjustment Period Termination Date, so long as no Default or Event of Default has occurred and is continuing at the time of declaration or would result therefrom, (i) the Company and any of its Subsidiaries may make unlimited Restricted Payments so long as after giving effect to any such Restricted Payments the Leverage Ratio (calculated on a pro forma basis as of the last day of the most recently completed fiscal quarter, but including in the calculation thereof the Indebtedness of the Company and its consolidated Subsidiaries after giving effect to such Restricted Payment) is less than or equal to 4.00 to 1.00 and (ii) in addition to the foregoing, the Company and any of its Subsidiaries may make further Restricted Payments at all other times in an aggregate amount not to exceed $225,000,000 for each fiscal year (less, (A) if applicable, the amount of any dividends made during such fiscal year in reliance on the preceding clause (c)(1)(i) of this Section 6.14 and (B) the amount of any investments made during such fiscal year in reliance on Section 6.04(o)(ii)).

SECTION 6.15. Use of Proceeds. Request any Borrowing or Letter of Credit or use (or permit their respective directors, officers, employees and agents to use) the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, except to the extent permitted for a Person required to comply with Sanctions, or (C) in violation of any Sanctions applicable to any party hereto.

SECTION 6.16. Material Intellectual Property. Assign, transfer, or exclusively license or exclusively sublicense any Material Intellectual Property to any Subsidiary that is not a Subsidiary Guarantor other than such assignments, transfers, licenses or sublicenses of Material Intellectual Property owned or licensed by, or otherwise used in the business of, the Hawthorne Entities contemplated to be assigned, transferred or exclusively licensed to the Hawthorne Entities by the Project Bob Transaction.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) Payments. The Company or the relevant Subsidiary Borrower shall fail to pay any principal of any Loan (other than any scheduled payments of principal in respect of Term Loans prior to the applicable Maturity Date) or any reimbursement obligation in respect of any LC Disbursement when any such amount becomes due in accordance with the terms thereof or hereof; or the Company or the relevant Subsidiary Borrower shall fail to pay (i) any scheduled payments of principal in respect of Term Loans prior to the applicable Maturity Date, (ii) any interest on any Loan or (iii) any fee or other amount payable hereunder, in each case (for the purposes of the preceding clauses (i), (ii) and (iii)) within five Business Days after any such scheduled payment of principal, interest, fee or amount becomes due in accordance with the terms thereof or hereof; or

(b) Representations and Warranties. Any representation or warranty made or deemed made by the Company or any of its Subsidiaries in any of the Loan Documents to which it is a party or which is contained in any certificate, document or financial statement furnished at any time under or in connection herewith or therewith shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the Company to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Secured Parties herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon (or obligations of the Company or any Subsidiary in respect of) all interests retained by the Company or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery by the Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by the Administrative Agent.

(b) In furtherance of the foregoing and not in limitation thereof, no arrangements in respect of Lender Cash Management Agreements the obligations under which constitute Obligations ~~and~~, no Lender Hedging Agreements the obligations under which constitute Obligations, no Lender Qualified Bilateral Letters of Credit the obligations under which constitute Obligations and no Lender Supply Chain Financing Agreement the obligations under which constitute Obligations, will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such arrangement in respect of Lender Cash Management Agreements ~~or~~, Lender Hedging ~~Agreement~~Agreements, Lender Qualified Bilateral Letters of Credit or Lender Supply Chain Financing Agreements, as applicable, shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(c) The Secured Parties irrevocably authorize the Administrative Agent, at its option and in its discretion, to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Sections ~~6.02~~6.01(c), (d), (e), (f), (g) or (h). The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain any portion of the Collateral.

SECTION 8.08. Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or

SECTION 9.13. USA PATRIOT Act; Canadian AML. Each Lender that is subject to the requirements of the Patriot Act and the requirements of the Beneficial Ownership Regulation hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Patriot Act and the Beneficial Ownership Regulation. Each Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable Canadian anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding such Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in Control of such Borrower, and the transactions contemplated hereby.

SECTION 9.14. Releases of Subsidiary Guarantors.

(a) A Subsidiary Guarantor shall automatically be released from its obligations under the Guarantee and Collateral Agreement upon the consummation of any transaction permitted by this Agreement as a result of which such Subsidiary Guarantor ceases to be a Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party's expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(b) Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of the Company, release any Subsidiary Guarantor from its obligations under the Guarantee and Collateral Agreement if such Subsidiary Guarantor is no longer a Required Subsidiary.

(c) At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than Obligations under Lender Cash Management Agreements not yet due and payable, Obligations under Lender Hedging Agreements not yet due and payable, Obligations under Lender Qualified Bilateral Letters of Credit not due and payable, Obligations under Lender Supply Chain Financing Agreements not yet due and payable, Unliquidated Obligations for which no claim has been made and other Obligations expressly stated to survive such payment and termination) shall have been paid in full in cash, the Commitments shall have been terminated and no Letters of Credit shall be outstanding, the Guarantee and Collateral Agreement and all obligations (other than those expressly stated to survive such termination) of each Subsidiary Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

(d) Upon the consummation of the Project Bob Transaction, each Hawthorne Entity is automatically released from its obligations under the Guarantee and Collateral Agreement and all liens on the assets of each Hawthorne Entity are automatically released (excluding, for the avoidance of doubt, of all of the outstanding Capital Stock of The Hawthorne Gardening Company directly owned by the Company or any Subsidiary Guarantor), and the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Hawthorne Entity, at the Company's expense, all documents that such Hawthorne Entity shall reasonably request to evidence such termination and release (including, without limitation, all UCC-3

termination statements and intellectual property releases). Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

SECTION 9.15. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

SECTION 9.16. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the applicable Overnight Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.17. No Advisory or Fiduciary Responsibility. Each Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that no Credit Party will have any obligations except those obligations expressly set forth herein and in the other Loan Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to such Borrower with respect to the Loan Documents and the transaction contemplated therein and not as a financial advisor or a fiduciary to, or an agent of, such Borrower or any other person. Each Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, each Borrower acknowledges and agrees that no Credit Party is advising such Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. Each Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Credit Parties shall have no responsibility or liability to any Borrower with respect thereto.

Each Borrower further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party, together with its Affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, such Borrower, its Subsidiaries and other companies with which such Borrower or any of its Subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such

SCHEDULE 2.01A
COMMITMENTS

Lender	Global Tranche Commitment	Dollar Tranche Commitment	Tranche A Term Loan Commitment
JPMORGAN CHASE BANK, N.A.	$~~122,880,000~~102,400,000.00	$0	$72,120,000
WELLS FARGO BANK, NATIONAL ASSOCIATION	$~~122,880,000~~102,400,000.00	$0	$72,120,000
MIZUHO BANK, LTD.	$~~122,880,000~~102,400,000.00	$0	$72,120,000
BANK OF AMERICA, N.A.	$~~122,880,000~~102,400,000.00	$0	$72,120,000
COBANK, ACB	$0	$~~205,000,000~~170,833,333.33	$240,000,000
FIFTH THIRD BANK, NATIONAL ASSOCIATION	$~~88,220,000~~73,516,666.67	$0	$51,780,000
COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH	$~~88,220,000~~73,516,666.67	$0	$51,780,000
SUMITOMO MITSUI BANKING CORPORATION	$~~88,220,000~~73,516,666.67	$0	$51,780,000
TD BANK, N.A.	$~~88,220,000~~73,516,666.67	$0	$51,780,000
TRUIST BANK	$~~88,220,000~~73,516,666.67	$0	$51,780,000
CITIZENS BANK, N.A.	$~~63,020,000~~52,516,666.67	$0	$36,980,000
THE BANK OF NOVA SCOTIA	$~~63,020,000~~52,516,666.67	$0	$36,980,000
U.S. BANK NATIONAL ASSOCIATION	$~~63,020,000~~52,516,666.67	$0	$36,980,000
PNC BANK, NATIONAL ASSOCIATION	$~~63,020,000~~52,516,666.67	$0	$36,980,000
CAPITAL ONE, N.A.	$~~56,730,000~~47,275,000.00	$0	$33,270,000
GOLDMAN SACHS BANK USA	$~~22,060,000~~18,383,333.33	$0	$12,940,000
THE NORTHERN TRUST COMPANY	$~~22,060,000~~18,383,333.33	$0	$12,940,000
TRISTATE CAPITAL BANK	$0	$~~9,450,000~~7,875,000.00	$5,550,000
TOTAL	**$~~1,285,550,000~~1,071,291,666.67**	**$~~214,450,000~~178,708,333.33**	**$1,000,000,000**

ANNEX B

Attached

Schedule 1.01B

Subsidiaries Whose Capital Stock is Not Pledged

- Scotts Global Services, Inc., an Ohio corporation
- Scotts Servicios, S.A. de C.V. (Mexico)
- Scotts de Mexico S.A. de C.V. (Mexico)
- SMG Germany GmbH
- SMG Gardening (UK) Limited
- Scotts Sierra (China) Co. Ltd.
- Miracle-Gro Technologia & Servicios, S. de R.L. de C.V.
- The Scotts Miracle-Gro Foundation

Exhibit 10.1(b)(ii)

AMENDMENT NO. 1

Dated as of July 31, 2023

To

SIXTH AMENDED AND RESTATED GUARANTEE AND COLLATERAL AGREEMENT

Dated as of April 8, 2022

THIS AMENDMENT NO. 1 (this "Amendment") is made as of July 31, 2023 by and among The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), each other Grantor party to the Existing Guarantee and Collateral Agreement (as defined below) and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), under that certain Sixth Amended and Restated Guarantee and Collateral Agreement, dated as of April 8, 2022, by and among the Company, the other Grantors (as defined therein) from time to time party thereto and the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time immediately prior to the date hereof, the "Existing Guarantee and Collateral Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Amended Guarantee and Collateral Agreement or the Credit Agreement (as defined in the Amended Guarantee and Collateral Agreement), as applicable.

WHEREAS, the Grantors and the Administrative Agent have agreed to amend the Existing Guarantee and Collateral Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors and the Administrative Agent hereby agree to enter into this Amendment.

1. Amendments to the Credit Agreement. The parties hereto agree that, effective as of the Amendment Effective Date (as defined below), (a) the Existing Guarantee and Collateral Agreement (including Annex 1 thereto, but excluding all existing Schedules thereto) is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Existing Guarantee and Collateral Agreement (including Annex 1 thereto, but excluding all existing Schedules thereto) attached as Annex A hereto and (b) the Existing Guarantee and Collateral Agreement is hereby amended to (i) restate Schedule 5 in its entirety and (ii) add Schedules 6, 7 and 8 and Annexes 2, 3 and 4, in each case as set forth on Annex B hereto (the Existing Credit Agreement as so amended by clauses (a) and (b), the "Amended Guarantee and Collateral Agreement").

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the satisfaction of the following condition precedent (the date of such satisfaction, the "Amendment Effective Date") that the Administrative Agent (or its counsel) shall have received counterparts (or written evidence reasonably satisfactory to the Administrative Agent that such party has signed a counterpart) of this Amendment duly executed by (a) each Grantor and (b) the Administrative Agent.

3. Representations and Warranties of the Grantors. Each Grantor hereby represents and warrants to the Administrative Agent, on and as of the Amendment Effective Date, that this Amendment and the Amended Guarantee and Collateral Agreement constitute legal, valid and binding

obligations of such Grantor, enforceable against such Grantor in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4. Grant, Consent and Reaffirmation. Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, all of the Collateral now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the Grantors consents to this Amendment and reaffirms the terms and conditions of the Amended Guarantee and Collateral Agreement and any other Loan Document executed by such Grantor and acknowledges and agrees that the Amended Guarantee and Collateral Agreement and each and every such Loan Document executed by such Grantor in connection with the Amended Guarantee and Collateral Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

5. Reference to and Effect on the Loan Documents.

(a) Upon and after the Amendment Effective Date, each reference to the Guarantee and Collateral Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Amended Guarantee and Collateral Agreement.

(b) Each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Amended Guarantee and Collateral Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment is a Loan Document under (and as defined in) the Credit Agreement.

6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

7. Submission To Jurisdiction; Waivers. Each Borrower hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment and any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims, cross-claims or third party claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court;

(b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Amendment or any other Loan Document in any court referred to in paragraph (a) of this Section. Each Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court;

(c) agrees that service of process in any such action or proceeding may be effected in accordance with Section 9.01 of the Credit Agreement; and

(d) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in Section 9.03(d) of the Credit Agreement any special, indirect, consequential or punitive damages.

8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

THE SCOTTS MIRACLE-GRO COMPANY, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

THE SCOTTS COMPANY LLC, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

HYPONEX CORPORATION, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS MANUFACTURING COMPANY, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS TEMECULA OPERATIONS, LLC, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SMG GROWING MEDIA, INC., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

MIRACLE-GRO LAWN PRODUCTS, INC., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

OMS INVESTMENTS, INC., as a Grantor

By: /s/ GREGORY A. LIENING
Name: Gregory A. Liening
Title: President and Chief Executive Officer

SCOTTS PRODUCTS CO., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS PROFESSIONAL PRODUCTS CO., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS-SIERRA INVESTMENTS LLC, as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

SWISS FARMS PRODUCTS, INC., as a Grantor

By: /s/ GREGORY A. LIENING
Name: Gregory A. Liening
Title: President and Chief Executive Officer

SANFORD SCIENTIFIC, INC., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

ROD MCLELLAN COMPANY, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SMGM LLC, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

GENSOURCE, INC., as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Treasurer

HAWTHORNE HYDROPONICS LLC, as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

HGCI, INC., as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President

THE HAWTHORNE GARDENING COMPANY, as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President and Treasurer

1868 VENTURES LLC, as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

SCOTTS LIVE GOODS HOLDINGS, INC., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

AEROGROW INTERNATIONAL, INC., as a Grantor

By: /s/ MATTHEW E. GARTH
Name: Matthew E. Garth
Title: Executive Vice President and Chief Financial Officer

THE HAWTHORNE COLLECTIVE, INC., as a Grantor

By: /s/ MARK J. SCHEIWER
Name: Mark J. Scheiwer
Title: Vice President

JPMORGAN CHASE BANK, N.A., Administrative Agent

By: /s/ RUPAM AGRAWAL
Name: Rupam Agrawal
Title: Vice President

ANNEX A

Amended Guarantee and Collateral Agreement

Attached

TABLE OF CONTENTS

THIS SIXTH AMENDED AND RESTATED GUARANTEE AND COLLATERAL AGREEMENT, dated as of April 8, 2022 made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") from time to time parties to the Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among THE SCOTTS MIRACLE-GRO COMPANY, an Ohio corporation (the "Company"), the Subsidiary Borrowers~~,~~ (as defined in the Credit Agreement) from time to time parties to the Credit Agreement, the Co-Syndication Agents and the Co-Documentation Agents named therein and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Company and the Subsidiary Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Company and each Subsidiary Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Company and each Subsidiary Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Company, each Subsidiary Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Company and any Subsidiary Borrower under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Administrative Agent for the ratable benefit of the Secured Parties; and

WHEREAS, it is acknowledged and agreed by each party hereto that (i) this Agreement hereby amends and restates in all respects that certain Fifth Amended and Restated Guarantee and Collateral Agreement (the "Existing Guarantee and Collateral Agreement") dated as of July 5, 2018, among the Company, the Grantors party thereto, the several banks and other financial institutions parties thereto and the Administrative Agent, in accordance with the terms and conditions set forth in this Agreement, (ii) from and after the date hereof, each reference to the "Agreement" or other reference originally applicable to the Existing Guarantee and Collateral Agreement contained in any Loan Document shall be a reference to this Agreement, as amended, supplemented, restated or otherwise modified from time to time and (iii) it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Existing Guarantee and Collateral Agreement nor impair the liens and security interests created thereunder, but that this Agreement amend and restate in its entirety the Existing Guarantee and Collateral Agreement and re-evidence the obligations and liabilities of each Grantor outstanding thereunder and that such obligations and liabilities shall remain in full force and effect and to the fullest extent permitted by applicable law this Agreement shall not adversely affect the liens and security interests created under the Original Security Agreement or the priority thereof.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Company and each Subsidiary Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1. Definitions

(a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement and the following terms are used herein as defined in the New York UCC: Accounts, Certificated Security, Chattel Paper, Equipment, Inventory, Instruments and Supporting Obligations.

(b) The following terms shall have the following meanings:

"After-Acquired Intellectual Property": as defined in Section 6.8(b).

"Agreement": this Sixth Amended and Restated Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Amendment No. 1 Effective Date" means the Amendment Effective Date (as defined in that certain Amendment No. 1, dated as of July 31, 2023, to this Agreement, by and among each Grantor party thereto and the Administrative Agent).

"Collateral": as defined in Section 4.

"Copyright Licenses": all agreements, licenses and covenants providing for the grant to or from a Grantor of a license or other right to use or exploit any Copyright or otherwise providing for a covenant not to sue for infringement or other violation of any Copyright.

"Copyrights": with respect to any Grantor, all of such Grantor's right, title and interest in and to all works of authorship and all intellectual property rights therein, all copyrights (whether or not the underlying works of authorship have been published), including but not limited to copyrights in software and databases, all designs (including but not limited to all industrial designs, "Protected Designs" within the meaning of 17 U.S.C. 1301 et. Seq. and Community designs), and all "Mask Works" (as defined in 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, and with respect to any and all of the foregoing: (i) all registrations and applications for registration thereof including, without limitation, the registrations and applications in the United States Copyright Office listed on Schedule 6, (ii) all extensions, renewals, and restorations thereof, (iii) all rights to sue or otherwise recover for any past, present and future infringement or other violation thereof, (iv) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages and proceeds of suit now or hereafter due and/or payable with respect thereto, and (v) all other rights of any kind accruing thereunder or pertaining thereto; but excluding any Excluded IP.

"Excluded IP": (i) the Intellectual Property owned or licensed by, or otherwise used in the business of, the Hawthorne Entities contemplated to be assigned, transferred or exclusively licensed to the Hawthorne Entities by the Project Bob Transaction that is listed

on Schedule 7 (but such Intellectual Property shall only be excluded until the date described in Section 6.8(j) of this Agreement), (ii) the Intellectual Property listed on Schedule 8, (iii) any foreign Intellectual Property, (iv) any "intent-to-use" application for registration of a Trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing and acceptance of a "Statement of Use" or an "Amendment to Allege Use" with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law and (v) any Intellectual Property to the extent that, and for so long as, such Intellectual Property is excluded as Collateral pursuant to the penultimate paragraph of Section 4.

"Foreign Subsidiary": any Subsidiary organized under the laws of any jurisdiction outside the United States of America, except for any such Subsidiary which is a "check-the-box" entity under Regulation section 301.7701-3 of the Code.

"Foreign Subsidiary Voting Stock": the voting Capital Stock of any Foreign Subsidiary.

"Full Security Period": any period from and after the Effective Date other than any Unsecured Period.

"Guarantors": the collective reference to each Grantor other than the Company. For the avoidance of doubt, notwithstanding any other provision of this Agreement, the parties hereto expressly agree that no Foreign Subsidiary shall be a Guarantor.

"Intellectual Property": with respect to any Grantor, the collective reference to all rights, priorities and privileges relating to intellectual property, including, without limitation, Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, Trademark Licenses, Trade Secrets and Trade Secret Licenses, and all rights to sue or otherwise recover for any past, present and future infringement, dilution, misappropriation, or other violation or impairment thereof, including the right to receive all Proceeds therefrom, including without limitation license fees, royalties, income payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto; but excluding any Excluded IP.

"Intellectual Property Security Agreements": collectively, the Copyright Security Agreements, each substantially the form of Annex 2, the Patent Security Agreements, each substantially in the form of Annex 3 and the Trademark Security Agreements, each substantially in the form of Annex 4.

"Issuers": the collective reference to each issuer of any Pledged Stock.

"Material Intellectual Property": has the meaning provided in the Credit Agreement.

"New York UCC": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations": has the meaning provided in the Credit Agreement.

"Patent Licenses": all agreements, licenses and covenants providing for the grant to or from a Grantor of a license or other right to use or exploit any Patent or otherwise providing for a covenant not to sue for infringement or other violation of any Patent.

"Patents": with respect to any Grantor, all of such Grantor's right, title and interest in and to all patentable inventions and designs, all patents, certificates of invention, and similar industrial property rights, and applications for any of the foregoing, including, without limitation, (i) each patent and patent application in the United States Patent and Trademark Office listed on Schedule 6, (ii) all reissues, substitutes, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (iii) all inventions and improvements described and claimed therein, (iv) all rights to sue or otherwise recover for any past, present and future infringement or other violation thereof, (v) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, proceeds of suit and other payments now or hereafter due and/or payable with respect thereto, and (vi) all other rights accruing thereunder or pertaining thereto; but excluding any Excluded IP.

"Pledged Stock": the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options or rights of any nature whatsoever in respect of the Capital Stock of any Subsidiary of the Company (to the extent required to be pledged under Section 5.11 of the Credit Agreement) that may be issued or granted to, or held by, any Grantor while this Agreement is in effect; provided that in no event shall the "Pledged Stock" include the Capital Stock of any of the Subsidiaries listed on Schedule 5 or more than 65% of the total outstanding Foreign Subsidiary Voting Stock of any Foreign Subsidiary be required to be pledged hereunder.

"Proceeds": all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Pledged Stock, collections thereon or distributions or payments with respect thereto.

"Qualified Keepwell Provider": in respect of any Swap Obligation, each Loan Party that, at the time the relevant guarantee (or grant of the relevant security interest, as applicable) becomes effective with respect to such Swap Obligation, has total assets exceeding $10,000,000 or otherwise constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" with respect to such Swap Obligation at such time by entering into a keepwell pursuant to section 1a(18)(A)(v)(II) of the Commodity Exchange Act."

"Ratings Release Date": as defined in Section 9.15(c).

"Receivable": shall mean any Account and any other right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance, other than Sold Receivables Assets.

"Secured Parties has the meaning provided in the Credit Agreement.

"Securities Act": the Securities Act of 1933, as amended.

"Specified Conditions" means, at any time of determination thereof, (a) no Incremental Term Loans in the form of an institutional term loan B facility have been issued and are outstanding pursuant to Section 2.20 of the Credit Agreement and (b) (i) the Company's "corporate credit rating" from S&P (or such other term as S&P may from time to time use to

describe the Company's senior unsecured non-credit enhanced long term indebtedness, such rating, the "S&P Rating") shall be at least BBB- (with a stable outlook) and the Company's "corporate family rating" from Moody's (or such other term as Moody's may from time to time use to describe the Company's senior unsecured non-credit enhanced long term indebtedness, such rating, the "Moody's Rating") shall be at least Baa3 (with a stable outlook) or (ii) (x) the Company's S&P Rating shall be at least BBB- (with a stable outlook) or the Company's Moody's Rating shall be at least Baa3 (with a stable outlook) and (y) the Leverage Ratio is less than or equal to 2.50 to 1.00.

"Swap" shall mean any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swap Obligation" shall mean, with respect to any Person, any obligation to pay or perform under any Swap.

"Trademark Licenses": all agreements, licenses and covenants providing for the grant to or from a Grantor of a license or other right to use or exploit any Trademark or otherwise providing for a covenant not to sue for infringement, dilution, or other violation of any Trademark or permitting co-existence with respect to a Trademark (including, without limitation, those listed on Schedule 6).

"Trademarks": with respect to any Grantor, all of such Grantor's right, title and interest in and to all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade dress, trade styles, logos, Internet domain names, other indicia of origin or source identification, and general intangibles of a like nature, whether registered or unregistered, and, with respect to any and all of the foregoing, (i) all registrations and applications for registration thereof including, without limitation, the registrations and applications listed on Schedule 6, (ii) all extensions and renewals thereof, (iii) all of the goodwill of the business connected with the use of and symbolized by any of the foregoing, (iv) all rights to sue or otherwise recover for any past, present and future infringement, dilution, or other violation thereof, (v) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, proceeds of suit and other payments now or hereafter due and/or payable with respect thereto, and (vi) all other rights of any kind accruing thereunder or pertaining thereto; but excluding any Excluded IP.

"Trade Secret Licenses": all agreements, licenses and covenants providing for the grant to or from a Grantor of a license or other right to use or exploit any Trade Secret or otherwise providing for a covenant not to sue for misappropriation or other violation of a Trade Secret.

"Trade Secrets": with respect to any Grantor, all of such Grantor's right, title and interest in and to (i) all trade secrets and all confidential and proprietary information, including know-how, manufacturing and production processes and techniques, inventions, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, and with respect to any and all of the foregoing, (ii) all rights to sue or otherwise recover for any past, present and future misappropriation or other violation thereof, (iii) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, proceeds of suit and other payments

now or hereafter due and/or payable with respect thereto, and (iv) all other rights of any kind accruing thereunder or pertaining thereto; but excluding any Excluded IP.

"Unsecured Period": as defined in Section 9.15(c).

1.2. Other Definitional Provisions (a) The words "hereof," "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2. BORROWER GUARANTEE

2.1. Company Guarantee (a) The Company hereby, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by each Subsidiary when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations (other than with respect to any Guarantor any Excluded Swap Obligations of such Guarantor).

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of the Company hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by the Company under applicable federal and state laws relating to the insolvency of debtors.

(c) The guarantee contained in this Section 2 shall remain in full force and effect until all the Obligations and the obligations of the Company under the guarantee contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall be outstanding and the Commitments and Loans shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement each applicable Subsidiary may be free from any Obligations.

(d) No payment made by any Subsidiary, any of the other Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Subsidiary, any of the other Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Company hereunder which shall, notwithstanding any such payment (other than any payment made by the Company in respect of the Obligations or any payment received or collected from the Company in respect of the Obligations), remain liable for the Obligations up to the maximum liability of the Company hereunder until the Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments and Loans are terminated.

2.2. No Subrogation. Notwithstanding any payment or payments made by the Company hereunder, or any set-off or application of funds of the Company by the Administrative Agent or any Lender, the Company shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the applicable Subsidiary or against any collateral security or

guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall the Company seek or be entitled to seek any contribution or reimbursement from the Subsidiaries in respect of payments made by the Company hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Subsidiaries on account of the Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments and Loans are terminated. If any amount shall be paid to the Company on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Company in trust for the Administrative Agent and the Lenders, segregated from other funds of the Company, and shall, forthwith upon receipt by the Company, be turned over to the Administrative Agent in the exact form received by the Company (duly indorsed by the Company to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.3. Amendments, ~~etc~~Etc. with respect to the Obligations. The Company shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Company and without notice to or further assent by the Company, any demand for payment of any of the Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Obligations continued, and the Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.4. Guarantee Absolute and Unconditional. The Company waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Company and the Subsidiaries, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. The Company waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Company or the applicable Subsidiary with respect to the Obligations. The Company understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Subsidiary or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Company or any Subsidiary) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Subsidiaries for the Obligations, or of the Company under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its

for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

3.4. Amendments, ~~etc~~Etc. with respect to the Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Obligations continued, and the Obligations or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for the guarantee contained in this Section 3 or any property subject thereto.

3.5. Guarantees Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon any of the guarantees contained in this Section 3 or acceptance of the guarantees contained in this Section 3; the Obligations and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 3; and all dealings between the Company and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 3. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Company or any of the Guarantors with respect to the Obligations. Each Guarantor understands and agrees that the guarantees contained in this Section 3 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Company or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Company or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Obligations, or of such Guarantor under the guarantee contained in this Section 3, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Company, any other Guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Company, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the

(e) all Intellectual Property;

(f) ~~(e)~~all books and records pertaining to the Collateral; and

(g) ~~(f)~~to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing.

Notwithstanding any of the other provisions set forth in this Section 4, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any Requirements of Law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such Requirement of Law or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or, in the case of any Pledged Stock, any applicable shareholder or similar agreement, except to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law. For the avoidance of doubt, the grant of a security interest herein shall not be deemed to be an assignment of Intellectual Property rights owned by the Grantors.

Without limiting the foregoing, each of the Grantors that is a party to the Existing Guarantee and Collateral Agreement hereby regrants, confirms, ratifies and reaffirms the security interest granted to the Administrative Agent, for the benefit of the Secured Parties, pursuant to the Existing Guarantee and Collateral Agreement and agrees that such security interest (including, without limitation, any filings made in connection therewith) remains in full force and effect and is hereby ratified, reaffirmed and confirmed.

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Company and each Subsidiary Borrower thereunder, each Grantor hereby represents and warrants to the Administrative Agent and each Lender that other than during any Unsecured Period:

5.1. Title; No Other Liens. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Agreement and the other Liens permitted to exist on the Collateral by the Credit Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, pursuant to this Agreement or as are permitted by the Credit Agreement.

5.2. Perfected First Priority Liens. The security interests granted pursuant to this Agreement will constitute valid perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for the Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor (other than Inventory sold by such Grantor in the ordinary course of business and except as otherwise permitted by the Credit Agreement), to the extent that perfection or enforceability against third parties is obtainable by completion of the filings and other actions set forth on Schedule 3 or any similar filings or other actions in other jurisdictions in the United States of America and are prior to all other Liens on the Collateral which have priority over the

Liens on the Collateral by operation of law and other Liens on the Collateral permitted by the Credit Agreement.

5.3. Jurisdiction of Organization. On the Effective Date, such Grantor's jurisdiction of organization and identification number from the jurisdiction of organization (if any) are set forth on Schedule 3. Such Grantor has furnished to the Administrative Agent a certified charter, certificate of incorporation or other organizational document and good standing certificate as of a date which is recent to the Effective Date.

5.4. Domestic Subsidiaries. On the Effective Date, Schedule 4 sets forth a true and complete list of the Domestic Subsidiaries.

5.5. Pledged Stock.

(a) The shares of the Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor or, in the case of Foreign Subsidiary Voting Stock, if less, 65% of the outstanding Foreign Subsidiary Voting Stock of each relevant Issuer.

(b) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable.

(c) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Pledged Stock pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement and except as permitted under Section 6.01 of the Credit Agreement.

5.6. Receivables. During any Full Security Period,

(a) None of the obligors on any Receivables (other than Receivables which, when taken together with all other Receivables of each Grantor, have an aggregate value less than or equal to $25,000,000) is a Governmental Authority.

(b) The amounts represented by such Grantor to the Lenders from time to time as owing to such Grantor in respect of the Receivables will at such times be accurate in all material respects.

5.7. Intellectual Property.

(a) Schedule 6 lists all of the following Intellectual Property as of the Amendment No. 1 Effective Date, to the extent owned by such Grantor in its own name: (i) issued Patents and pending Patent applications, (ii) trademarks, service marks and trade dress registered with the United States Patent and Trademark Office, and applications for the registration thereof, and (iii) registered Copyrights, and applications to register Copyrights. All Material Intellectual Property is recorded or in the process of being recorded in the name of such Grantor. Except as set forth on Schedule 6, such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to all Material Intellectual Property owned by such Grantor, in each case free and clear of all Liens other than Permitted Liens.

(b) Except as set forth on Schedule 6, all Material Intellectual Property of such Grantor is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and such Grantor has performed in all material respects all acts and has paid all renewal, maintenance,

and other fees and taxes required to maintain each and every registration and application of Copyrights, Patents and Trademarks of such Grantor constituting Material Intellectual Property in full force and effect, unless, to the extent that such Intellectual Property no longer constitutes Material Intellectual Property, such Grantor has reasonably determined that the preservation thereof is no longer desirable in the conduct of such Grantor's business.

(c) Except as could not reasonably be expected to have a Material Adverse Effect, (i) no action or proceeding is pending, or, to the knowledge of a Responsible Officer of such Grantor, threatened, alleging that such Grantor, or the conduct of such Grantor's business, infringes, misappropriates, dilutes, or otherwise violates the intellectual property rights of any other Person, and (ii) to the knowledge of a Responsible Officer of such Grantor, no Person is engaging in any activity that infringes, misappropriates, dilutes or violates any Intellectual Property of such Grantor.

(d) Such Grantor controls the nature and quality of all products sold and all services rendered under or in connection with all Trademarks of such Grantor that constitute Material Intellectual Property, in each case consistent with industry standards, and has taken commercially reasonable measures to ensure that all licensees of all such Trademarks comply with such Grantor's standards of quality.

(e) Such Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks, appropriate notice of its trademark rights in common law Trademarks, proper marking practices in connection with its Patents, and appropriate notice of copyright in connection with the publication of its Copyrights, in each case, to the extent such Trademarks, Patents or Copyrights constitute Material Intellectual Property.

(f) The consummation of the transactions contemplated by this Agreement will not result in the termination, limitation or other material impairment of any of such Grantor's rights in its Material Intellectual Property.

(g) Such Grantor has taken commercially reasonable steps to protect the confidentiality of its Trade Secrets in accordance with industry standards. Except as could not reasonably be expected to have a Material Adverse Effect, (i) none of the Trade Secrets of such Grantor has been used, divulged, disclosed or misappropriated to the detriment of such Grantor for the benefit of any other Person, (ii) no employee, independent contractor or agent of such Grantor has misappropriated any trade secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor and (iii) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property.

SECTION 6. COVENANTS

Each Grantor covenants and agrees with the Administrative Agent and the Lenders that, from and after the date of this Agreement until the Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments and Loans shall have terminated (other than Unliquidated Obligations), other than during any Unsecured Period,

6.1. Delivery of Certificated Securities. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Certificated Security, such

financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Pledged Stock and any other relevant Collateral, taking any actions necessary to enable the Administrative Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

6.6. Pledged Stock.

(a) If such Grantor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer which is a direct or indirect Domestic Subsidiary of such Grantor and which is Pledged Stock, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Administrative Agent and the Lenders, hold the same in trust for the Administrative Agent and the Lenders and deliver the same forthwith to the Administrative Agent in the exact form received, duly indorsed (including by delivery of related stock or bond powers) by such Grantor to the Administrative Agent, if required by the Credit Agreement, together with an undated stock power covering such certificate duly executed in blank by such Grantor to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Obligations. Except as otherwise permitted by the Credit Agreement, after an Event of Default has occurred and any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of any Issuer shall be paid over to the Administrative Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Collateral or any property shall be distributed upon or with respect to the Collateral pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent, be delivered to the Administrative Agent to be held by it hereunder as additional collateral security for such Obligations except to the extent permitted under Section 7.3. If any sums of money or property so paid or distributed in respect of the Collateral upon the liquidation or dissolution of any issuer not permitted by the Credit Agreement shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Administrative Agent, hold such money or property in trust for the Lenders, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

Without the prior written consent of the Administrative Agent or unless not otherwise prohibited by the Credit Agreement, such Grantor will not (i) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral (except pursuant to a transaction not prohibited by the Credit Agreement), (ii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the security interests created by this Agreement or otherwise permitted by the Credit Agreement or (iii) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Administrative Agent to sell, assign or transfer any of the Collateral.

In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Stock issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 6.5 with respect to the Pledged Stock issued by it and (iii) the terms of Sections 7.3(c) and 7.7 shall apply to it, mutatis mutandis, with respect to all

actions that may be required of it pursuant to Section 7.3(c) or 7.7 with respect to the Pledged Stock issued by it.

6.7. Receivables. During any Full Security Period,

(a) Other than in the ordinary course of business, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable, in each case, in any manner that could materially adversely affect the value thereof.

(b) Anything contained in this Agreement to the contrary notwithstanding, the Grantors, or any of them, shall have the right to enter into one or more Receivables Purchase Facilities, as contemplated by the Credit Agreement, and the Administrative Agent shall execute any and all documents reasonably necessary to release its security interest in the Receivables which become Sold Receivables Assets upon the consummation of such Receivables Purchase Facility(ies).

6.8. Intellectual Property.

(a) Such Grantor will not do any act or omit to do any act whereby any Material Intellectual Property may lapse, become abandoned, cancelled, dedicated to the public, forfeited, or otherwise impaired, or abandon any application or any right to file an application for a Copyright, Patent, or Trademark constituting Material Intellectual Property; provided that no Grantor shall be required to preserve any Intellectual Property that no longer constitutes Material Intellectual Property if such Grantor reasonably determines that the preservation thereof is no longer desirable in the conduct of such Grantor's business.

(b) Such Grantor agrees that, should it hereafter (i) obtain an ownership interest in any item of Intellectual Property, (ii) file (either by itself or through any agent, employee, licensee, or designee) any application for the registration or issuance of any Intellectual Property with the United States Patent and Trademark Office or the United States Copyright Office or (iv) file an accepted Statement of Use or Amendment to Allege Use with respect to any "intent-to-use" Trademark application (the items in clauses (i), (ii) (iii) and (iv), collectively, the "After-Acquired Intellectual Property"), then the provisions of Section 4 shall automatically apply thereto, and any such After-Acquired Intellectual Property shall automatically become part of the Collateral, and such Grantor shall give prompt (and, in any event simultaneously with delivery of the compliance certificate required by Section 5.02(a) of the Credit Agreement for the fiscal quarter in which such Grantor acquires such ownership interest) written notice thereof to the Administrative Agent in accordance herewith, and shall promptly take the actions specified in Section 6.8(c) with respect thereto.

(c) Such Grantor shall execute Intellectual Property Security Agreements with respect to the Intellectual Property included in the Collateral as of the date hereof, as well as any After-Acquired Intellectual Property, in substantially the form of Annexes 2, 3 or 4, as applicable, in order to record the security interest granted herein to the Administrative Agent for the benefit of the Secured Parties with the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

(d) Such Grantor shall use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or

may in any way materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property that constitutes Intellectual Property.

(e) Such Grantor shall promptly notify the Administrative Agent if a Responsible Officer of such Grantor knows that any item of Material Intellectual Property may become (i) abandoned or dedicated to the public or placed in the public domain, (ii) invalid or unenforceable, (iii) subject to any adverse determination or development regarding such Grantor's ownership, registration or use or the validity or enforceability of such item of Intellectual Property (including the institution of, or any adverse development with respect to, any action or proceeding in the United States Patent and Trademark Office or the United States Copyright Office, or any court) or (iv) the subject of any reversion or termination rights.

(f) Such Grantor shall (and shall require its licensees to) use proper notice of its Intellectual Property rights in connection with the use of any of its Material Intellectual Property.

(g) Such Grantor shall not infringe, misappropriate, dilute, or otherwise violate the Intellectual Property rights of any other Person in any manner which could reasonably be expected to have a Material Adverse Effect. In the event that any Person initiates, or threatens in writing to initiate, any action or proceeding alleging that such Grantor, or the conduct of such Grantor's business, infringes, misappropriates, dilutes, or otherwise violates the Intellectual Property of any other Person, and such action or proceeding could reasonably be expected to have a Material Adverse Effect, such Grantor shall promptly notify the Administrative Agent after a Responsible Officer of such Grantor has knowledge thereof.

(h) In the event that any Material Intellectual Property owned by or exclusively licensed to any Grantor is infringed, misappropriated, diluted or otherwise violated by another Person, such Grantor shall (i) promptly take all reasonable actions to protect and enforce its rights in such Intellectual Property and (ii) promptly notify the Administrative Agent after a Responsible Officer of such Grantor has knowledge thereof.

(i) Such Grantor shall take commercially reasonable steps to protect the confidentiality of all Trade Secrets constituting Material Intellectual Property.

(j) Notwithstanding anything to the contrary set forth in this Agreement, the Grantors shall not be required to grant to the Administrative Agent a security interest in the Intellectual Property owned or licensed by, or otherwise used in the business of, the Hawthorne Entities contemplated to be assigned, transferred or exclusively licensed to the Hawthorne Entities by the Project Bob Transaction that is listed on Schedule 7 until the date that is ninety (90) days following the Amendment No. 1 Effective Date (or such later date as is agreed to by the Administrative Agent in its reasonable discretion).

(k) To the extent that any Grantor's ownership of any issued, registered or applied for Intellectual Property (other than any Intellectual Property listed under the heading "Copyrights" on Schedule 6 and noted with an asterisk (*)) included in the Collateral is not accurately reflected in the public records of the United States Patent and Trademark Office or the United States Copyright Office, as applicable, or to the extent there are any gaps or other deficiencies in the chain of title of such Intellectual Property in the public records of the United States Patent and Trademark Office or the United States Copyright Office, such Grantor agrees to use commercially reasonable efforts to promptly (i) execute and record such documents or other instruments and (ii) take such other actions reasonably required by the Administrative Agent, in

each case to clean up the chain of title and to accurately reflect such Grantor's ownership of such Intellectual Property in the public records of the United States Patent and Trademark Office and the United States Copyright Office. Each Grantor will use commercially reasonable efforts to complete the foregoing within 120 days following the Amendment No. 1 Effective Date (or such later date as is agreed to by the Administrative Agent in its reasonable discretion).

SECTION 7. REMEDIAL PROVISIONS

7.1. Certain Matters Relating to Receivables. During any Full Security Period,

(a) The Administrative Agent shall have the right after the occurrence and during the continuance of an Event of Default to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications. At any time and from time to time, after the occurrence and during the continuance of an Event of Default, upon the Administrative Agent's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Lenders only as provided in Section 7.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's request, after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

7.2. Communications with Obligors; Grantors Remain Liable. During any Full Security Period,

(a) The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables.

(b) Upon the written request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on its Receivables that the Receivables have been assigned to the Administrative Agent for the ratable benefit of

the Secured Parties and that payments in respect thereof shall be made directly to the Administrative Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of its Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Lender of any payment relating thereto, nor shall the Administrative Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

7.3. Pledged Stock.

(a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 7.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock, to the extent not prohibited by the Credit Agreement, to pay and declare dividends to the extent permitted by the Credit Agreement and to exercise all voting and corporate rights with respect to the Pledged Stock; provided, however, that no vote shall be cast or corporate right exercised or other action taken which would result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall give written notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Pledged Stock and make application thereof to the Obligations in accordance with Section 7.5 below, and (ii) any or all of the Pledged Stock shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Stock at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Stock as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Stock upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Pledged Stock, and in connection therewith, the right to deposit and deliver any and all of the Pledged Stock with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Stock pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions

from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Stock directly to the Administrative Agent.

7.4. Proceeds to be Turned Over To Administrative Agent. If an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent under this Section 7.4 shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the Lenders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section 7.5.

7.5. Application of Proceeds. At such intervals as may be agreed upon by the Company and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds constituting Collateral, whether or not held in any Collateral Account, and any proceeds of the guarantee set forth in Section 2, in payment of the Obligations in the following order:

First, to pay incurred and unpaid fees and expenses of the Administrative Agent under the Loan Documents;

Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then due and owing and remaining unpaid to the Secured Parties;

Third, to the Administrative Agent, for application by it towards prepayment of the Obligations, pro rata among the Secured Parties according to the amounts of the Obligations then held by the Secured Parties; and

Fourth, any balance remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have been terminated shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same.

Notwithstanding the foregoing, no amounts received from any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor.

7.6. Code and Other Remedies.

(a) If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect,

receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 7.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, in accordance with Section 7.5 of this ~~agreement~~Agreement, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-615(a)(3) of the New York UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(b) In the event of any Disposition of any of the Intellectual Property, the goodwill of the business connected with and symbolized by any Trademarks subject to such Disposition shall be included, and the applicable Grantor shall supply the Administrative Agent or its designee with such Grantor's know-how and expertise, and with documents and things embodying the same, relating to the exploitation of such Intellectual Property, including the manufacture, distribution, advertising and sale of products or the provision of services under such Intellectual Property, and such Grantor's customer lists and other records and documents relating to such Intellectual Property and to the manufacture, distribution, advertising and sale of such products and services.

(c) For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Section 7.6 (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, license out, convey, transfer or grant options to purchase any Collateral) at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Administrative Agent, for the benefit of the Secured Parties, to the extent it has the right to do so (i) an irrevocable, nonexclusive, and assignable license (exercisable without payment of royalty or other compensation to such Grantor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of such Trademarks, to use, practice, license, sublicense, and otherwise exploit any and all intellectual property now or hereafter owned or licensed by such Grantor (which license shall include access to all media in which any of the licensed items may be recorded or stored and to all software and programs used for the compilation or printout thereof) and (ii) an irrevocable license (without payment of rent or other compensation to such Grantor) to use, operate and occupy all real property owned, operated, leased, subleased, or otherwise occupied by such Grantor.

SECTION 8. THE ADMINISTRATIVE AGENT

8.1. Administrative Agent's Appointment as Attorney-in-Fact, ~~etc~~Etc.

(a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Receivable or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Secured Parties' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) ~~(ii)~~ pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) ~~(iii)~~ execute, in connection with any sale provided for in Section 7.6 or 7.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) ~~(iv)~~ (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (~~1~~2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (~~2~~3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (~~3~~4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (~~4~~5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (~~5~~6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (~~6~~8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with

8.4 Further Assurances. Each Grantor agrees that from time to time, at the expense of such Grantor, it shall promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that the Administrative Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder in respect of any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

(a) file such financing or continuation statements, or amendments thereto, record security interests in Intellectual Property and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Administrative Agent may reasonably request, in order to effect, reflect, perfect and preserve the security interests granted or purported to be granted hereby; and

(b) take all actions necessary to ensure the recordation of appropriate evidence of the liens and security interest granted hereunder in any Intellectual Property with any intellectual property registry in which said Intellectual Property is registered or issued or in which an application for registration or issuance is pending, including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office.

8.5. ~~8.4~~ Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 9. MISCELLANEOUS

9.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 9.02 of the Credit Agreement.

9.2. Notices. All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 9.01 of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

9.3. No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 9.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one

or set off with respect to, any Guarantor shall be applied to any Excluded Swap Obligations of such Guarantor.

9.7. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

9.8. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

9.9. Section Headings. The Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

9.10. Integration. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and thereof, and supersede any and all previous agreements and understandings, oral or written, relating to the matter hereof. There are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

9.11. **GOVERNING LAW**. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

9.12. Submission To Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims, cross-claims or third party claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court;

(b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of

clear of any liens created by this Agreement and the Administrative Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of the Company, a Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement; provided that the Company shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Company stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

(c) At such time as the Specified Conditions shall be in effect, the Company shall have the right by written notice to the Administrative Agent to require all Collateral be released from any security interest created hereby. On any such date (a "Ratings Release Date"), all rights to the Collateral shall transfer and revert to the Company and the Guarantors (the period from and after any such date (and prior to a reinstatement required pursuant to Section 9.15(d)), an "Unsecured Period"). On any such Ratings Release Date, the Grantors shall be authorized and the Administrative Agent hereby authorizes each Grantor, to prepare and record UCC termination statements with respect to any financing statements recorded by the Administrative Agent hereunder. At the request and sole expense of the Company following a Ratings Release Date, the Administrative Agent shall deliver to the Company any Collateral (including certificates representing the Pledged Stock) held by the Administrative Agent hereunder, and execute and deliver to the Company such documents as the Company shall reasonably request to evidence such termination.

(d) Notwithstanding clause (c) of this Section 9.15, in the event that the Specified Conditions shall no longer be in effect at any time during an Unsecured Period, the Collateral shall be reinstated in full within sixty days of such event, along with any necessary UCC filings, modifications to the Schedules hereto and such other actions requested by the Administrative Agent as are reasonably necessary to grant a first priority perfected security interest (subject to Liens otherwise permitted by this Agreement and the Credit Agreement) in such Collateral.

9.16. Conflict of Laws. Notwithstanding anything to the contrary herein, in the event that any provision of any pledge, charge or foreign equivalent executed by any Foreign Subsidiary and governed by the laws of the applicable foreign jurisdiction is inconsistent with any corresponding provision in this Agreement, the provision in such pledge, charge or foreign equivalent shall govern.

9.17. **WAIVER OF JURY TRIAL**. EACH GRANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

9.18. ~~9.18~~ Amendment and Restatement. Each Grantor party to the Existing Guarantee and Collateral Agreement affirms its duties and obligations under the terms and conditions of the Existing Guarantee and Collateral Agreement, and agrees that its obligations outstanding under the Existing Guarantee and Collateral Agreement, as amended and restated as of the date hereof by this Agreement, remain in full force and effect and are hereby ratified, reaffirmed and confirmed. Each

Grantor acknowledges and agrees with the Administrative Agent that the Existing Guarantee and Collateral Agreement is amended, restated, and superseded in its entirety pursuant to the terms hereof.

[~~Remainder of page intentionally left blank~~Signature pages omitted]

Annex 1 to
Sixth Amended and Restated Guarantee and Collateral Agreement

ASSUMPTION AGREEMENT, dated as of _____, 20__, made by _____, a _____ corporation (the "Additional Grantor"), in favor of JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H :

WHEREAS, The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), the Subsidiary Borrowers, the Lenders, the Administrative Agent, the Documentation Agent and the Syndication Agent have entered into a Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Company and certain of its Affiliates (other than the Additional Grantor) have entered into the Sixth Amended and Restated Guarantee and Collateral Agreement, dated as of April 8, 2022 (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement") in favor of the Administrative Agent for the ratable benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;.

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 9.14 of the Guarantee and Collateral Agreement, hereby becomes a party to the Guarantee and Collateral Agreement as a Guarantor and as a Grantor thereunder with the same force and effect as if originally named therein as a as a Guarantor and Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Guarantor and a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the Schedules to the Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 5 of the Guarantee and Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By:_____
Name:
Title:

Annex 1-A to
Assumption Agreement

Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 3

Supplement to Schedule 4

Supplement to Schedule 5

Supplement to Schedule 6

ANNEX B

Schedules 5, 6, 7 and 8 and Annexes 2, 3 and 4

Attached

Schedule 5

SUBSIDIARIES WHOSE CAPITAL STOCK IS NOT PLEDGED

- Scotts Global Services, Inc., an Ohio corporation
- Scotts Servicios, S.A. de C.V. (Mexico)
- Scotts de Mexico S.A. de C.V. (Mexico)
- SMG Germany GmbH
- SMG Gardening (UK) Limited
- Scotts Sierra (China) Co. Ltd.
- Miracle-Gro Tecnologia & Servicios, S. de R.L. de C.V.
- The Scotts Miracle-Gro Foundation

Schedule 6

Intellectual Property

COPYRIGHT REGISTRATIONS

PATENTS AND PATENT APPLICATIONS

TRADEMARK APPLICATIONS AND REGISTRATIONS

Schedule 7

Hawthorne IP

Excluded Trademarks

Excluded Patents

Schedule 8

Specified Excluded IP

Annex 2 to
Sixth Amended and Restated Guarantee and Collateral Agreement

[FORM OF] COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT, dated as of [_], 202[_] (this "Agreement"), is made by each of the signatories hereto indicated as a "Grantor" (each, a "Grantor" and collectively, the "Grantors") in favor of JPMORGAN CHASE BANK, N.A., as administrative agent for the Secured Parties (in such capacity and together with its successors and assigns in such capacity, the "Administrative Agent").

WHEREAS, pursuant to that certain Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among THE SCOTTS MIRACLE-GRO COMPANY, an Ohio corporation, as a Borrower (as defined therein), the Subsidiary Borrowers (as defined therein) from time to time party thereto, the Lenders (as defined therein) from time to time party thereto, the Administrative Agent and the other parties party thereto, the Lenders have severally agreed to make extensions of credit, upon the terms and conditions set forth therein, to the Borrowers;

WHEREAS, as a condition precedent to the obligation of the Lenders to make their respective extension of credit to the Borrowers under the Credit Agreement, the Grantors entered into a Sixth Amended and Restated Guarantee and Collateral, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement"), between each of the Grantors and the Administrative Agent, pursuant to which each of the Grantors assigned, transferred and granted to the Administrative Agent, for the benefit of the Secured Parties, a security interest in the Copyright Collateral (as defined below); and

WHEREAS, pursuant to the Guarantee and Collateral Agreement, each Grantor agreed to execute and this Agreement, in order to record the security interest granted to the Administrative Agent for the benefit of the Secured Parties with the United States Copyright Office.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms

Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Guarantee and Collateral Agreement, and if not defined therein, shall have the respective meanings given thereto in the Credit Agreement.

SECTION 2. Grant of Security Interest

Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Copyright Collateral") as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(a) all works of authorship and all intellectual property rights therein, all copyrights (whether or not the underlying works of authorship have been published), including but not limited to copyrights in software and databases, all designs (including but not limited to all industrial designs, "Protected Designs" within the meaning of 17 U.S.C. 1301 et. Seq. and Community designs), and all "Mask Works" (as defined in 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, and with respect to any and all of the foregoing: (i) all registrations and applications for registration thereof including, without limitation, the registrations and applications in the United States Copyright Office listed in Schedule A attached hereto, (ii) all extensions, renewals, and restorations thereof, (iii) all rights to sue or otherwise recover for any past, present and future infringement or other violation thereof, (iv) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages and proceeds of suit now or hereafter due and/or payable with respect thereto, and (v) all other rights of any kind accruing thereunder or pertaining thereto; but excluding any Excluded IP.

SECTION 3. Guarantee and Collateral Agreement

The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Administrative Agent for the Secured Parties pursuant to the Guarantee and Collateral Agreement, and the Grantors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Guarantee and Collateral Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Agreement is deemed to conflict with the Guarantee and Collateral Agreement, the provisions of the Guarantee and Collateral Agreement shall control.

SECTION 4. Governing Law

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 5. Counterparts

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[NAME OF GRANTOR],
as a Grantor

By: _____
Name:
Title:

Accepted and Agreed:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE A

to

COPYRIGHT SECURITY AGREEMENT

COPYRIGHT REGISTRATIONS

Title	Registration No.	Registration Date

COPYRIGHT APPLICATIONS

Title	Application / Case No.	Filing Date

Annex 3 to
Sixth Amended and Restated Guarantee and Collateral Agreement

[FORM OF] PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT, dated as of [_], 202[_] (this "Agreement"), is made by each of the signatories hereto indicated as a Grantor (each, a "Grantor" and collectively, the "Grantors") in favor of JPMORGAN CHASE BANK, N.A., as administrative agent for the Secured Parties (in such capacity and together with its successors and assigns in such capacity, the "Administrative Agent").

WHEREAS, pursuant to that certain Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among THE SCOTTS MIRACLE-GRO COMPANY, an Ohio corporation, as a Borrower (as defined therein), the Subsidiary Borrowers (as defined therein) from time to time party thereto, the Lenders (as defined therein) from time to time party thereto, the Administrative Agent and the other parties party thereto, the Lenders have severally agreed to make extensions of credit, upon the terms and conditions set forth therein, to the Borrowers;

WHEREAS, as a condition precedent to the obligation of the Lenders to make their respective extension of credit to the Borrowers under the Credit Agreement, the Grantors entered into a Sixth Amended and Restated Guarantee and Collateral, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement"), between each of the Grantors and the Administrative Agent, pursuant to which each of the Grantors assigned, transferred and granted to the Administrative Agent, for the benefit of the Secured Parties, a security interest in the Patent Collateral (as defined below); and

WHEREAS, pursuant to the Guarantee and Collateral Agreement, each Grantor agreed to execute and this Agreement, in order to record the security interest granted to the Administrative Agent for the benefit of the Secured Parties with the United States Patent and Trademark Office.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms

Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Guarantee and Collateral Agreement, and if not defined therein, shall have the respective meanings given thereto in the Credit Agreement.

SECTION 2. Grant of Security Interest

Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Patent Collateral") as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(a) all patentable inventions and designs, all patents, certificates of invention, and similar industrial property rights, and applications for any of the foregoing, including without limitation: (i) each patent and patent application in the United States Patent and Trademark Office listed in Schedule A attached hereto, (ii) all reissues, substitutes, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (iii) all inventions and improvements described and claimed therein, (iv) all rights to sue or otherwise recover for any past, present and future infringement or other violation thereof, (v) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages, and proceeds of suit now or hereafter due and/or payable with respect thereto, income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto, and (vi) all other rights of any accruing thereunder or pertaining thereto; but excluding any Excluded IP.

SECTION 3. Guarantee and Collateral Agreement

The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Administrative Agent for the Secured Parties pursuant to the Guarantee and Collateral Agreement, and the Grantors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Guarantee and Collateral Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Agreement is deemed to conflict with the Guarantee and Collateral Agreement, the provisions of the Guarantee and Collateral Agreement shall control.

SECTION 4. Governing Law

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 5. Counterparts

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[NAME OF GRANTOR],
as a Grantor

By: _____
Name:
Title:

Accepted and Agreed:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE A
to
PATENT SECURITY AGREEMENT

PATENTS AND PATENT APPLICATIONS

Title	Application No.	Filing Date	Patent No.	Issue Date

Annex 4 to
Sixth Amended and Restated Guarantee and Collateral Agreement

[FORM OF] TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT, dated as of [_], 202[_] (this "Agreement"), is made by each of the signatories hereto indicated as a Grantor (each, a "Grantor" and collectively, the "Grantors") in favor of JPMORGAN CHASE BANK, N.A., as administrative agent for the Secured Parties (in such capacity and together with its successors and assigns in such capacity, the "Administrative Agent").

WHEREAS, pursuant to that certain Sixth Amended and Restated Credit Agreement, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among THE SCOTTS MIRACLE-GRO COMPANY, an Ohio corporation, as a Borrower (as defined therein), the Subsidiary Borrowers (as defined therein) from time to time party thereto, the Lenders (as defined therein) from time to time party thereto, the Administrative Agent and the other parties party thereto, the Lenders have severally agreed to make extensions of credit, upon the terms and conditions set forth therein, to the Borrowers;

WHEREAS, as a condition precedent to the obligation of the Lenders to make their respective extension of credit to the Borrowers under the Credit Agreement, the Grantors entered into a Sixth Amended and Restated Guarantee and Collateral, dated as of April 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement"), between each of the Grantors and the Administrative Agent, pursuant to which each of the Grantors assigned, transferred and granted to the Administrative Agent, for the benefit of the Secured Parties, a security interest in the Trademark Collateral (as defined below); and

WHEREAS, pursuant to the Guarantee and Collateral Agreement, each Grantor agreed to execute and this Agreement, in order to record the security interest granted to the Administrative Agent for the benefit of the Secured Parties with the United States Patent and Trademark Office.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms

Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Guarantee and Collateral Agreement, and if not defined therein, shall have the respective meanings given thereto in the Credit Agreement.

SECTION 2. Grant of Security Interest

SECTION 2.1 Grant of Security. Each Grantor hereby assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Trademark Collateral") as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations:

(a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade dress, trade styles, logos, Internet domain names, other indicia of origin or source identification, and general intangibles of a like nature, whether registered or unregistered, and with respect to any and all of the foregoing: (i) all registrations and applications for registration thereof including, without limitation, the registrations and applications in the United States Patent and Trademark Office listed in Schedule A attached hereto, (ii) all extension and renewals thereof, (iii) all of the goodwill of the business connected with the use of and symbolized by any of the foregoing, (iv) all rights to sue or otherwise recover for any past, present and future infringement, dilution, or other violation thereof, (iv) all Proceeds of the foregoing, including, without limitation, license fees, royalties, income, payments, claims, damages and proceeds of suit now or hereafter due and/or payable with respect thereto, and (v) all other rights of any kind accruing thereunder or pertaining thereto throughout the world.

SECTION 2.2 Certain Limited Exclusions. Notwithstanding anything herein to the contrary, in no event shall the Trademark Collateral include or the security interest granted under Section 2.1 hereof attach to (i) any "intent-to-use" application for registration of a Trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing and acceptance of a "Statement of Use" or an "Amendment to Allege Use" with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law, and (ii) any other Excluded IP.

SECTION 3. Guarantee and Collateral Agreement

The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Administrative Agent for the Secured Parties pursuant to the Guarantee and Collateral Agreement, and the Grantors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Guarantee and Collateral Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Agreement is deemed to conflict with the Guarantee and Collateral Agreement, the provisions of the Guarantee and Collateral Agreement shall control.

SECTION 4. Governing Law

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 5. Counterparts

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

[NAME OF GRANTOR],
as a Grantor

By: _____
Name:
Title:

Accepted and Agreed:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE A
to
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS AND APPLICATIONS

Mark	Serial No.	Filing Date	Registration No.	Registration Date

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)

RESTRICTED STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related Dividend Equivalents)

RESTRICTED STOCK UNITS GRANTED TO
[Grantee's Name] ON [Grant Date]

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS. You have been granted [**Number**] Restricted Stock Units ("RSUs") and an equal number of related Dividend Equivalents. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 5 of this Award Agreement, each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a) of this Award Agreement) with respect to the Share represented by the related RSU.

The "Grant Date" of your Award is [**Grant Date**]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [**Date 30 Days After Grant** Date], to [**Third Party** Administrator] (the "Third Party Administrator") as follows:

[**Third Party Administrator**]
Attention: [**TPA Contact's Name**]
[**TPA Contact's Address**] [**TPA Telephone Number**]

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your RSUs are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your RSUs and related Dividend Equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the RSUs described in this Award Agreement will vest as follows:

(a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case **[Vesting Date]** (the "Vesting Date"), your RSUs described in this Award Agreement will become 100% vested on the Vesting Date; or

(b) **Accelerated Vesting.** Under the following circumstances, your RSUs described in this Award Agreement will vest earlier than the Vesting Date:

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company ("Disabled"), your RSUs described in this Award Agreement will become 100% vested as of the date of such event and will be settled in accordance with Section 4 of this Award Agreement; or

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your RSUs described in this Award Agreement will become 100% vested as of the Vesting Date and will be settled in accordance with Section 4 of this Award Agreement.

(iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your Termination will be deemed to have occurred on the Vesting Date such that the RSUs described in this Award Agreement will be deemed to become 100% vested as of the Vesting Date.

4. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, your vested RSUs, minus any Shares that are withheld for taxes as provided under Section 4(c), shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days following the earliest date to occur of: (i) your Termination due to your death or Disability; or (ii) the third anniversary of the Grant Date (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.

(b) Except as provided in Section 5 of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(c) You may use one of the following methods to pay the required withholding taxes related to the vesting of your RSUs. You will decide on the method at the time prescribed by the Company. If you do not elect one of these methods, the Company will apply the Net Settlement method described below:

(i) CASH PAYMENT: If you elect this alternative, you will be responsible for paying the Company through the Third Party Administrator cash equal to the required withholding Taxes applicable on your RSUs.

(ii) NET SETTLEMENT: If you elect this alternative, the Company will retain the number of Shares with a Fair Market Value equal to the required withholding Taxes applicable on your RSUs.

(d) If there is a Change in Control, your RSUs may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

5. DIVIDEND EQUIVALENTS. You will be entitled to receive a Dividend Equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. Any Dividend Equivalents will be distributed to you in accordance with Section 4 of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any Dividend Equivalents relating to cash dividends and/or (ii) Shares, for any Dividend Equivalents relating to Share dividends.

6. FORFEITURE.

(a) Except as otherwise provided in Section 3 or Section 4(d) of this Award Agreement, you will forfeit your unvested RSUs if you Terminate prior to the Vesting Date.

(b) If you engage in "Conduct That Is Harmful To The Company" (as described below), you will forfeit your RSUs and related Dividend Equivalents and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;

(ii) You fail or refuse to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(v) You engage in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive any RSUs and related Dividend Equivalents that vest before you die but are settled after you die. This may be done only on the Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your RSUs and related Dividend Equivalents may not be transferred to another person. Also, the Committee may allow you to place your RSUs and related Dividend Equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

11. OTHER AGREEMENTS AND POLICIES. Your RSUs and related Dividend Equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your RSUs and related Dividend Equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR RSUs. Subject to the terms of the Plan, your RSUs and related Dividend Equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS.

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement to the address given above before [**Date 30 Days After Grant Date**].

[**Grantee's Name**]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

[Name of Company Representative]
[Title of Company Representative]
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

NONQUALIFIED STOCK OPTION GRANTED
TO [Grantee's Name] ON [Grant Date]

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION. You have been granted a Nonqualified Stock Option ("NSO") to purchase [**Number of Common Shares**] Shares at an exercise price of $[**Exercise Price**] for each Share ("Exercise Price") on or before [**Day Prior to Tenth Anniversary of Grant Date**] ("Expiration Date").

The Grant Date of the NSO is [**Grant Date**]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [**Date 30 Days After Grant Date**], to [**Third Party Administrator]** (the "Third Party Administrator") as follows:

[**Third Party Administrator**]
Attention: [**TPA Contact's Name**]
[**TPA Contact's Address**]
[**TPA Telephone Number**]

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your NSO are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your NSO is subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the NSO described in this Award Agreement will vest as follows:

(a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case **[Vesting Date]** (the "Vesting

Date"), your NSO described in this Award Agreement will vest (and become exercisable) on the Vesting Date;

(b) **Accelerated Vesting.** Under the following circumstances, the NSO described in this Award Agreement will vest earlier than the Vesting Date:

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company, your NSO described in this Award Agreement will become fully vested and expire on the Expiration Date; or. ;

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your NSO described in this Award Agreement will become fully vested as of the date of such event and expire on the Expiration Date;

(iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your Termination will be deemed to have occurred on the Vesting Date such that your NSO described in this Award Agreement will be deemed to become fully vested as of the date of such event and expire on the Expiration Date.

(iv) If there is a Change in Control, your NSO may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

4. RIGHTS BEFORE YOUR NSO IS EXERCISED. You may not vote, or receive any dividends associated with, the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

5. EXERCISING YOUR NSO.

(a) After your NSO vests, you may exercise the NSO at any time prior to the Expiration Date. To exercise the NSO you must complete an Exercise Notice on the form provided by the Company, which is available from Third Party Administrator. At any one time, you must exercise your NSO to buy no fewer than 100 Shares, or, you must exercise the balance of your NSO if the value is less than 100 Shares.

(b) You may use one of the following four methods to exercise your NSO and to pay any taxes related to that exercise. You will decide on the method at the time of

exercise. If you do not elect one of these methods, the Company will apply the Broker-Assisted Cashless Exercise and Sell method described below:

(i) BROKER-ASSISTED CASHLESS EXERCISE AND SELL: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) from the broker equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes.

(ii) COMBINATION EXERCISE: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value equal to the aggregate Exercise Price and for taxes that are required to be withheld on account of the exercise. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.

(iii) EXERCISE AND HOLD: If you elect this alternative, you must pay the full Exercise Price plus related taxes (in cash, a cash equivalent or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date). When the transaction is complete, you will receive the number of Shares purchased.

(iv) DISCRETIONARY EXERCISE: The Committee may, in its sole discretion, approve or accept any other method of exercise.

(c) You may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

6. EXPIRATION AND FORFEITURE. It is your responsibility to keep track of when your NSO expires. Your NSO will expire and/or you will forfeit your NSO (i.e. you will no longer have the right to exercise any portion of your NSO) under each of the following circumstances:

(a) **General Expiration Rules.** In general, your NSO will expire on the Expiration Date.

(b) **Forfeiture Rules.** In the following instances, your NSO will expire and you will forfeit your NSO prior to the Expiration Date:

(i) If you Terminate before the Vesting Date, except as provided in Section 3 above, you will forfeit your NSO in its entirety;

(ii) If you engage in "Conduct That Is Harmful To The Company" (as described below), you will forfeit your NSO and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

1) You breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;

2) You fail or refuse to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

3) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

4) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

5) You engage in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(iii) If you Terminate for Cause after the Vesting Date, the portion of your NSO that has not been exercised will be forfeited (whether or not then vested) on the date you Terminate; or

(iv) If you Terminate for any other reason after the Vesting Date, the portion of your NSO that is vested but has not been exercised will expire on the earlier of the Expiration Date or 180 days after you Terminate.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR NSO. Except as described in Section 8, your NSO may not be transferred to another person. The Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact the **Third Party Administrator** for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

11. OTHER AGREEMENTS AND POLICIES. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your NSO granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR NSO. Subject to the terms of the Plan, your NSO and the terms of this Award Agreement will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split) in connection with a corporate transaction involving the Company.

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your NSO;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.

(d) You consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying

penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement to the address given above before [**Date 30 Days After Grant Date**].

[**Grantee's Name**]

BY:_____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

BY:_____

[Name of Company representative]

[Title of Company representative]

Date signed:_____

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)

DEFERRED STOCK UNIT AWARD AGREEMENT
FOR NONEMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

DEFERRED STOCK UNITS GRANTED TO
[director's name] ON JANUARY [ ], 2017

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR DEFERRED STOCK UNITS. You have been granted **[# units]**deferred stock units ("DSUs") and an equal number of related dividend equivalents. The "Grant Date" of your Award is **[Grant Date]**. Each whole DSU represents the right to receive one full Share for each vested whole DSU at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive additional DSUs (determined in accordance with Section 5) in respect of the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a)) with respect to the Share represented by the related vested DSU. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than **[return date]**, to [**Third Party Administrator**] (the "Third Party Administrator") as follows:

[**Third Party Administrator**]
Attention: [**TPA Contact's Name**]
[**TPA Contact's Address**]
[**TPA Telephone Number**]

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your DSUs and dividend equivalents are granted pursuant to and in accordance with the terms of The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017(the "Plan"). All provisions of the Plan are incorporated herein by reference, and your DSUs and dividend equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. The DSUs described in this Award Agreement will vest as follows:

(a) **General Vesting.** On the first anniversary of the Grant Date (the "Vesting Date") provided, however, that your board service has continued through the date of the Company's 2018 Annual Meeting of Shareholders if it is held prior to the Vesting Date, your DSUs described in this Award Agreement will become 100% vested on the Vesting Date, including any DSUs credited pursuant to Section 5 on or prior to the Vesting Date. Any DSUs received pursuant to Section 5 following the Vesting Date will be 100% vested on the date they are credited to you;

or

(b) **Accelerated Vesting.** Your DSUs described in this Award Agreement, including any DSUs credited pursuant to Section 5, will become 100% vested as of the date you Terminate because of your death or because you become Disabled. For purposes of this Award Agreement, "Disabled" means that you have been determined to be totally disabled by the Social Security Administration.

4. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, your vested DSUs, including any DSUs credited pursuant to Section 5, shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days following the earliest date to occur of: (i) your Termination; or (ii) the third anniversary of the Grant Date (the "Settlement Date"). Your whole DSUs shall be settled in full Shares, and any fractional DSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date.

(b) Except as provided in Section 5 below, you will have none of the rights of a shareholder with respect to Shares underlying the DSUs unless and until you become the record holder of such Shares.

(c) If there is a Change in Control, your DSUs, including any DSUs credited pursuant to Section 5, may vest in accordance with the Plan. See the Plan for further details.

5. DIVIDEND EQUIVALENTS. With respect to each dividend equivalent:

(a) If a cash dividend is declared and paid on the Shares underlying the DSUs, you will be credited with an additional number of DSUs equal to the quotient of:

(i) The product of (I) the number of DSUs granted under this Award Agreement (including additional DSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(ii) The Fair Market Value (which shall be equal to the closing price) of a Share on the date such cash dividend is paid.

(b) If a Share dividend is declared and paid on the Shares underlying the DSUs, you will be credited with an additional number of DSUs equal to the product of:

(i) The number of DSUs granted under this Award Agreement (including additional DSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by

(ii) The number of Shares paid as a dividend per Share.

(c) Any additional DSUs credited pursuant to this Section 5 shall be subject to the same terms and conditions as the DSUs granted pursuant to Section 1 above.

(d) Any fractional number of DSUs resulting from the calculations under this Section 5 shall be rounded to the nearest whole Share.

6. FORFEITURE. Except as otherwise provided in Section 3, if you Terminate prior to the Vesting Date your DSUs will be forfeited immediately.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive any DSUs and related dividend equivalents that vest before you die but are settled after you die. This may be done only on a Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR DSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your DSUs and related dividend equivalents may not be transferred to another person. Also, the Committee may allow you to place your DSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

11. OTHER AGREEMENTS AND POLICIES. Your DSUs and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your DSUs and related dividend equivalents granted under the Plan shall be subject to any applicable Company clawback or

recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR DSUs. Subject to the terms of the Plan, your DSUs and the related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (*e.g.*, the number of Shares underlying your DSUs will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS.

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement to the address given above before [date].

[PARTICIPANT NAME]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____
[Officer Name]
[Officer Title]
Date signed: _____

Granted To:
Associate ID:
Award Type:
Grant Date:

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related Dividend Equivalents)

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS. You have been granted [**Number**] Restricted Stock Units ("RSUs") and an equal number of related Dividend Equivalents. The "Grant Date" of your Award is [**Grant Date**]. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 5 of this Award Agreement, each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a) of this Award Agreement) with respect to the Share represented by the related RSU.

To accept this Award Agreement, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by **Merrill Lynch** (the "Third Party Administrator") no later than [**Acceptance Date**].

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your RSUs are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 24, 2022 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your RSUs and related Dividend Equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the RSUs described in this Award Agreement will vest as follows:

(a) **Normal Vesting.** Your RSUs described in this Award Agreement will become 100% vested if your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case **[Vesting Date]** (the "Normal Vesting Date"), and will be settled in accordance with Section 4; or

(b) **Special Vesting.** Under the following circumstances, your RSUs described in this Award Agreement will vest even if you Terminate prior to the Normal Vesting Date:

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company ("Disabled"), your RSUs described in this Award Agreement will become 100% vested and will be settled as of the date of death or disability in accordance with Section 4 of this Award Agreement; or

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your RSUs described in this Award Agreement will become 100% vested as of the Normal Vesting Date and will continue to be settled in accordance with Section 4 of this Award Agreement; or

(iii) If you Terminate due to an involuntary Termination by the Company without Cause within 180 days before the Normal Vesting Date, your RSUs described in this Award Agreement will become 100% vested as of the Normal Vesting Date and will continue to be settled in accordance with Section 4 of this Award Agreement.

4. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, your vested RSUs, minus any Shares that are withheld for taxes as provided under Section 4(c), shall be settled in a lump sum as soon as administratively practicable following the earliest date to occur of: (i) your Termination due to your death or Disability; or (ii) the third anniversary of the Grant Date (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date, which shall be equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next trading day.

(b) Except as provided in Section 5 of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(c) You may use one of the following methods to pay the required withholding taxes related to the vesting and settlement of your RSUs. You will decide on the method at the time prescribed by the Company. If you do not elect one of these methods, the Company will apply the Net Settlement method described below:

(i) CASH PAYMENT: If you elect this alternative, you will be responsible for paying the Company, through the Third-Party Administrator, cash equal to the required withholding Taxes applicable on your RSUs.

(ii) NET SETTLEMENT: If you elect this alternative, the Company will retain the number of Shares with a Fair Market Value equal to the required withholding Taxes applicable on your RSUs, provided that such withholding can be no more than the maximum withholding rate applicable to each jurisdiction for which the Company is required to withhold.

(d) If there is a Change in Control, your RSUs may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details. Notwithstanding any other provisions of this Award Agreement to the contrary, in the event that as a result of any acceleration of vesting under the Plan or this Award Agreement in connection with a Change in Control it is determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Award Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company shall reduce (but not below zero) the aggregate value of the Payments under this Award Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Award Agreement will provide the Participant with a greater net after-tax amount than would be the case if no reduction was made. The Payments shall be reduced as described in the preceding sentence only if (i) the net amount of the Payments, as so reduced (and after subtracting the net amount of applicable federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (ii) the net amount of the Payments without such reduction (but after subtracting the net amount of applicable federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as defined below) to which the Participant would be subject with respect to the unreduced Payments). Only amounts payable under this Award Agreement shall be reduced pursuant to this subsection (d). The "Reduced Amount" shall be an amount that maximizes the aggregate value of Payments under this Award Agreement without causing any Payment under this Award Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(i) All determinations to be made under this Section 5(d) shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which shall provide its determinations and any supporting calculations both to the Company and the Participant within ten (10) days of the change in control. Any such determination by such firm shall be binding upon the Company and the Participant. All of the fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section shall be borne solely by the Company.

5. DIVIDEND EQUIVALENTS. You will be entitled to receive a Dividend Equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. Any Dividend Equivalents will be distributed to you in accordance with Section 4 of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any Dividend Equivalents relating to cash dividends and/or (ii) Shares, for any Dividend Equivalents relating to Share dividends.

6. FORFEITURE.

(a) Except as otherwise provided in Section 3 of this Award Agreement, you will forfeit your unvested RSUs if you Terminate prior to the Normal Vesting Date.

(b) If you engage in "Conduct That Is Harmful To The Company" (as described below), you will forfeit your RSUs and related Dividend Equivalents and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;

(ii) You engage in conduct that the Committee reasonably concludes requires the forfeiture and recoupment of the Award under the terms of any Company recoupment or clawback policy, any other applicable policy of the Company, and any applicable laws and regulations;

(iii) You fail or refuse to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iv) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(v) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vi) You engage in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive the any RSUs and related Dividend Equivalents that may vest per the terms of this Award Agreement but are settled after you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your RSUs and related Dividend Equivalents may not be transferred to another person. Also, the Committee may allow you to place your RSUs and related Dividend Equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. This Award Agreement and the delivery of any Shares hereunder shall be governed by applicable federal and state securities laws and exchanges.

11. OTHER AGREEMENTS AND POLICIES. Your RSUs and related Dividend Equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your RSUs and related Dividend Equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR RSUs. Subject to the terms of the Plan, your RSUs and related Dividend Equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS.

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement;

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before [**Date 30 Days After Grant Date**].

[**Grantee's Name**]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

[Name of Company Representative]
[Title of Company Representative]
Date signed: _____

Granted To: /$ParticipantName$/
Associate ID: /$UserText1$/
Award Type: /$GrantType$/
Grant Date: /$GrantDate$/

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION. You have been granted a Nonqualified Stock Option ("NSO") to purchase **/$AwardsGranted$/** Shares at an exercise price of **/$GrantPrice$/** for each Share ("Exercise Price") on or before **/$ExpirationDate$/** ("Expiration Date"). The Grant Date of your Award is **/$GrantDate$/**.

To accept this NSO Award, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by **Merrill Lynch** (the "Third Party Administrator") no later than **/$AcceptByDate$/**.

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your NSO are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 24, 2022 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your NSO is subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the NSO described in this Award Agreement will vest as follows:

(a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case **/$LastVestDate$/** (the "Vesting Date"), your NSO described in this Award Agreement will vest (and become exercisable) on the Vesting Date;

(b) **Accelerated Vesting.** Under the following circumstances, the NSO described in this Award Agreement may vest earlier than the Vesting Date:

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company ("Disabled"), your NSO described in this Award Agreement will become fully vested and exercisable as of the date Termination and expire as provided in Section 6;

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your NSO described in this Award Agreement will become fully vested and become exercisable as of the date of Termination and will expire as provided in Section 6;

(iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your NSO described in this Award Agreement will become fully vested and exercisable on the date of Termination and will expire as provided in Section 6; or

(iv) If there is a Change in Control, your NSO may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

4. RIGHTS BEFORE YOUR NSO IS EXERCISED. You may not vote or receive any dividends associated with the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

5. EXERCISING YOUR NSO. After your NSO vests, you may exercise the NSO at any time prior to the Expiration Date, or such earlier date as provided in Section 6.

(a) To exercise the vested NSO you must make a written request to the Third Party Administrator and follow the exercise process prescribed by the Company. At any one time, you must exercise your NSO to buy no fewer than 100 Shares, or, you must exercise the balance of your NSO if the value is less than 100 Shares.

(b) You may use one of the following three methods to exercise your vested NSO and to pay any taxes related to that exercise. You will decide on the method at the time of exercise. If you do not elect one of these methods, the Company will apply the Broker-Assisted Cashless Exercise and Sell method described below:

(i) BROKER-ASSISTED CASHLESS EXERCISE AND SELL: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) from the broker equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes that are required to be withheld.

(ii) SELL TO COVER: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value sufficient to cover the aggregate Exercise Price and for taxes that are required to be withheld on account of the exercise. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.

(iii) CASH PURCHASE EXERCISE: If you elect this alternative, you must pay (out of your pocket) the full Exercise Price plus related taxes that are required to be withheld in cash or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date. When the transaction is complete, you will receive the number of Shares purchased.

(c) You may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

6. EXPIRATION AND FORFEITURE. It is your responsibility to keep track of when your NSO expires. Your NSO will expire and/or you will forfeit your NSO (i.e. you will no longer have the right to exercise any portion of your NSO) under each of the following circumstances:

(a) **General Expiration Rule.** In general, your vested NSO will expire on the Expiration Date, unless otherwise provided in this Section 6.

(b) **Early Expiration.** In the following instances, your vested NSO will expire before the Expiration Date:

(i.) If you Terminate for any reason other than for Cause after the Vesting Date, except as provided in Section 3(b)(ii), the portion of your NSO that is vested but has not been exercised will expire on the earlier of the Expiration Date or 180 days after the date of termination.

(ii.) If there is a Change in Control, your NSO may expire earlier than the Expiration Date. See the Plan for further details.

(c) **Forfeiture Rules.** In the following instances, your NSO will expire and you will forfeit your NSO prior to the Expiration Date:

(i.) If you Terminate before the Vesting Date, except as provided in Section 3 above, you will forfeit your NSO in its entirety;

(ii.) If, without prior authorization in writing from the Company, you engage in "Conduct That is Harmful to the Company" at any time during the course of your employment or within 730 days after you Terminate, you will forfeit your Performance Units and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement. "Conduct That is Harmful to the Company" is:

(a) Your breach of any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;

(b) Your engaging in conduct that the Committee reasonably concludes requires the forfeiture and recoupment of the Award under the terms of any Company recoupment or clawback policy, any other applicable policy of the Company, and any applicable laws and regulations;

(c) Your failure or refusal to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(d) Your deliberately engaging in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(e) Your failure to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(f) Discovery after you Terminated that you engaged in conduct while employed by the Company that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR NSO. Except as described in Section 8, your NSO may not be transferred to another person. The Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. This Award Agreement and the delivery of any Shares hereunder shall be governed by applicable federal and state securities laws and exchanges.

11. OTHER AGREEMENTS AND POLICIES. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your NSO granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR NSO. Subject to the terms of the Plan, your NSO and the terms of this Award Agreement will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your NSO;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement;

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before **January 15, 2023.**

THE SCOTTS MIRACLE-GRO COMPANY

BY:_____

Name:

Title:

Date signed:

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

DEFERRED STOCK UNIT AWARD AGREEMENT
FOR NONEMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

DEFERRED STOCK UNITS CREDITED TO
[Director's Name]

This Award Agreement describes the deferred stock units ("DSUs") which you will be credited with upon conversion of quarterly installments of the annual cash retainer payable to you by the Company and the terms and conditions of your DSUs.

To accept this Award Agreement, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by Merrill Lynch (the "Third Party Administrator") no later than [**Acceptance Date**].
The Company intends that the DSUs credited under this Award Agreement satisfy the requirements of Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your DSUs and reduce their value or potential value.

1. DESCRIPTION OF YOUR DEFERRED STOCK UNITS

You have elected to convert **[$dollar amount]** of each quarterly installment of the annual cash retainer paid to you by the Company ("Amount Deferred") into DSUs, subject to the terms and conditions of the Plan and this Award Agreement. As of each date on which the Amount Deferred would otherwise be paid (each a "Conversion Date"), you will be credited with a number of DSUs and an equal number of related dividend equivalents, determined by dividing the Amount Deferred by the Fair Market Value of a Share. The number of DSUs credited to you each quarter will be reflected on Schedule A, as updated by the Company after each Conversion Date during 2022.

Each whole DSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive additional DSUs (determined in accordance with Section 3(c)) in respect of the dividends that are declared and paid during the period beginning on the relevant Conversion Date and ending on the Settlement Date (as described in Section 2(b)) with respect to the Shares represented by the related DSU.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Your DSUs (and any related dividend equivalents received pursuant to Section 3(c) following the Conversion Date) will be 100% vested on the date they are credited to you.

(b) **Settlement**. Subject to the terms of the Plan, your vested DSUs shall be settled in a lump sum as soon as administratively practicable following the earliest to occur of: (i) your Termination (as defined below); (ii) your death; (iii) the date you become Disabled (as defined below); or (iv) **January 31, 2025** (the "Settlement Date"). Your whole DSUs shall be settled in full Shares, and any fractional DSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date.

(c) **Definitions.** For purposes of this Award Agreement:

(i) "Disabled" means that you have been determined to be totally disabled by the Social Security Administration.

(ii) "Termination" (or any form thereof) means your "separation from service" from the Company, as defined in Section 409A of the Code.

3. GENERAL TERMS AND CONDITIONS

(a) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(b) **RIGHTS BEFORE YOUR DSUs ARE SETTLED.** Except as provided in Section 3(c) below, you will have none of the rights of a shareholder with respect to Shares underlying the DSUs credited to you under this Award Agreement unless and until you become the record holder of such Shares.

(c) **DIVIDEND EQUIVALENTS**. With respect to each dividend equivalent:

(i) If a cash dividend is declared and paid on the Shares underlying the DSUs credited to you under this Award Agreement, you will receive an additional number of DSUs equal to the quotient of:

(A) the product of (I) such number of DSUs (including additional DSUs previously received in accordance with this Section 3(c)) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(B) the Fair Market Value (which shall be equal to the closing price) of a Share on the date such cash dividend is paid.

Any additional DSUs credited pursuant to this Section 3(c)(i) shall be subject to the same terms and conditions as the DSUs credited to you pursuant to Section 1 above.

(ii) If a Share dividend is declared and paid on the Shares underlying the DSUs credited under this Award Agreement, you will receive an additional number of DSUs equal to the product of (A) such number of DSUs (including additional DSUs previously received in accordance with this Section 3(c)) that have not been settled as of the dividend payment date, multiplied by (B) the dividend paid per Share. Any additional DSUs credited pursuant to this Section 3(c)(ii) shall be subject to the same terms and conditions as the DSUs credited pursuant to Section 1 above.

(iii) Any fractional number of DSUs resulting from the calculations under this Section 3(c) shall be rounded to the nearest whole Share.

(d) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive the any unvested portion of your DSU and related dividend equivalent that are settled after when you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(e) **TRANSFERRING YOUR DSUs AND RELATED DIVIDEND EQUIVALENTS.** Normally your DSUs and related dividend equivalents may not be transferred to another person. However, as described in Section 3(d), you may complete a Beneficiary Designation Form to name the person to receive any DSUs and related dividend equivalents that are settled after you die. Also, the Committee may allow you to place your DSUs and dividend equivalents into a trust established for your benefit or the benefit of your family. Contact **Merrill Lynch** at **(800) 285-0648** or at the address given above if you are interested in doing this.

(f) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(g) **OTHER AGREEMENTS.** Your DSUs and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(h) **ADJUSTMENTS TO YOUR DSUs.** Subject to the terms of the Plan, your DSUs and the related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (*e.g.*, the number of Shares underlying your DSUs will be adjusted to reflect a stock split).

(i) **OTHER RULES.** Your DSUs and dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the crediting of DSUs and the related dividend equivalents under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your DSUs;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your DSUs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your DSUs and reduce their value or potential value; and

(d) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before **[Date 30 Days After Grant Date]** By signing below you acknowledge that the DSUs credited to you on each Conversion Date (as reflected on Schedule A for each Conversion Date) will be subject to the terms of the Plan and this Award Agreement.

[Director's Name]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____
[Name of Company Representative]
[Title of Company Representative]

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

DEFERRED STOCK UNIT AWARD AGREEMENT
FOR NONEMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

DEFERRED STOCK UNITS CREDITED TO
[Director's Name]

SCHEDULE A

Conversion Date	Amount Deferred	Applicable Share Price	Number of Deferred Stock Units
January [_] 2022	$[**amount**]	$[**price**]	**[# TBD]**
April [_], 2022	$[**amount**]	$[**price**]	**[# TBD]**
July [_], 2022	$[**amount**]	$[**price**]	**[# TBD]**
October [_], 2022	$[**amount**]	$[**price**]	**[# TBD]**

Note: the Company will update Schedule A each quarter to reflect the number of additional DSUs to be credited to you on the applicable Conversion Date

Grant Recipient: [Name]
Grant Date: [Date]

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS. You have been granted **[# units]** restricted stock units ("RSUs") and an equal number of related dividend equivalents. The "Grant Date" of your Award is **[Grant Date].** Each whole RSU represents the right to receive one full Share for each vested whole RSU at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive additional RSUs (determined in accordance with Section 5) in respect of the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a)) with respect to the Share represented by the related vested RSU.

To accept this Award Agreement, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by Merrill Lynch (the "Third Party Administrator") no later than [Acceptance Date].

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your RSUs and dividend equivalents are granted pursuant to and in accordance with the terms of The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 24, 2022 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your RSUs and dividend equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. The RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5 on or prior to the Vesting Date (as defined below) will vest as follows:

(a) **General Vesting.** If your Board service continues from the Grant Date until the first anniversary of the Grant Date, in this case **[Date]** (the "Vesting Date"), your RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5, will become 100% vested on the Vesting Date. Any RSUs received pursuant to Section 5 following the Vesting Date will be 100% vested on the date they are credited to you and will be settled in accordance with Section 4 of this Award Agreement; or

(b) **Accelerated Vesting.** Under the following circumstances, your RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5, will vest earlier than the Vesting Date:

(i) If you Terminate from the Board prior to the Vesting Date, provided your board service has continued at least through the date of the Company's [**Year]** Annual Meeting of Shareholders, your RSUs will become 100% vested on the date of your Termination and will be settled in accordance with Section 4 of this Award Agreement;

(ii) If you Terminate because of your death or because you become Disabled, your RSUs will become 100% vested as of the date of such event and will be settled in accordance with Section 4 of this Award Agreement. For purposes of this Award Agreement, "Disabled" means that you have been determined to be totally disabled by the Social Security Administration.

4. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, unless you have made a settlement election under subsection (d) below, your vested RSUs, including any RSUs credited pursuant to Section 5, shall be settled in a lump sum as soon as administratively practicable following the earliest date to occur of: (i) your Termination; (ii) your death, (iii) your Disability, or (iv) the third anniversary of the Grant Date (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date, which shall be equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.

.

(b) Except as provided in Section 5 below, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(c) If there is a Change in Control, your RSUs, including any RSUs credited pursuant to Section 5, may vest and settle in accordance with the Plan. See the Plan for further details.

(d) Notwithstanding subsection (a) above, subject to the terms of the Plan and this Award Agreement, you may make an election to provide that if your Termination occurs before the third anniversary of the Grant Date, your vested RSUs, including any RSUs credited pursuant to Section 5, shall be settled in a lump sum as soon as administratively practicable following the third anniversary of the Grant Date. If applicable, a copy of the signed election must be attached to this Agreement as **Exhibit A**. For such an election to be effective, you must have completed such an election on a form provided by the Company no later than December 31st of the year before the year in which the Grant Date occurred. If you do not complete the election form within such time period provided in the form, you will receive your vested RSUs as provided in subsection (a) above.

5. DIVIDEND EQUIVALENTS. With respect to each dividend equivalent:

(a) If a cash dividend is declared and paid on the Shares underlying the RSUs, you will be credited with an additional number of RSUs equal to the quotient of:

(i) The product of (I) the number of RSUs granted under this Award Agreement (including additional RSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(ii) The Fair Market Value (which shall be equal to the closing price) of a Share on the date such cash dividend is paid.

(b) If a Share dividend is declared and paid on the Shares underlying the RSUs, you will be credited with an additional number of RSUs equal to the product of:

(i) The number of RSUs granted under this Award Agreement (including additional RSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by

(ii) The number of Shares paid as a dividend per Share.

(c) Any additional RSUs credited pursuant to this Section 5 shall be subject to the same terms and conditions as the RSUs granted pursuant to Section 1 above.

(d) Any fractional number of RSUs resulting from the calculations under this Section 5 shall be rounded to the nearest whole Share.

6. FORFEITURE. Except as otherwise provided in Section 3, if you Terminate prior to the Vesting Date your RSUs will be forfeited immediately.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive the any RSUs and related dividend equivalents that may vest per the terms of this Award Agreement but are settled after you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your RSUs and related dividend equivalents may not be transferred to another person. Also, the Committee may allow you to place your RSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. This Award Agreement and the delivery of any Shares hereunder shall be governed by applicable federal and state securities laws and exchanges.

11. OTHER AGREEMENTS AND POLICIES. Your RSUs and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your RSUs and related dividend equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR RSUs. Subject to the terms of the Plan, your RSUs and the related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (*e.g.*, the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS.

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement;

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before **[Date 30 Days After Grant Date].**

[PARTICIPANT NAME]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____
[Officer Name]
[Officer Title]

Date signed: _____

Grant Recipient: [Name]
Grant Date: [Date]

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS. You have been granted **[# units]** restricted stock units ("RSUs") and an equal number of related dividend equivalents. The "Grant Date" of your Award is **[Grant Date].** Each whole RSU represents the right to receive one full Share for each vested whole RSU at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive additional RSUs (determined in accordance with Section 5) in respect of the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a)) with respect to the Share represented by the related vested RSU.

To accept this Award Agreement, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by Merrill Lynch (the "Third Party Administrator") no later than [Acceptance Date].

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your RSUs and dividend equivalents are granted pursuant to and in accordance with the terms of The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 23, 2023 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your RSUs and dividend equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. The RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5 on or prior to the Vesting Date (as defined below) will vest as follows:

(a) **General Vesting.** If your Board service continues from the Grant Date until the first anniversary of the Grant Date, in this case **[Date]** (the "Vesting Date"), your RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5, will become 100% vested on the Vesting Date. Any RSUs received pursuant to Section 5 following the Vesting Date will be 100% vested on the date they are credited to you and will be settled in accordance with Section 4 of this Award Agreement; or

(b) **Accelerated Vesting.** Under the following circumstances, your RSUs described in this Award Agreement, including any RSUs credited pursuant to Section 5, will vest earlier than the Vesting Date:

(i) If you Terminate from the Board prior to the Vesting Date, provided your board service has continued at least through the date of the Company's [**Year]** Annual Meeting of Shareholders, your RSUs will become 100% vested on the date of your Termination and will be settled in accordance with Section 4 of this Award Agreement;

(ii) If you Terminate because of your death or because you become Disabled, your RSUs will become 100% vested as of the date of such event and will be settled in accordance with Section 4 of this Award Agreement. For purposes of this Award Agreement, "Disabled" means that you have been determined to be totally disabled by the Social Security Administration.

4. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, unless you have made a settlement election under subsection (d) below, your vested RSUs, including any RSUs credited pursuant to Section 5, shall be settled in a lump sum as soon as administratively practicable following the earliest date to occur of: (i) your Termination; (ii) your death, (iii) your Disability, or (iv) the third anniversary of the Grant Date (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date, which shall be equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.

.

(b) Except as provided in Section 5 below, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(c) If there is a Change in Control, your RSUs, including any RSUs credited pursuant to Section 5, may vest and settle in accordance with the Plan. See the Plan for further details.

(d) Notwithstanding subsection (a) above, subject to the terms of the Plan and this Award Agreement, you may make an election to provide that if your Termination occurs before the third anniversary of the Grant Date, your vested RSUs, including any RSUs credited pursuant to Section 5, shall be settled in a lump sum as soon as administratively practicable following the third anniversary of the Grant Date. If applicable, a copy of the signed election must be attached to this Agreement as **Exhibit A**. For such an election to be effective, you must have completed such an election on a form provided by the Company no later than December 31st of the year before the year in which the Grant Date occurred. If you do not complete the election form within such time period provided in the form, you will receive your vested RSUs as provided in subsection (a) above.

5. DIVIDEND EQUIVALENTS. With respect to each dividend equivalent:

(a) If a cash dividend is declared and paid on the Shares underlying the RSUs, you will be credited with an additional number of RSUs equal to the quotient of:

(i) The product of (I) the number of RSUs granted under this Award Agreement (including additional RSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(ii) The Fair Market Value (which shall be equal to the closing price) of a Share on the date such cash dividend is paid.

(b) If a Share dividend is declared and paid on the Shares underlying the RSUs, you will be credited with an additional number of RSUs equal to the product of:

(i) The number of RSUs granted under this Award Agreement (including additional RSUs previously credited in accordance with this Section 5) that have not been settled as of the dividend payment date, multiplied by

(ii) The number of Shares paid as a dividend per Share.

(c) Any additional RSUs credited pursuant to this Section 5 shall be subject to the same terms and conditions as the RSUs granted pursuant to Section 1 above.

(d) Any fractional number of RSUs resulting from the calculations under this Section 5 shall be rounded to the nearest whole Share.

6. FORFEITURE. Except as otherwise provided in Section 3, if you Terminate prior to the Vesting Date your RSUs will be forfeited immediately.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive the any RSUs and related dividend equivalents that may vest per the terms of this Award Agreement but are settled after you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your RSUs and related dividend equivalents may not be transferred to another person. Also, the Committee may allow you to place your RSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. This Award Agreement and the delivery of any Shares hereunder shall be governed by applicable federal and state securities laws and exchanges.

11. OTHER AGREEMENTS AND POLICIES. Your RSUs and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your RSUs and related dividend equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR RSUs. Subject to the terms of the Plan, your RSUs and the related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (*e.g.*, the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS.

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement;

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before **[Date 30 Days After Grant Date].**

[PARTICIPANT NAME]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____
[Officer Name]
[Officer Title]

Date signed: _____

Granted To:
Associate ID:
Award Type:
Grant Date:

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION. You have been granted a Nonqualified Stock Option ("NSO") to purchase [**Number of Common Shares**] Shares at an exercise price of $[**Exercise Price**] for each Share ("Exercise Price") on or before [**Day Prior to Tenth Anniversary of Grant Date**] ("Expiration Date"). The Grant Date of your Award is [**Grant Date**].

To accept this NSO Award, you must provide your acknowledgement and acceptance of the terms contained herein by completing the on-line grant agreement process facilitated by **Merrill Lynch** (the "Third Party Administrator") no later than [**Date 30 Days After Grant Date**].

2. INCORPORATION OF PLAN AND DEFINITIONS.

(a) This Award Agreement and your NSO are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the "Plan"). All provisions of the Plan are incorporated herein by reference, and your NSO is subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.

(b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the NSO described in this Award Agreement will vest as follows:

(a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case **[Vesting Date]** (the "Vesting Date"), your NSO described in this Award Agreement will vest (and become exercisable) on the Vesting Date;

(b) **Accelerated Vesting.** Under the following circumstances, the NSO described in this Award Agreement may vest earlier than the Vesting Date:

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company ("Disabled"), your NSO described in this Award Agreement will become fully vested and exercisable as of the date Termination and expire as provided in Section 6;

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your NSO described in this Award Agreement will become fully vested and become exercisable as of the date of Termination and will expire as provided in Section 6;

(iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your NSO described in this Award Agreement will become fully vested and exercisable on the date of Termination and will expire as provided in Section 6; or

(iv) If there is a Change in Control, your NSO may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

4. RIGHTS BEFORE YOUR NSO IS EXERCISED. You may not vote or receive any dividends associated with the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

5. EXERCISING YOUR NSO. After your NSO vests, you may exercise the NSO at any time prior to the Expiration Date, or such earlier date as provided in Section 6.

(a) To exercise the vested NSO you must make a written request to the Third Party Administrator and follow the exercise process prescribed by the Company. At any one time, you must exercise your NSO to buy no fewer than 100 Shares, or, you must exercise the balance of your NSO if the value is less than 100 Shares.

(b) You may use one of the following three methods to exercise your vested NSO and to pay any taxes related to that exercise. You will decide on the method at the time of exercise. If you do not elect one of these methods, the Company will apply the Broker-Assisted Cashless Exercise and Sell method described below:

(i) BROKER-ASSISTED CASHLESS EXERCISE AND SELL: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) from the broker equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes that are required to be withheld.

(ii) SELL TO COVER: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value sufficient to cover the aggregate Exercise Price and for taxes that are required to be withheld on account of the exercise. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.

(iii) CASH PURCHASE EXERCISE: If you elect this alternative, you must pay (out of your pocket) the full Exercise Price plus related taxes that are required to be withheld in cash or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date. When the transaction is complete, you will receive the number of Shares purchased.

(c) You may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

6. EXPIRATION AND FORFEITURE. It is your responsibility to keep track of when your NSO expires. Your NSO will expire and/or you will forfeit your NSO (i.e. you will no longer have the right to exercise any portion of your NSO) under each of the following circumstances:

(a) **General Expiration Rule.** In general, your vested NSO will expire on the Expiration Date, unless otherwise provided in this Section 6.

(b) **Early Expiration.** In the following instances, your vested NSO will expire before the Expiration Date:

(i.) If you Terminate for any reason other than for Cause after the Vesting Date, except as provided in Section 3(b)(ii), the portion of your NSO that is vested but has not been exercised will expire on the earlier of the Expiration Date or 180 days after the date of termination.

(ii.) If there is a Change in Control, your NSO may expire earlier than the Expiration Date. See the Plan for further details.

(c) **Forfeiture Rules.** In the following instances, your NSO will expire and you will forfeit your NSO prior to the Expiration Date:

(i.) If you Terminate before the Vesting Date, except as provided in Section 3 above, you will forfeit your NSO in its entirety;

(ii.) If, without prior authorization in writing from the Company, you engage in "Conduct That is Harmful to the Company" at any time during the course of your employment or within 730 days after you Terminate, you will forfeit your Performance Units and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement. "Conduct That is Harmful to the Company" is:

(a) Your breach of any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;

(b) Your engaging in conduct that the Committee reasonably concludes requires the forfeiture and recoupment of the Award under the terms of any Company recoupment or clawback policy, any other applicable policy of the Company, and any applicable laws and regulations;

(c) Your failure or refusal to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(d) Your deliberately engaging in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(e) Your failure to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(f) Discovery after you Terminated that you engaged in conduct while employed by the Company that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

7. AMENDMENT AND TERMINATION. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the Beneficiary Designation Form prescribed by the Company or the Third Party Administrator. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR NSO. Except as described in Section 8, your NSO may not be transferred to another person. The Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact the Third Party Administrator for further details.

10. GOVERNING LAW. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. This Award Agreement and the delivery of any Shares hereunder shall be governed by applicable federal and state securities laws and exchanges.

11. OTHER AGREEMENTS AND POLICIES. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your NSO granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR NSO. Subject to the terms of the Plan, your NSO and the terms of this Award Agreement will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split).

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your NSO;

(c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement;

(d) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and

(e) You must return a signed copy of this Award Agreement utilizing the on-line grant agreement process defined above before **[Date 30 Days After Grant Date]**

[**Grantee's Name**]

BY:_____
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

BY:_____
[Name of Company representative]
[Title of Company representative]
Date signed:_____

Exhibit 10.9

Summary of Compensation for Nonemployee Directors of
The Scotts Miracle-Gro Company
Effective as of January 23, 2023

At the meeting of the Board of Directors (the "Board") of The Scotts Miracle-Gro Company (the "Company") held on January 23, 2023, the Board approved the recommendations of the Nominating and Governance Committee of the Board (the "Committee") with respect to compensation for the calendar year for nonemployee members of the Board ("Nonemployee Directors") and the Lead Independent Director of the Company. The compensation approved by the Board is described below.

Annual Cash Retainer; Reimbursement of Expenses

Each of the Nonemployee Directors is normally paid an annual cash retainer in the amount of $115,000 that is paid on a quarterly basis in February, April, July and October. However, for calendar 2023, the Nonemployee Directors received a special grant of restricted stock units in lieu of the normal cash retainer (the "Special RSU Grant"). The Special RSU Grant was made on February 3, 2023, and the underlying shares and the related dividend equivalent units were vested and settled ratably in February, April, July and October 2023. For calendar 2023, the Nonemployee Directors had the option to elect, in advance, to either receive the underlying shares related to the Special RSU Grant in calendar 2023 or defer payout of the underlying vested shares until on or after January 31, 2026. Nonemployee Directors receive reimbursement of all reasonable travel and other expenses associated with attending Board and Board committee meetings.

Restricted Stock Units

Shortly following each of the Company's annual meetings: (a) each Nonemployee Director will be granted restricted stock units having a grant date value of $210,000, with no additional restricted stock units awarded for serving as Board committee chairs or members; and (b) the Lead Independent Director will be granted additional restricted stock units having a grant date value of $50,000. The number of restricted stock units (and related dividend equivalents) granted to each Nonemployee Director will be calculated by dividing the aggregate value of restricted stock units to be granted to such Nonemployee Director by the closing price of the Company's common shares on the grant date and rounding any resulting fractional restricted stock unit up to the next whole restricted stock unit.

The restricted stock units (and related dividend equivalents) will be granted under The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 23, 2023) (the "2023 Plan"). Each whole restricted stock unit represents the right to receive one full common share of the Company at the time and in the manner described in the Restricted Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) evidencing the award. Each dividend equivalent represents the right to receive additional restricted stock units (rounded to the nearest whole restricted stock unit) in respect of dividends that are declared and paid during the period beginning on the grant date and ending on the settlement date with respect to the common shares of the Company represented by the related restricted stock units.

The restricted stock units, other than the Special RSU Grant, including any restricted stock units received in respect of dividend equivalents on or prior to the vesting date, will generally become 100%

vested on the first anniversary of the grant date (the "Vesting Date"). Any restricted stock units received in respect of dividend equivalents following the vesting date will be 100% vested on the date they are credited to the Nonemployee Director. If a Nonemployee Director ceases to be a member of the Board as a result of their death or becoming totally disabled, then all of the Nonemployee Director's restricted stock units (and related dividend equivalents) will become 100% vested as of the date the Nonemployee Director's service on the Board terminates. If a Nonemployee Director ceases to be a member of the Board prior to the Vesting Date for any reason other than a change in control of the Company (except as provided above for death or disability), the Nonemployee Director's restricted stock units (and related dividend equivalents) will be immediately forfeited.

Subject to the terms of the 2023 Plan, vested restricted stock units (and related dividend equivalents) will be settled in a lump sum as soon as administratively practicable following the earliest to occur of (a) termination, (b) death, (c) disability, or (d) the third anniversary of the grant date; unless the Nonemployee Director elected, in advance, to defer settlement of the restricted stock units to a later date. Whole restricted stock units (and related dividend equivalents) will be settled in full common shares of the Company and any fractional restricted stock units will be settled in cash, determined based on the fair market value of a common share of the Company on the settlement date.

If there is a Change in Control (as defined in the 2023 Plan), each Nonemployee Director's restricted stock units (and related dividend equivalents) will become 100% vested on the date of the Change in Control and will be settled within 30-days of the Change in Control.

For more information about the restricted stock units (and related dividend equivalents) granted to the Nonemployee Directors, please refer to: (a) the Form of 2023 Special RSU Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) that is included as Exhibit 10.2 to the Company's Current Report on Form 8-K filed January 27, 2023; (b) the Form of Standard Restricted Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) that is included as an exhibit to the Company's Annual Report on Form 10-K; and (c) the 2023 Plan that is included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 27, 2023.

Exhibit 21

DIRECT AND INDIRECT SUBSIDIARIES OF
THE SCOTTS MIRACLE-GRO COMPANY

Directly owned subsidiaries, as of September 30, 2023, are located at the left margin, each subsidiary tier thereunder is indented. Subsidiaries are listed under the names of their respective parent entities. Unless otherwise noted, the subsidiaries are wholly-owned.

NAME	JURISDICTION OF FORMATION
1868 Ventures LLC	Ohio
Swiss Farms Products, Inc.	Delaware
GenSource, Inc.	Ohio
OMS Investments, Inc.	Delaware
Scotts Temecula Operations, LLC	Delaware
Sanford Scientific, Inc.	New York
Scotts Global Services, Inc.	Ohio
Scotts Live Goods Holdings, Inc.	Ohio
Bonnie Plants, LLC[1]	Delaware
Scotts Manufacturing Company	Delaware
Miracle-Gro Lawn Products, Inc.	New York
Scotts Oregon Research Station LLC	Ohio
Scotts Products Co.	Ohio
Scotts Servicios, S.A. de C.V.[2]	Mexico
Miracle-Gro Tecnologia & Servicios, S de R.L.[2]	Mexico
Scotts Professional Products Co.	Ohio
Scotts Servicios, S.A. de C.V.2[2]	Mexico
Miracle-Gro Tecnologia & Servicios, S de R.L.[2]	Mexico
SMG Growing Media, Inc.	Ohio
AeroGrow International, Inc.	Nevada
Hyponex Corporation	Delaware
Rod McLellan Company	California
The Hawthorne Gardening Company	Delaware
Hawthorne Hydroponics LLC	Delaware
Hawthorne Gardening B.V.	Netherlands
Gavita International B.V.	Netherlands
Hawthorne Lighting B.V.	Netherlands
Agrolux Canada Limited	Canada
Agrolux Nederland B.V.	Netherlands
Hawthorne Canada Limited	Canada
HGCI, Inc.	Nevada

[1] Scotts Live Goods Holdings, Inc.'s ownership is 45.0%.
[2] Scotts Professional Products Co. owns 50% and Scotts Products Co. owns 50.0%.

SMGM LLC	Ohio
Scotts-Sierra Investments LLC	Delaware
Scotts Sierra (China) Co., Ltd.	China
Scotts Canada Ltd.	Canada
Laketon Peat Moss Inc.[3]	Canada
Scotts de Mexico SA de CV[4]	Mexico
SMG Germany GmbH	Germany
SMG Gardening (UK) Limited	United Kingdom
The Hawthorne Collective, Inc.	Ohio
The Scotts Company LLC	Ohio
The Scotts Miracle-Gro Foundation[5]	Ohio

[3] Scotts Canada Ltd.'s ownership is 50.0%.
[4] The Scotts Company LLC owns 0.5% and Scotts-Sierra Investments LLC owns the remaining 99.5%.
[5] The Scotts Miracle-Gro Foundation is a 501(c)(3) corporation.

Exhibit 22

LIST OF GUARANTOR SUBSIDIARIES

The following subsidiaries of The Scotts Miracle-Gro Company (the "Company") were, as of September 30, 2023, guarantors of the Company's 5.250% Senior Notes due 2026, 4.500% Senior Notes due 2029, 4.000% Senior Notes due 2031 and 4.375% Senior Notes due 2032:

NAME OF GUARANTOR SUBSIDIARY	JURISDICTION OF FORMATION
1868 Ventures LLC	Ohio
AeroGrow International, Inc.	Nevada
GenSource, Inc.	Ohio
Hawthorne Hydroponics LLC	Delaware
HGCI, Inc.	Nevada
Hyponex Corporation	Delaware
Miracle-Gro Lawn Products, Inc.	New York
OMS Investments, Inc.	Delaware
Rod McLellan Company	California
Sanford Scientific, Inc.	New York
Scotts Live Goods Holdings, Inc.	Ohio
Scotts Manufacturing Company	Delaware
Scotts Products Co.	Ohio
Scotts Professional Products Co.	Ohio
Scotts-Sierra Investments LLC	Delaware
Scotts Temecula Operations, LLC	Delaware
SMG Growing Media, Inc.	Ohio
SMGM LLC	Ohio
Swiss Farms Products, Inc.	Delaware
The Hawthorne Collective, Inc.	Ohio
The Hawthorne Gardening Company	Delaware
The Scotts Company LLC	Ohio

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 033-47073, 333-72715, 333-124503, 333-131466, 333-147397, 333-153925, 333-154364, 333-186187, 333-215774, 333-222840, 333-262303 and 333-269360 on Form S-8 and Registration Statement No. 333-261488 on Form S-3 of our reports dated November 22, 2023, relating to the consolidated financial statements of The Scotts Miracle-Gro Company and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the fiscal year ended September 30, 2023.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio

November 22, 2023

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ EDITH AVILES

Edith Aviles

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ DAVID C. EVANS

David C. Evans

POWER OF ATTORNEY

The undersigned officer and director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ JAMES HAGEDORN

James Hagedorn

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ ADAM HANFT

Adam Hanft

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ STEPHEN L. JOHNSON

Stephen L. Johnson

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ THOMAS N. KELLY JR.

Thomas N. Kelly Jr.

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ MARK D. KINGDON

Mark D. Kingdon

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ KATHERINE HAGEDORN LITTLEFIELD

Katherine Hagedorn Littlefield

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ NANCY G. MISTRETTA

Nancy G. Mistretta

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ BRIAN E. SANDOVAL

Brian E. Sandoval

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ PETER E. SHUMLIN

Peter E. Shumlin

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn, Matthew E. Garth and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ JOHN R. VINES

John R. Vines

POWER OF ATTORNEY

The undersigned officer of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2023, hereby constitutes and appoints James Hagedorn and Dimiter Todorov, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto ("Annual Report on Form 10-K"), and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on November 22, 2023.

/s/ MATTHEW E. GARTH

Matthew E. Garth

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certifications
(Principal Executive Officer)
CERTIFICATIONS

I, James Hagedorn, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Scotts Miracle-Gro Company for the fiscal year ended September 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2023

By: /s/ JAMES HAGEDORN
Printed Name: James Hagedorn
Title: Chief Executive Officer, President and Chairman of the Board

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certifications
(Principal Financial Officer)
CERTIFICATIONS

I, Matthew E. Garth, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Scotts Miracle-Gro Company for the fiscal year ended September 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2023

By: /s/ MATTHEW E. GARTH

Printed Name: Matthew E. Garth

Title: Executive Vice President, Chief Financial Officer and Chief Administrative Officer

Exhibit 32

SECTION 1350 CERTIFICATIONS*

In connection with the Annual Report on Form 10-K of The Scotts Miracle-Gro Company (the "Company") for the fiscal year ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, Chief Executive Officer, President and Chairman of the Board of the Company, and Matthew E. Garth, Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries.

/s/ JAMES HAGEDORN	/s/ MATTHEW E. GARTH
Printed Name: James Hagedorn	Printed Name: Matthew E. Garth
Title: Chief Executive Officer, President and Chairman of the Board	Title: Executive Vice President, Chief Financial Officer and Chief Administrative Officer
November 22, 2023	November 22, 2023

* THESE CERTIFICATIONS ARE BEING FURNISHED AS REQUIRED BY RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE, AND SHALL NOT BE DEEMED "FILED" FOR PURPOSES OF SECTION 18 OF THE EXCHANGE ACT OR OTHERWISE SUBJECT TO THE LIABILITY OF THAT SECTION. THESE CERTIFICATIONS SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY FILING UNDER THE SECURITIES ACT OF 1933 OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT THAT THE COMPANY SPECIFICALLY INCORPORATES THESE CERTIFICATIONS BY REFERENCE.