Q2 FY23 Earnings Results

April 6, 2023



Forward-Looking Statements

Historical financial and operating data in this presentation reflect the consolidated results of WD-40 Company and its subsidiaries (collectively, the "Company"). The Company markets maintenance products ("MP") under the WD-40®, 3-IN-ONE® and GT85® brand names. The WD-40 brand portfolio also includes the WD-40® Multi-Use Product, the WD-40 Specialist® and WD-40 BIKE® product lines. The Company markets the homecare and cleaning ("HCCP") under the following brands: X-14® and 2000 Flushes® automatic toilet bowl cleaners, Carpet Fresh® and no vac® rug and room deodorizers, Spot Shot® aerosol and liquid carpet stain removers, 1001® household cleaners and rug and room deodorizers, and Lava® and Solvol® heavy-duty hand cleaners.

Except for the historical information contained herein, this presentation contains "forward-looking statements" within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are generally identified with words such as "believe," "expect," "intend," "plan," "could," "may," "aim," "anticipate," "target," "estimate" and similar expressions. Such statements reflect the Company's current expectations with respect to currently available operating, financial and economic information. These forward-looking statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated in or implied by the forward-looking statements.

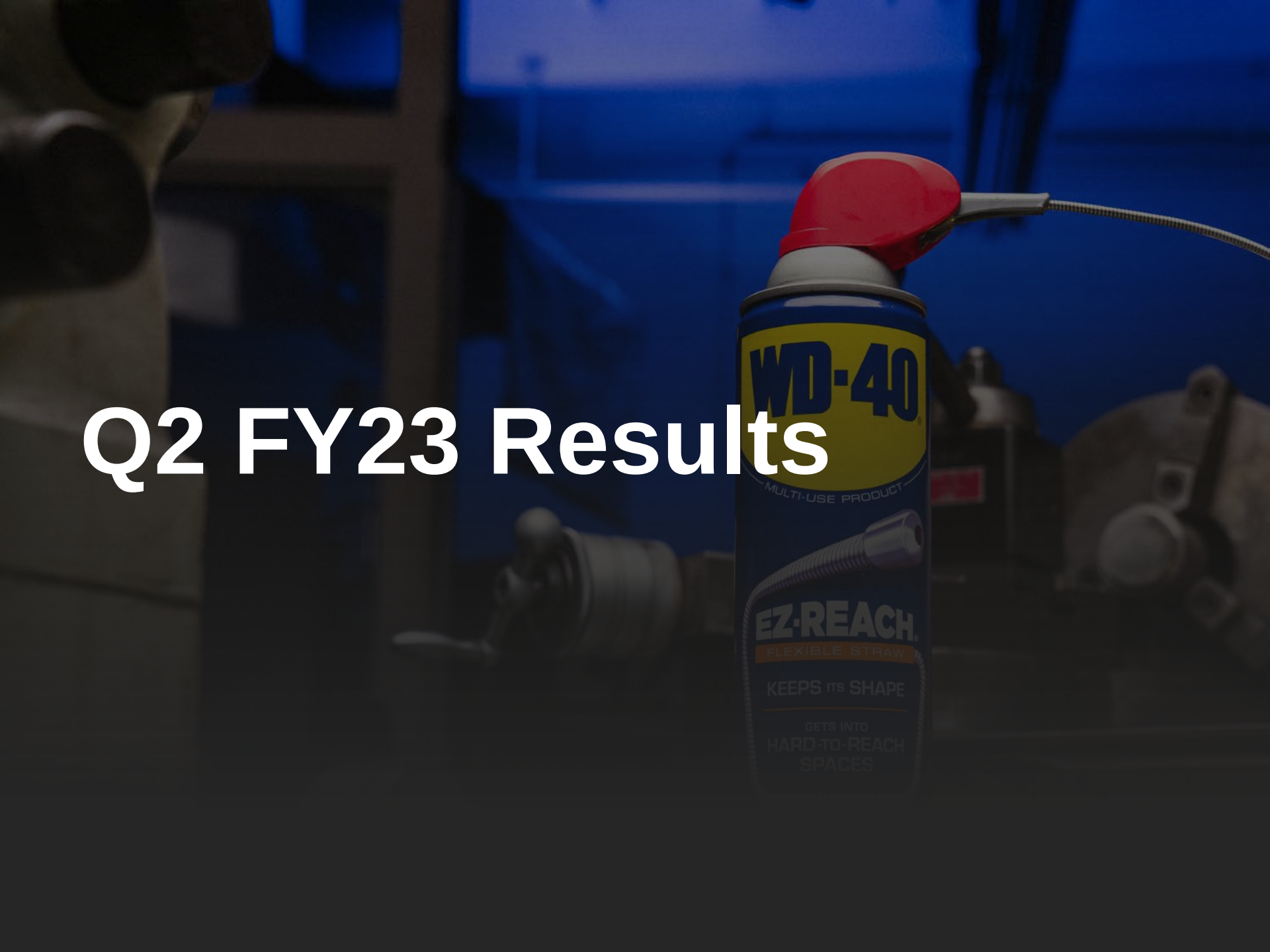
Our forward-looking statements include, but are not limited to, discussions about future financial and operating results; growth expectations for maintenance products; expected levels of promotional and advertising spending; anticipated input costs for manufacturing and the costs associated with distribution of our products; plans for and success of product innovation; the impact of new product introductions on the growth of sales; anticipated results from product line extension sales; expected tax rates and the impact of tax legislation and regulatory action; the length and severity of the current COVID-19 pandemic and its impact on the global economy and the Company's financial results; changes in the political conditions or relations between the United States and other nations; the impacts from inflationary trends and supply chain constraints; and forecasted foreign currency exchange rates and commodity prices.

The Company's expectations, beliefs and forecasts are expressed in good faith and are believed by the Company to have a reasonable basis, but there can be no assurance that the Company's expectations, beliefs or forecasts will be achieved or accomplished.

Actual events or results may differ materially from those projected in forward-looking statements due to various factors, including, but not limited to, those identified in Part I—Item 1A, "Risk Factors," in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2022, which the Company filed with the Securities and Exchange Commission ("SEC") on October 24, 2022 and in the Company's Quarterly Report on Form 10-Q for the period ended February 28, 2023, which the Company expects to file with the SEC on April 6, 2023.

All forward-looking statements included in this presentation should be considered in the context of these risks. These statements reflect the Company's expectations as of April 6, 2023, and the Company undertakes no obligation to update or revise any such statements, whether as a result of new information, future events or otherwise. Investors and prospective investors are cautioned not to place undue reliance on these forward-looking statements.

Q2 FY23 Results



Q2 FY23 Results

($ in millions; except EPS, gross profit and % change)	Q2 FY23	Q2 FY22	% Change
Net Sales	$130.2	$130.0	0%
Gross Profit (%)	50.8%	50.4%	40 bps
Operating Income	$22.2	$24.7	-10%
Net Income	$16.5	$19.5	-15%
EPS (Diluted)	$1.21	$1.41	-14%

- Changes in foreign currency exchange rates had an unfavorable impact on net sales in Q2 FY23
- When you take both translation (or “constant currency”) and transaction exposure into consideration, the impacts of foreign currency exchange rates reduced our total net sales by approximately $3.6 million.

1) For more information on our Q2 FY23 reported results, including a full discussion of the impact of increases in the average selling price of our products and offsetting decreases in sales volume, please see our Form 10-Q for the period ending February 28, 2023.

Foreign Currency Impact

Transaction Impact

Translation Impact

Transaction currency
Currency in which sales, costs, expenses are transacted; typically the same as that of the country in which the sales transaction takes place

Conversion from transaction currency to subsidiaries' functional currency

Functional currency
Main currency in which subsidiaries conduct business; typically the same as that of the country in which the subsidiary is headquartered

Translation from functional currency to WD-40 Company's reporting currency

Reporting currency
As a U.S. based company the reporting currency of WD-40 Company is the U.S. dollar

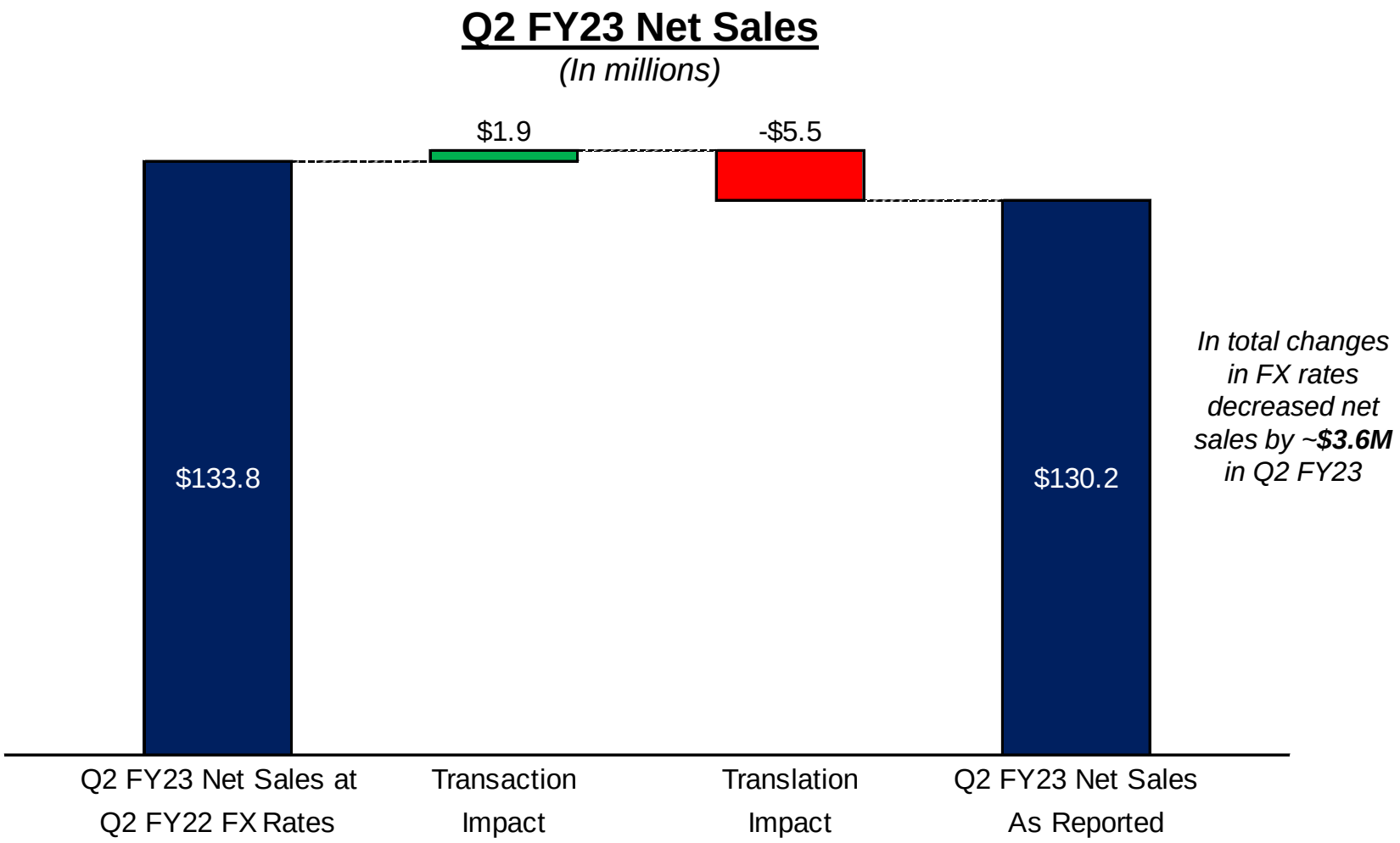
Subsidiary
(Non-Functional Currency)

UK – USD & EUR

Subsidiary
(Functional Currency)

UK – GBP
CANADA – CAD
AUSTRALIA – AUD
CHINA – CNY
MEXICO - MXN

Additional Foreign Currency Exchange Impact



*In total changes in FX rates decreased net sales by ~**$3.6M** in Q2 FY23*

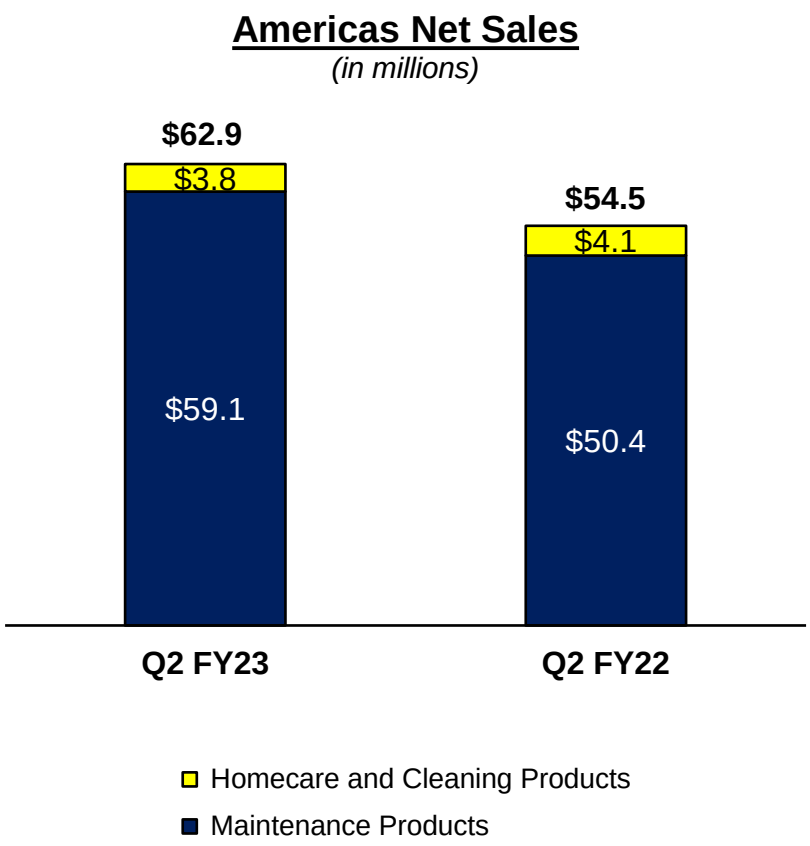
Price-Volume Impact – Consolidated Net Sales Changes

Changes from Prior Year Fiscal Period

($ in millions)	Q1 FY23	Q2 FY23	Year to Date
Increase in average selling price[1]	$ 26.2	$ 24.0	$ 50.2
Decrease in sales volume[1] – Russian markets	$ (5.0)	$ (3.3)	$ (8.3)
Decrease in sales volume[1] – All other markets	$ (21.4)	$ (15.0)	$ (36.4)
Currency impact on current period – non-GAAP	$ (9.6)	$ (5.5)	$ (15.1)
(Decrease) increase in net sales	$ (9.8)	$ 0.2	$ (9.6)

1) Management's estimates of changes in net sales attributable to volumes and the average selling price of our products are impacted by differences in sales mix related to products, markets and distribution channels from period to period.

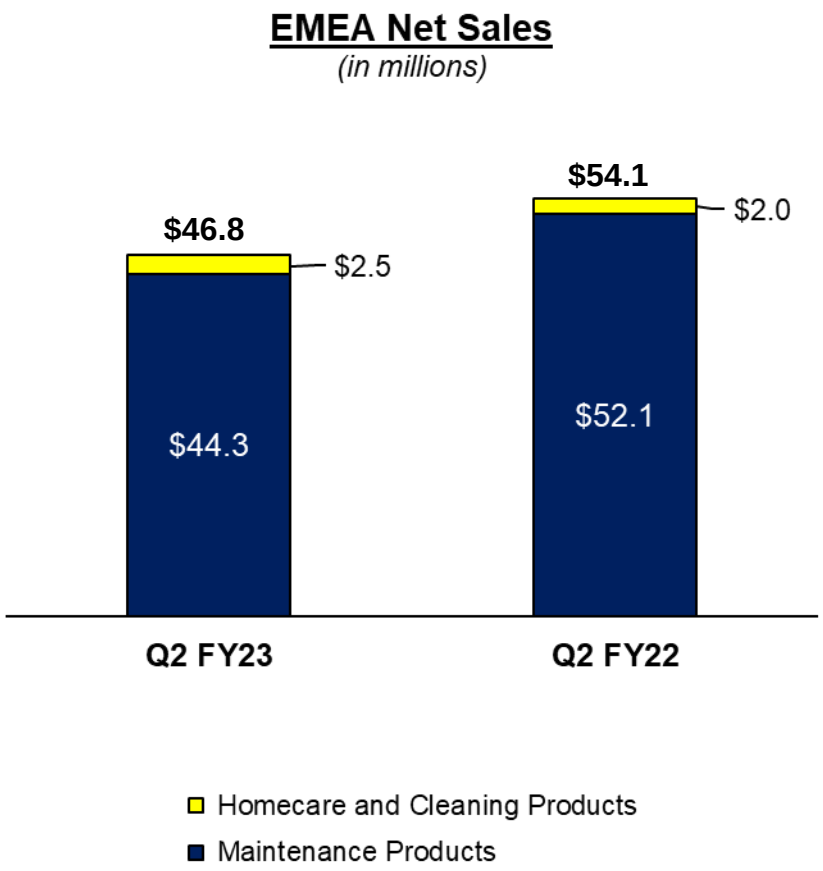
Americas Segment



Americas – Q2 FY23 vs. Q2 FY22

- Total reported segment sales ▲ 15%
  - Segment made up 48% of global sales
  - Maintenance product sales ▲ 17%
  - WD-40 Specialist sales ▲ 10%
  - HCCP sales ▼ 8%
- Maintenance Product (MP) sales:
  - U.S. MP sales ▲ 22%
  - Latin America MP sales ▲ 3%
  - Canadian MP sales ▲ 12%

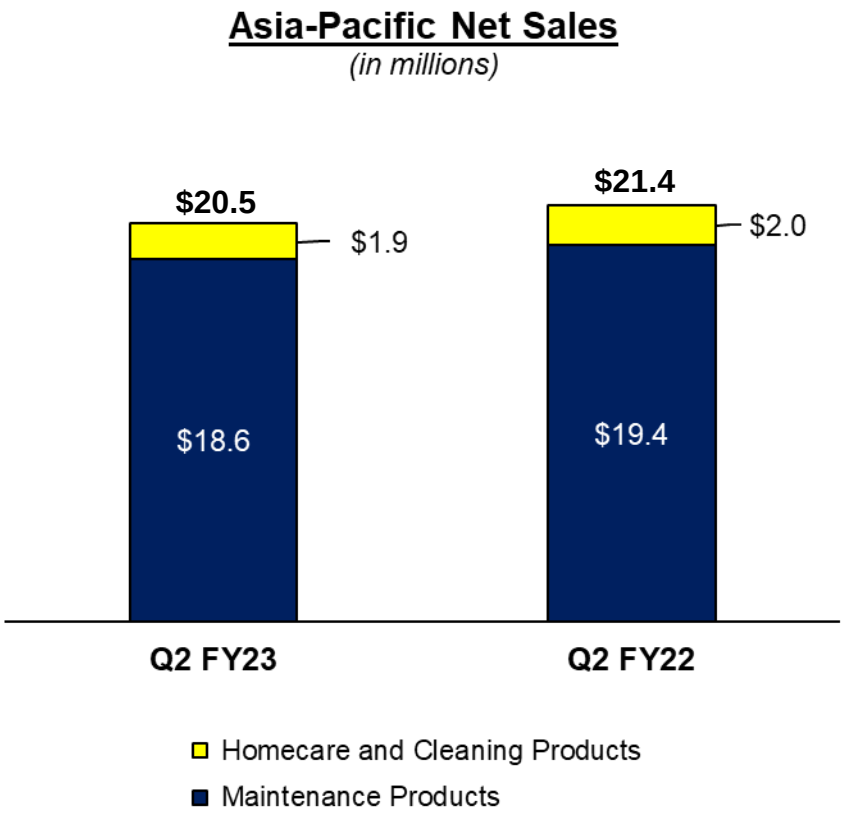
EMEA Segment



EMEA – Q2 FY23 vs. Q2 FY22

- Total reported segment sales ▼ 13%
  - Segment made up 36% of global sales
  - Maintenance product sales ▼ 15%
  - WD-40 Specialist sales ▲ 4%
  - HCCP sales ▲ 25%
  - In constant currency (GBP) sales ▼ 4%
- EMEA direct market sales ▼ 2%
  - 74% of segment sales came from direct markets
- EMEA distributor market sales ▼ 35%
  - 26% of segment sales came from distributor markets

Asia-Pacific Segment



Asia-Pacific – Q2 FY23 vs. Q2 FY22

- Total reported Asia-Pacific sales ▼ 4%
  - Segment made up 16% of global sales
  - Maintenance product sales ▼ 4%
  - WD-40 Specialist sales ▼ 6%
  - HCCP sales ▼ 8%
- Australia sales ▲ 6%
  - In functional currency (AUD) sales ▲ 10%
- China sales ▼ 2%
  - In functional currency (RMB) sales ▲ 7%
- Asia distributor market sales ▼ 11%

Growth Aspirations

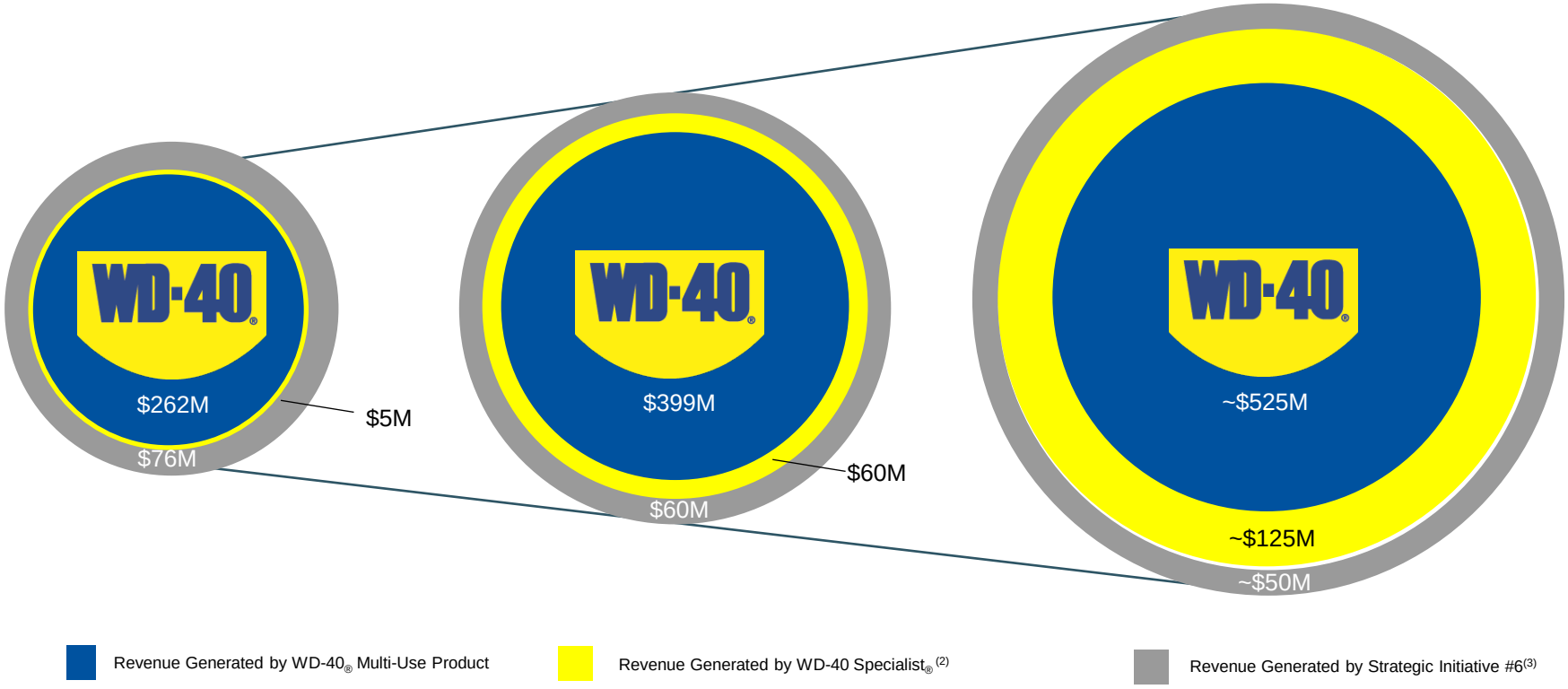


2025 Growth Aspirations

FY 2012
Reported Revenue
$343M

FY 2022
Reported Revenue
$519M

2025 Growth Aspirations
Anticipated Revenue Target
$650M – $700M(1)



Revenue Generated by WD-40® Multi-Use Product

Revenue Generated by WD-40 Specialist® (2)

Revenue Generated by Strategic Initiative #6(3)

1) Our growth aspirations for revenue are based on the Company's current expectations, beliefs and forecasts to strive to meet the higher end of our anticipated 2025 revenue targets. They are expressed in good faith and are believed by the Company to have a reasonable basis, but there can be no assurance that they will be achieved or accomplished. Historical revenue numbers have not been adjusted for changes in foreign currency exchange rates.
2) WD-40 BIKE® is included in the FY22 reported revenue and future revenue projections for WD-40 Specialist®.
3) Strategic Initiative #6 includes WD-40 Company products under the following brands: 3-IN-ONE®, GT85®, no vac®, Spot Shot®, 1001®, X-14®, Carpet Fresh®, 2000 Flushes®, Lava® and Solvol®.

Long-Term Growth Ambition by Segment

Americas

47% of global sales*

Targeting a compound annual growth rate of **5-8%**

EMEA

39% of global sales*

Targeting a compound annual growth rate of **8-11%**

Asia-Pacific

14% of global sales*

Targeting a compound annual growth rate of **10-13%**

Total Company

Targeting a compound annual growth in the **mid-to-high single digits**

Primary Growth Drivers:

- Must-Win Battle #1 - Geographic expansion of WD-40® Multi-Use Product
- Must-Win Battle #2 - Premiumization through conversion to Smart Straw® Next Generation and EZ-REACH®
- Must-Win Battle #3 - Increased penetration of WD-40 Specialist®
- Must-Win Battle #4 - Heightening focus on digital commerce

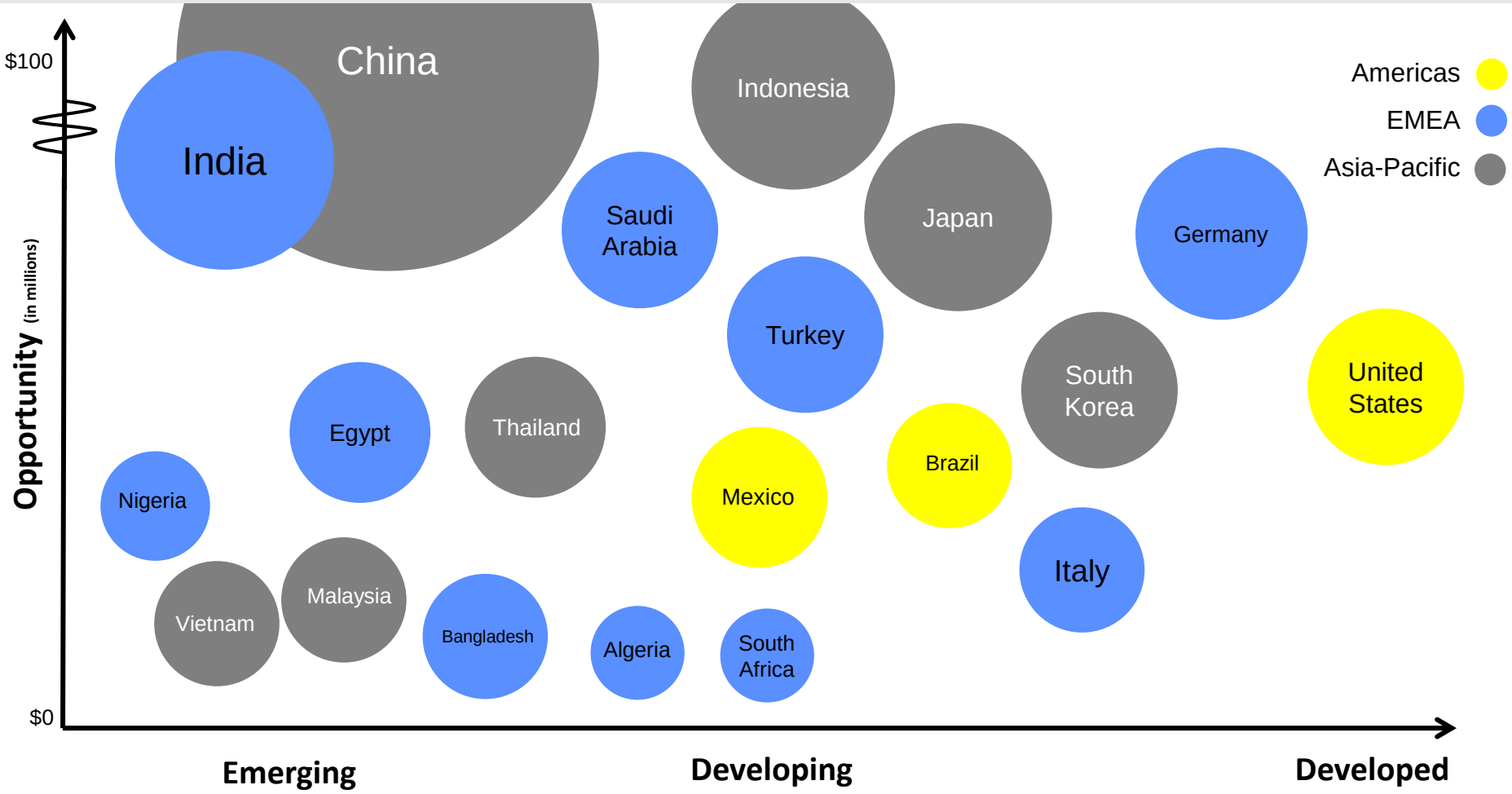
* Percentage of sales number for the year ended 8/31/22.

Must-Win Battles



Must-Win Battle #1 - Geographic Expansion

We estimate the potential global market opportunity for WD-40 Multi-Use Product to be ~$1B [1]



1) Based on Industrial Value Added (IVA) / Purchase Price Parity (PPP) third-party benchmarking. WD-40 Company's estimated IVA/PPP figure is calculated using country GDP (PPP) data, which is a country's GDP converted into 'international dollars' using the PPP index, then multiplied by the country's IVA (% GDP) figure.

Must-Win Battle #2 - Premiumization



Classic Can



Smart Straw®



Next Generation Smart Straw®



EZ-Reach® Flexible Straw

- At the end of FY22, sales of premiumized products totaled $188M representing 47% of WD-40® Multi-Use Product global sales
- Our objective is to grow premiumized products to >60% of WD-40® Multi-Use Product global sales

Premiumization of the blue and yellow can with the little red top creates opportunities for revenue growth and higher gross margin

Must-Win Battle #3 – WD-40 Specialist



Our new WD-40 Specialist® packaging creates a stronger brand presence for both WD-40® Multi-Use Product and WD-40 Specialist®, aligning them as the blue and yellow **brand** with the little red top

WD-40 Specialist® Degreaser and Cleaner EZ- Pods



- Tailored product for degreasing on-the-go
- Concentrated, industrial-strength formula
- Designed with sustainability in mind
- Improves transportation and storage efficiency and costs
- When used as intended, reduces plastic use
- Recyclable packaging
- Currently available in United States

Must-Win Battle #4 – Digital Commerce

Our global digital ambition is to engage with end-users at scale, becoming the global leader in our category on the digital platforms they use, making it easy to access, learn about, and purchase our brands online.

Creating positive lasting memories….ONLINE

55/30/25 Business Model



Gross Margin

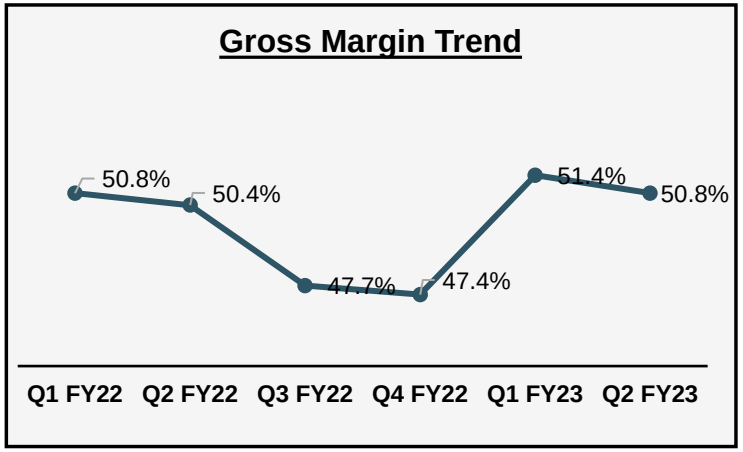
Gross Margin vs. Prior Year	
Q2 FY23	**Q2 FY22**
50.8%	50.4%

Gross margin improved by 40 basis points Y-O-Y primarily due to the following favorable impacts:

Gross Margin Drivers	Change vs. Prior Year (basis points)
Price Increases	+910 bps
Changes in FX rates	+90 bps

These changes were significantly offset by the following unfavorable impacts:

Gross Margin Drivers	Change vs. Prior Year (basis points)
Higher costs of specialty chemicals	-410 bps
Higher costs of aerosol cans	-400 bps
Higher filling fees	-90 bps



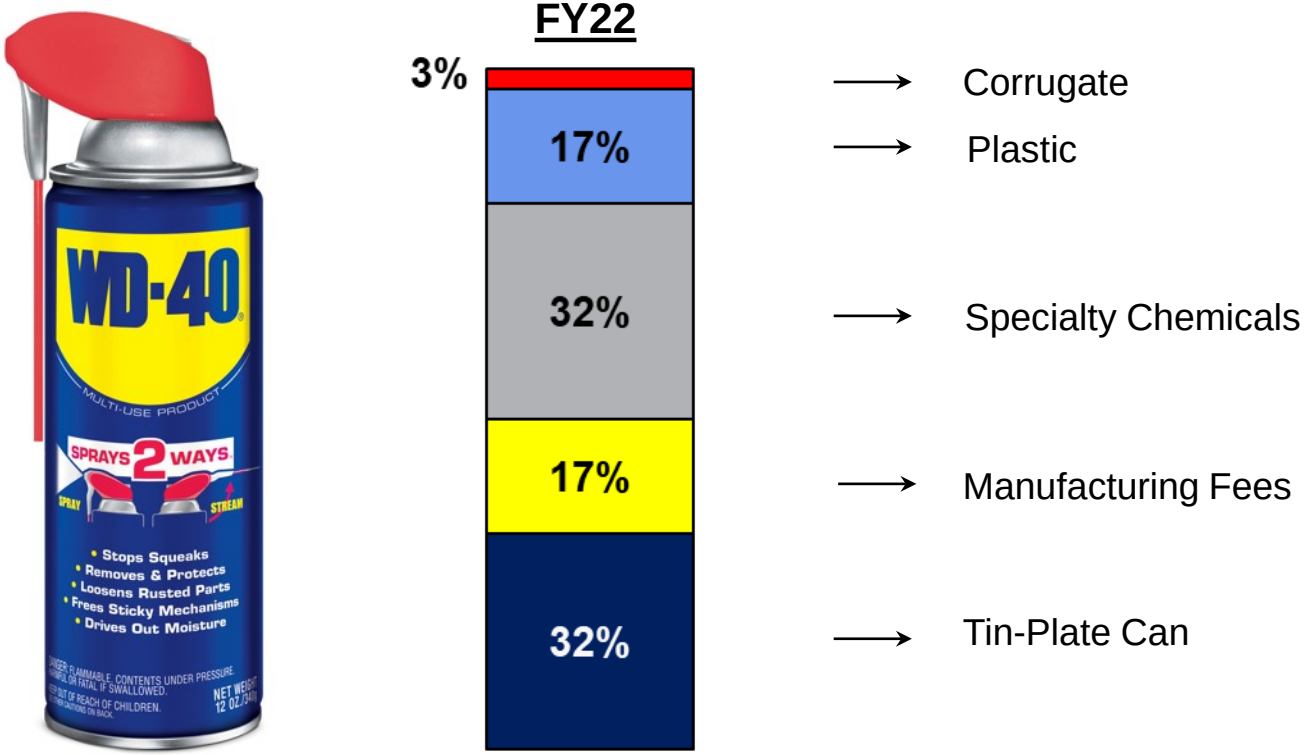
Actions we are taking to improve gross margin:

- Prices increases in all markets and geographies
- Cost optimization
- Geographic expansion and channel mix
- Premiumization
- Product mix

We remain committed to our 55/30/25 aspirational business model and are focused on managing our business so that we can restore gross margin to our long-term target of 55 percent in the future

What Makes Up the Cost of a Can?

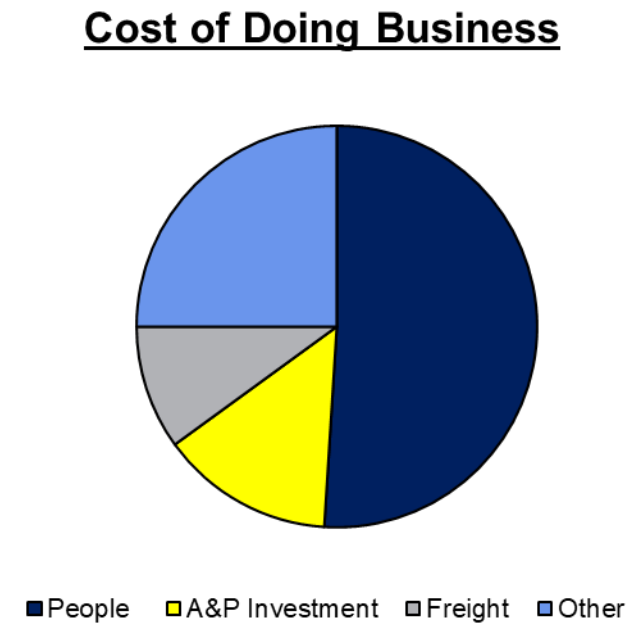
Approximate Cost Breakdown of a Typical Can of WD-40 MUP Manufactured in the United States



Data as of August 2022. Represents average input costs over 6-month period of a typical 12 ounce can of WD-40 Multi-Use Product manufactured in the United States. Current manufacturing and input costs typically take considerable time to be reflected in the Company's consolidated statement of operations due to production and inventory lifecycles.

Cost of Doing Business

- Q2 FY23 cost of doing business was 33%, up from 30% compared to Q2 FY22
- Cost of doing business comes from three primary areas:
  - People costs, including earned incentive accruals
  - Marketing, advertising and promotion
  - Freight costs to get products to customers
- Investments in digital commerce, research and development, brand awareness, innovation, cloud-based information systems, ESG initiatives and strategic investments in our people to support our longer-term growth aspirations remain a high priority.



Revenue growth is the most important factor in achieving the "30" target

55/30/25 Results

55/30/25 Business Model	Target	Q2 FY23 Actuals	Q2 FY22 Actuals	Q2 FY21 Actuals
Gross Margin	55%	51%	50%	55%
Cost of Doing Business[(1)]	30%	33%	30%	36%
EBITDA[(1)]	25%	19%	21%	20%

1) See appendix for descriptions and reconciliations of these non-GAAP measures.
Note: Percentages may not aggregate to EBITDA percentage due to rounding and because amounts recorded in other income (expense), net on the Company's consolidated statement of operations are not included as an adjustment to earnings in the Company's EBITDA calculation.

Guidance


WD-40
MULTI-USE PRODUCT
EZ-REACH
FLEXIBLE STRAW
KEEPS ITS SHAPE
GETS INTO
HARD-TO-REACH
SPACES

Updated Fiscal Year 2023 Guidance

Sales Growth	Between 3.5% and 7.5%
Net Sales	Between $535 and $560 million
Gross Margin	Between 51% and 52%
A&P Investment	Between 5.0% and 5.5% of net sales
Provision for Income Tax	Around 21%
Net Income	Between $64.5 and $68.5 million
Diluted EPS	Between $4.80 and $5.00 based on 13.6 million shares outstanding

Changes to guidance indicated in BLUE.

As of 4/6/23. This guidance is expressed in good faith and is based on management's current view of anticipated results. Net sales guidance was calculated using recent foreign currency exchange rates. In constant currency, sales growth projection would be approximately 6.5 to 11.5 percent. This guidance does not include any future acquisitions or divestitures. Unanticipated inflationary headwinds, changes in foreign currency exchange rates, and other unforeseen events may further affect the Company's financial results.

Appendix


WD-40
MULTI-USE PRODUCT
EZ-REACH
FLEXIBLE STRAW
KEEPS ITS SHAPE
GETS INTO
HARD-TO-REACH
SPACES

Foreign Currency Translation Impact or "Constant Currency"

($ in millions; except EPS, gross profit and % change)

Financial Results **As reported**	Q2 FY23	Q2 FY22	% Change
Net Sales	$130.2	$130.0	0%
Gross Profit (%)	50.8%	50.4%	40 bps
Operating Income	$22.2	$24.7	-10%
Net Income	$16.5	$19.5	-15%
EPS (Diluted)	$1.21	$1.41	-14%

Financial Results **Non-GAAP: constant currency**	Q2 FY23 CC*	Q2 FY22	% Change
Net Sales	$135.7	$130.0	4%
Operating Income	$23.4	$24.7	-5%
Net Income	$17.5	$19.5	-10%
EPS (Diluted)	$1.28	$1.41	-9%

*FY23 results translated at FY22 foreign currency exchange rates. See appendix for descriptions and reconciliations of these non-GAAP measures.

Non-GAAP Reconciliation

This presentation contains certain non-GAAP (generally accepted accounting principles in the United States of America) measures, that our management believes provide our stockholders with additional insights into WD-40 Company's results of operations and how it runs its business. Our management uses these non-GAAP financial measures in order to establish financial goals and to gain an understanding of the comparative performance of the Company from year to year or quarter to quarter. The non-GAAP measures referenced in this presentation, which include EBITDA (earnings before interest, income taxes, depreciation and amortization) the cost of doing business, and constant currency are supplemental in nature and should not be considered in isolation or as alternatives to net sales, net income, income from operations or other financial information prepared in accordance with GAAP as indicators of the Company's performance or operations. Reconciliations of these non-GAAP financial measures to the WD-40 Company financials as prepared under GAAP are as follows:

Cost of Doing Business:

	Three Months Ended February 28,	
	2023	2022
Total operating expenses – GAAP	$ 43,925	$ 40,775
Amortization of definite-lived intangible assets	(250)	(360)
Depreciation (in operating departments)	(1,034)	(1,112)
Cost of doing business	$ 42,641	$ 39,303
Net sales	$ 130,193	$ 129,986
Cost of doing business as a percentage of net sales – non-GAAP	33%	30%

EBITDA:

	Three Months Ended February 28,	
	2023	2022
Net income – GAAP	$ 16,526	$ 19,508
Provision for income taxes	4,341	4,895
Interest income	(51)	(21)
Interest expense	1,502	613
Amortization of definite-lived intangible assets	250	360
Depreciation	1,718	1,736
EBITDA	$ 24,286	$ 27,091
Net sales	$ 130,193	$ 129,986
EBITDA as a percentage of net sales – non-GAAP	19%	21%

Note: Percentages may not aggregate to EBITDA percentage due to rounding and because amounts recorded in other income (expense), net on the Company's consolidated statement of operations are not included as an adjustment to earnings in the Company's EBITDA calculation.


WD-40
COMPANY