Q3 FY23 Earnings Results

July 10, 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.

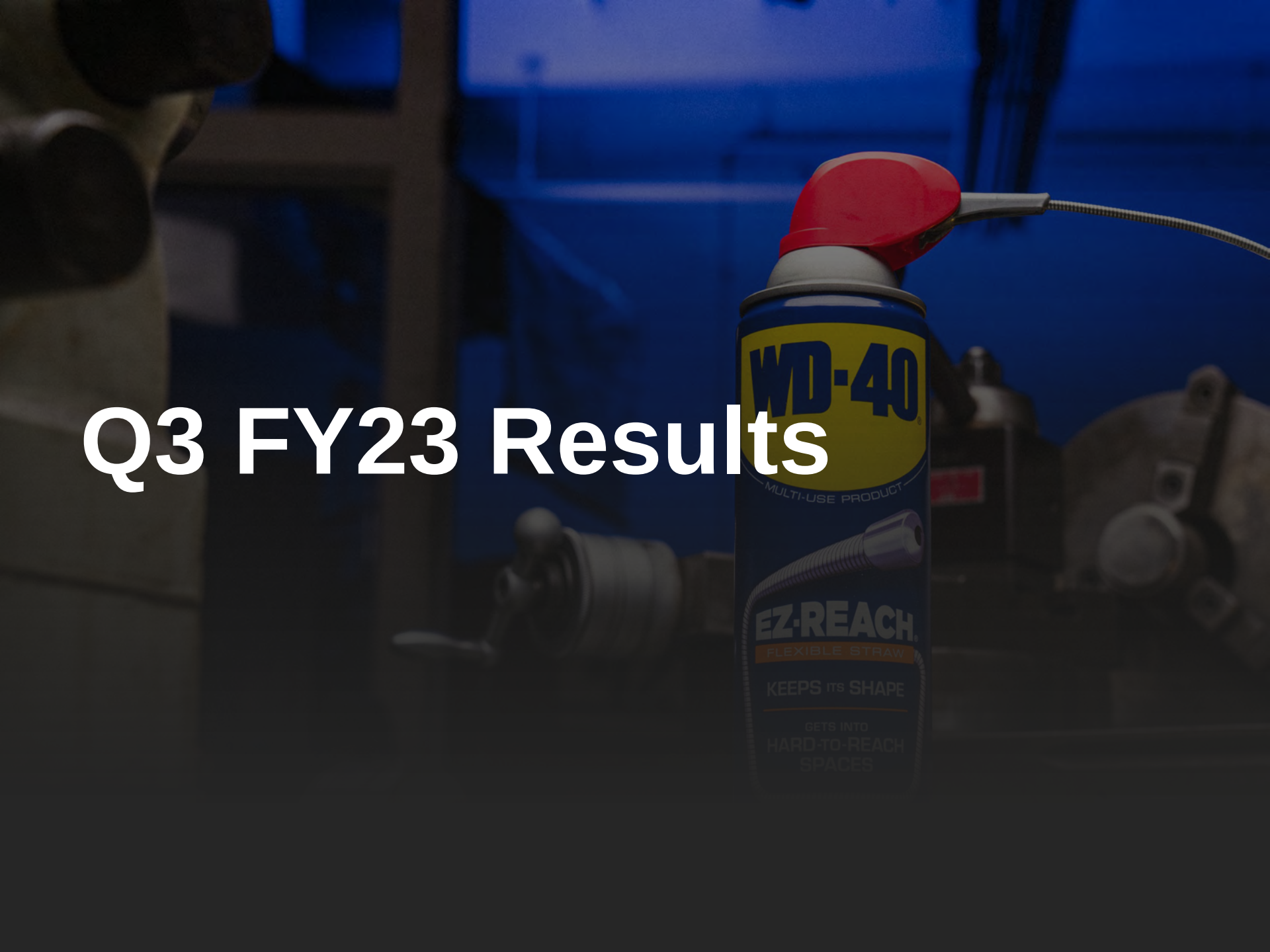
Our forward-looking statements include, but are not limited to, discussions about future financial and operating results; growth expectations for maintenance products; expected levels of promotional and advertising spending; anticipated input costs for manufacturing and the costs associated with distribution 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; changes in the political conditions or relations between the United States and other nations; the impacts from inflationary trends and supply chain constraints; changes in interest rates; 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 May 31, 2023, which the Company expects to file with the SEC on July 10, 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 July 10, 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.

Q3 FY23 Results



Q3 FY23 Results

($ in millions; except EPS, gross profit and % change)	Q3 FY23	Q3 FY22	% Change
Net Sales	$141.7	$123.7	15%
Gross Profit (%)	50.6%	47.7%	290 bps
Operating Income	$25.7	$19.0	35%
Net Income	$18.9	$14.5	30%
EPS (Diluted)	$1.38	$1.07	29%

- On a constant currency basis, Q3 FY23 net sales would have increased $21.9 million or 18% compared to the third quarter of last fiscal year
- YTD net sales were $396.8 million, reflecting an increase of 2% compared to the same period of last fiscal year
    - On a constant currency basis, YTD net sales would have increased $27.3 million or 7% compared to the same period of last fiscal year

1) For more information on our Q3 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 May 31, 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

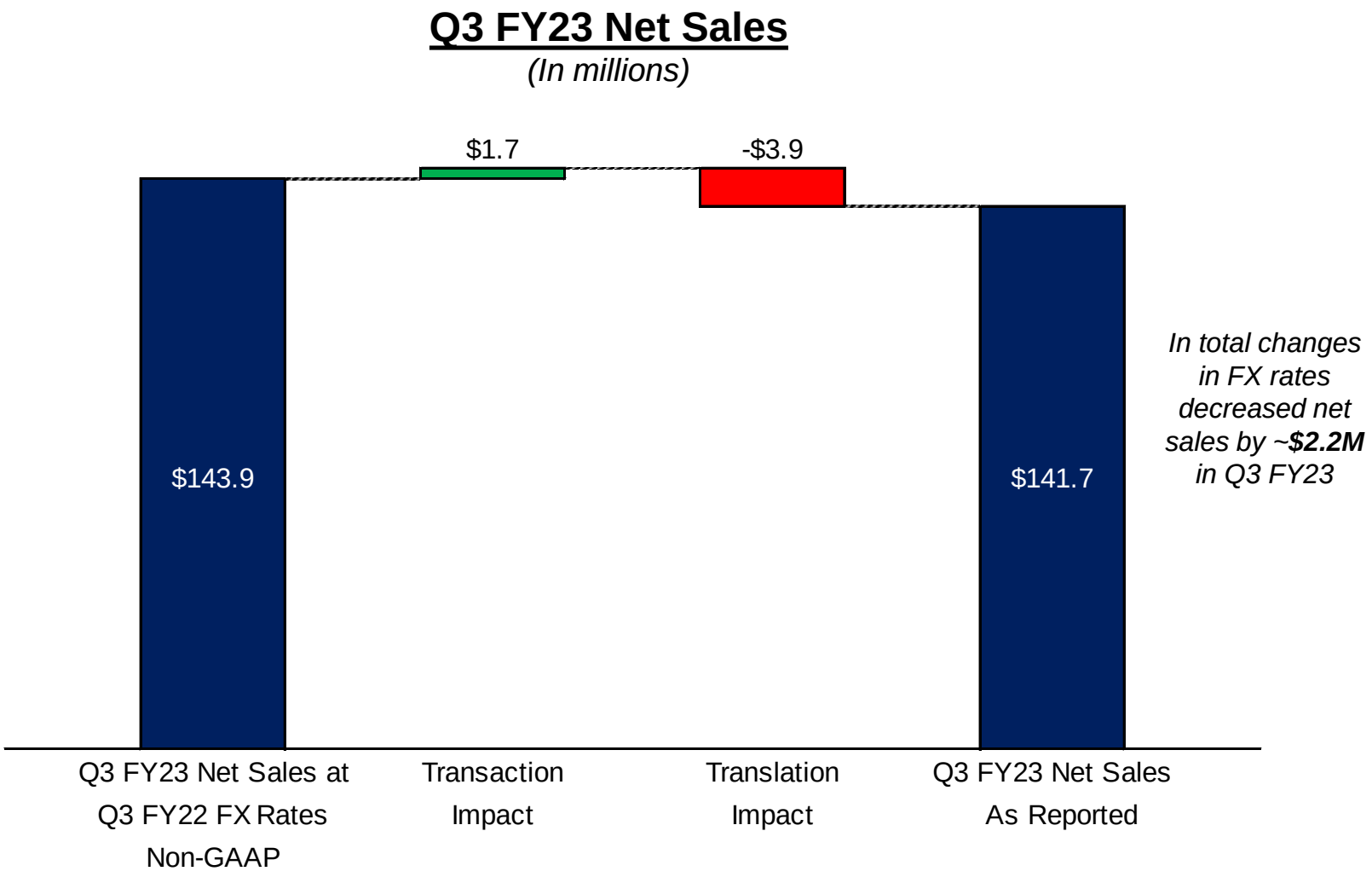
Subsidiary
(Non-Functional Currency)

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 ~**$2.2M** in Q3 FY23*

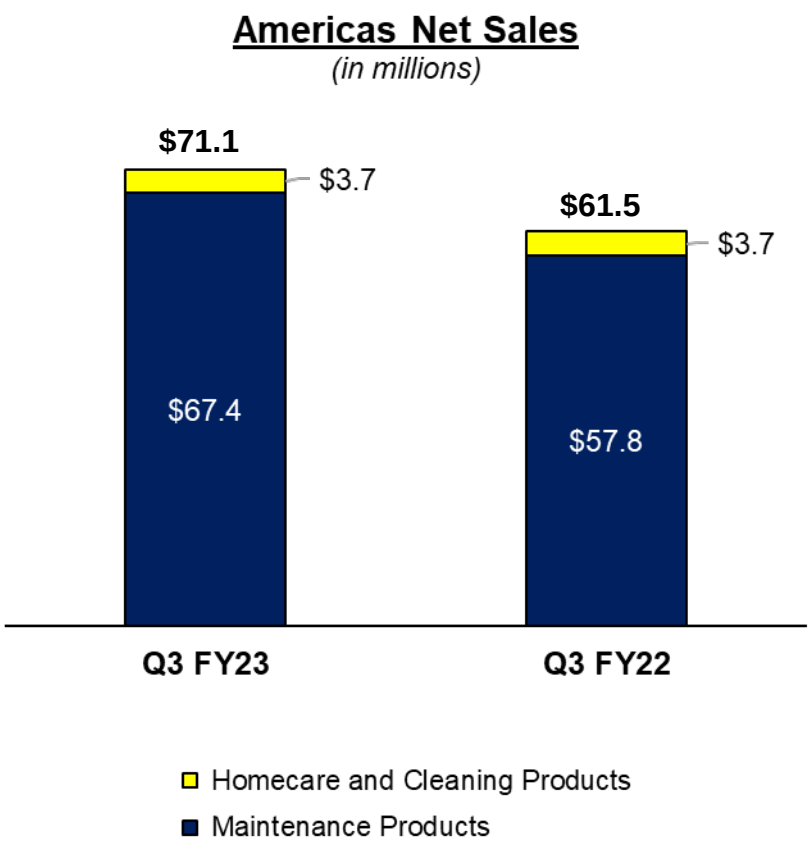
Sales Impact – Consolidated Net Sales Changes

Changes from Prior Year Fiscal Period

($ in millions)	Q1 FY23	Q2 FY23	Q3 FY23	Year to Date
Increase in average selling price[1]	$ 26.2	$ 24.0	$ 21.3	$ 71.5
Decrease in sales volume[1] – Russian markets	$ (5.0)	$ (3.3)	$ -	$ (8.3)
(Decrease) increase in sales volume[1] – All other markets	$ (21.4)	$ (15.0)	$ 0.5	$ (35.9)
Currency impact on current period – non-GAAP	$ (9.6)	$ (5.5)	$ (3.8)	$ (18.9)
(Decrease) increase in net sales	$ (9.8)	$ 0.2	$ 18.0	$ 8.4

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.

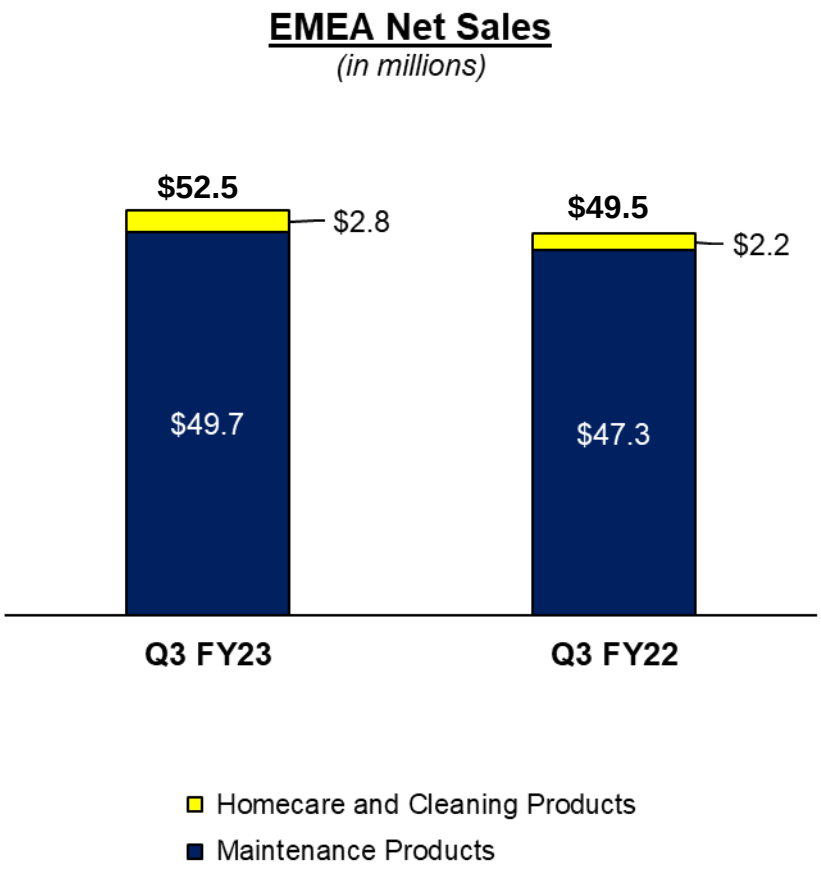
Americas Segment



Americas – Q3 FY23 vs. Q3 FY22

- Total reported segment sales ▲ 16%
  - Segment made up 50% of global sales
  - Maintenance product sales ▲ 17%
  - WD-40 Specialist sales ▲ 6%
  - HCCP sales ▲ 1%
- Maintenance Product (MP) sales:
  - U.S. MP sales ▲ 21%
  - Latin America MP sales ▲ 18%
  - Canadian MP sales ▼ 23%

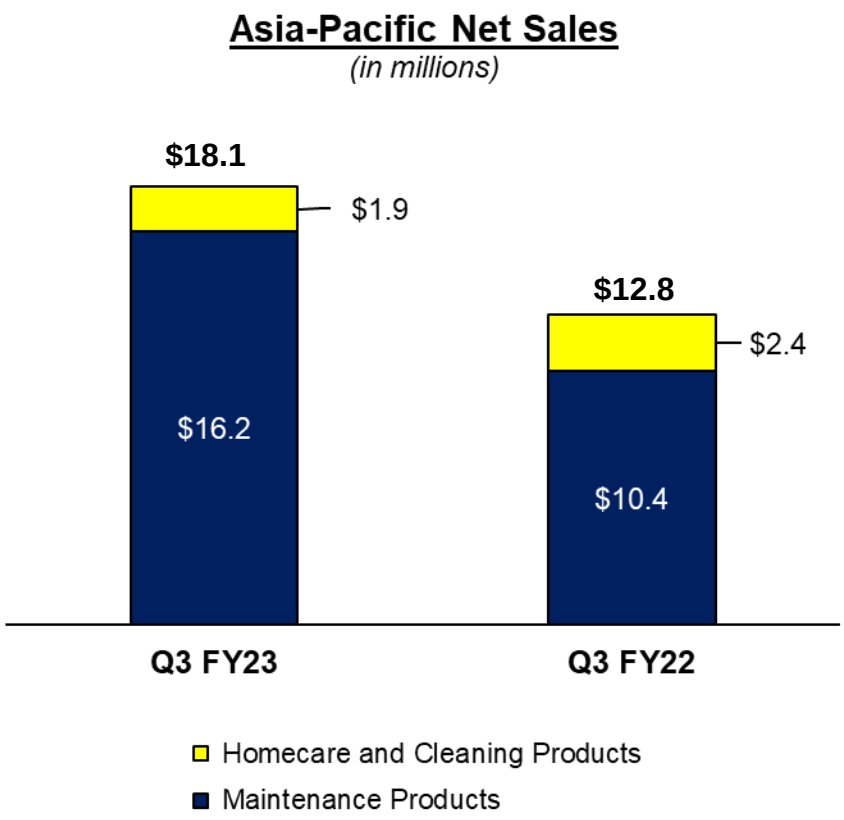
EMEA Segment



EMEA – Q3 FY23 vs. Q3 FY22

- Total reported segment sales ▲ 6%
  - Segment made up 37% of global sales
  - Maintenance product sales ▲ 5%
  - WD-40 Specialist sales ▲ 6%
  - HCCP sales ▲ 30%
  - In constant currency (GBP) sales ▲ 13%
- EMEA direct market sales ▲ 2%
  - 68% of segment sales came from direct markets
- EMEA distributor market sales ▲ 16%
  - 32% of segment sales came from distributor markets

Asia-Pacific Segment



Asia-Pacific – Q3 FY23 vs. Q3 FY22

- Total reported Asia-Pacific sales ▲ 42%
  - Segment made up 13% of global sales
  - Maintenance product sales ▲ 55%
  - WD-40 Specialist sales ▲ 15%
  - HCCP sales ▼ 19%
- Australia sales ▼ 14%
  - In functional currency (AUD) sales ▼ 6%
- China sales ▲ 39%
  - In functional currency (RMB) sales ▲ 50%
- Asia distributor market sales ▲ 151%

Growth Aspirations



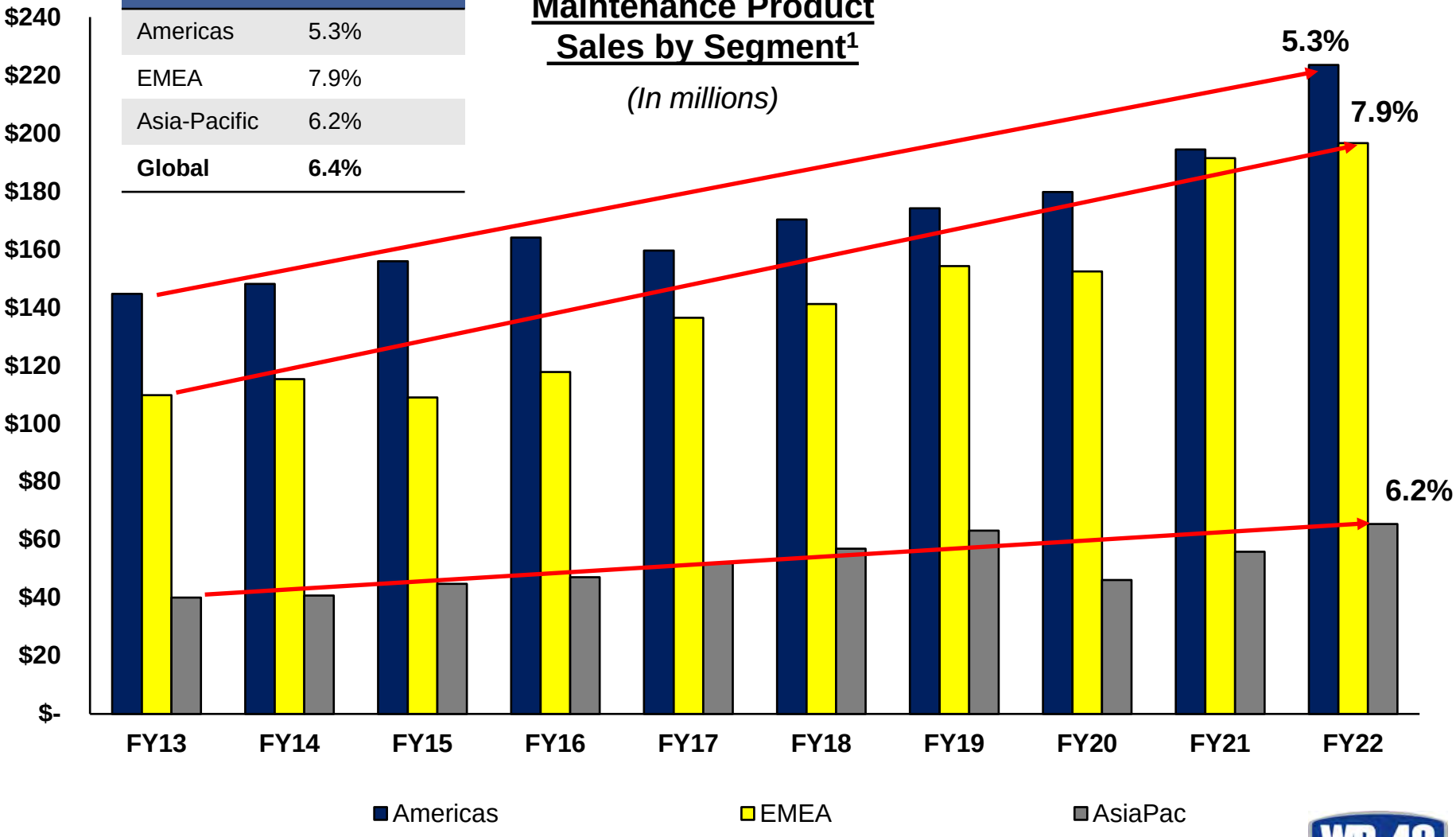
10-Year Historic Growth CAGR

Non-GAAP Constant Currency

Maintenance Products 10-Year CAGR	
Americas	5.3%
EMEA	7.9%
Asia-Pacific	6.2%
Global	**6.4%**

Maintenance Product Sales by Segment[1]

(In millions)



1) FY22 maintenance product revenue presented as reported, all prior years presented on a non-GAAP constant currency basis using FY22 foreign currency exchange rates. See appendix for descriptions and reconciliations of these non-GAAP measures

Long-Term Growth Targets by Segment

Americas	EMEA	Asia-Pacific	Total Company
47% of global sales*	39% of global sales*	14% of global sales*	Targeting a compound annual growth in the **mid-to-high single digits**
Targeting a compound annual growth rate of **5-8%**	Targeting a compound annual growth rate of **8-11%**	Targeting a compound annual growth rate of **10-13%**	

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

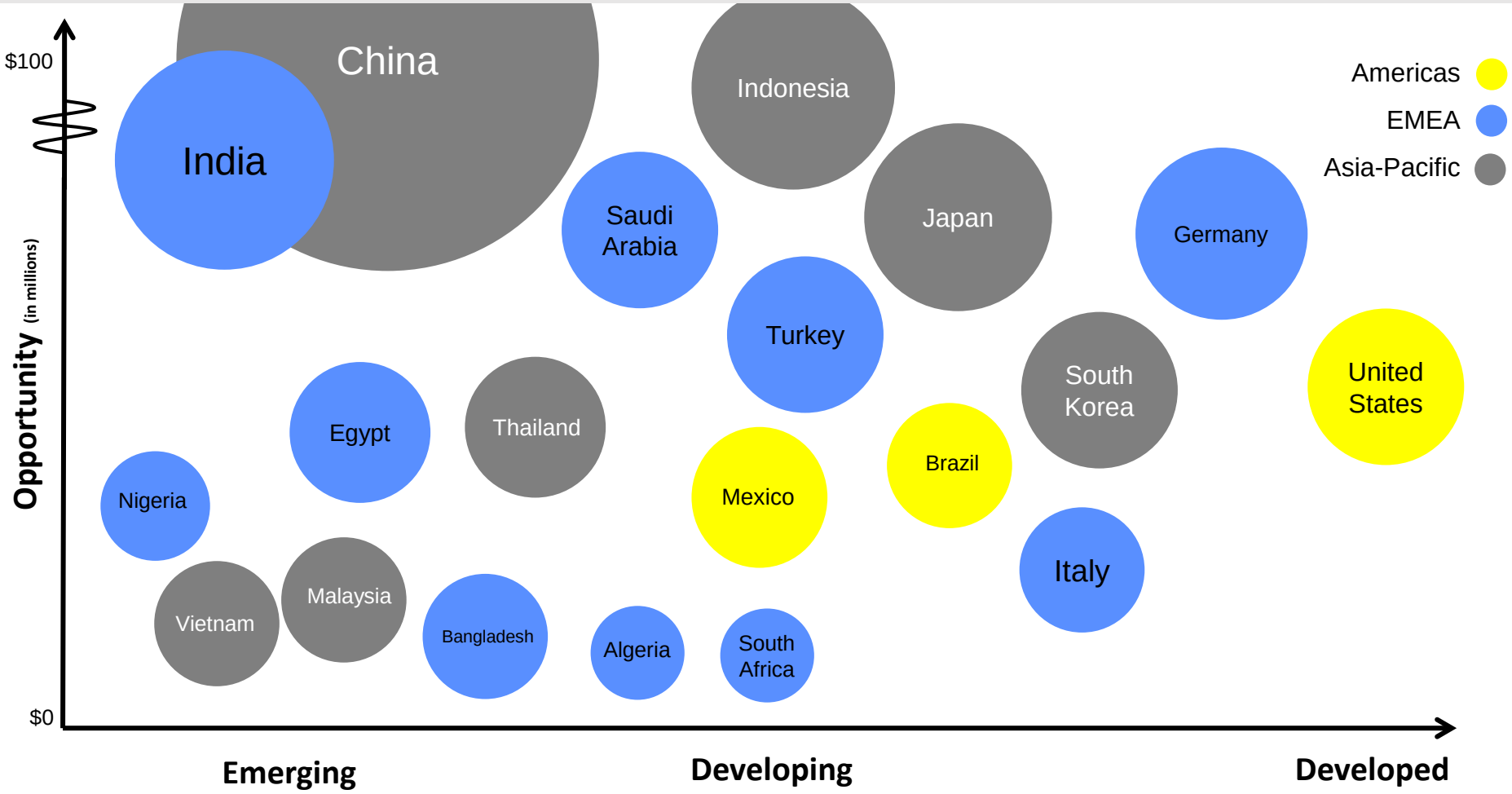
* Percentage of sales number for the year ended 8/31/22.
Note: Compound annual growth rate targets associated with our trade blocs reflect our long-term growth expectations and may not always align with short-term trends and results.

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

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

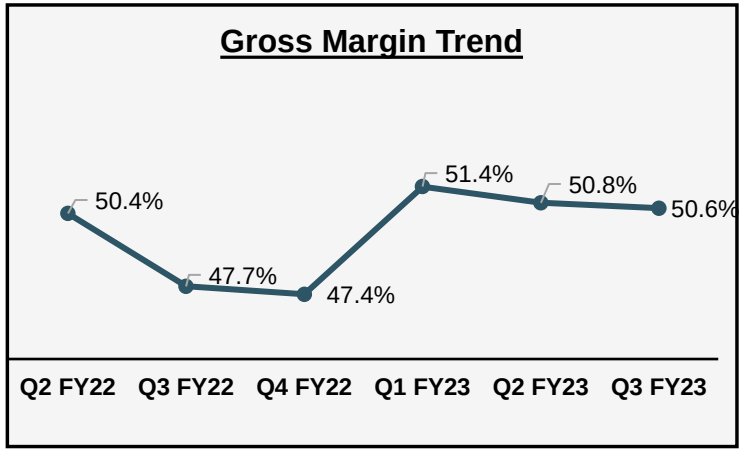
Gross Margin vs. Prior Year	
Q3 FY23	**Q3 FY22**
50.6%	47.7%

Gross margin improved by 290 basis points Y-O-Y primarily due to the following favorable impacts:

Gross Margin Drivers	Change vs. Prior Year (basis points)
Price Increases	+740 bps
Lower input costs	+210 bps
Changes in FX rates	+60 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	-300 bps
Higher costs of aerosol cans	-300 bps
Higher filling fees	-100 bps



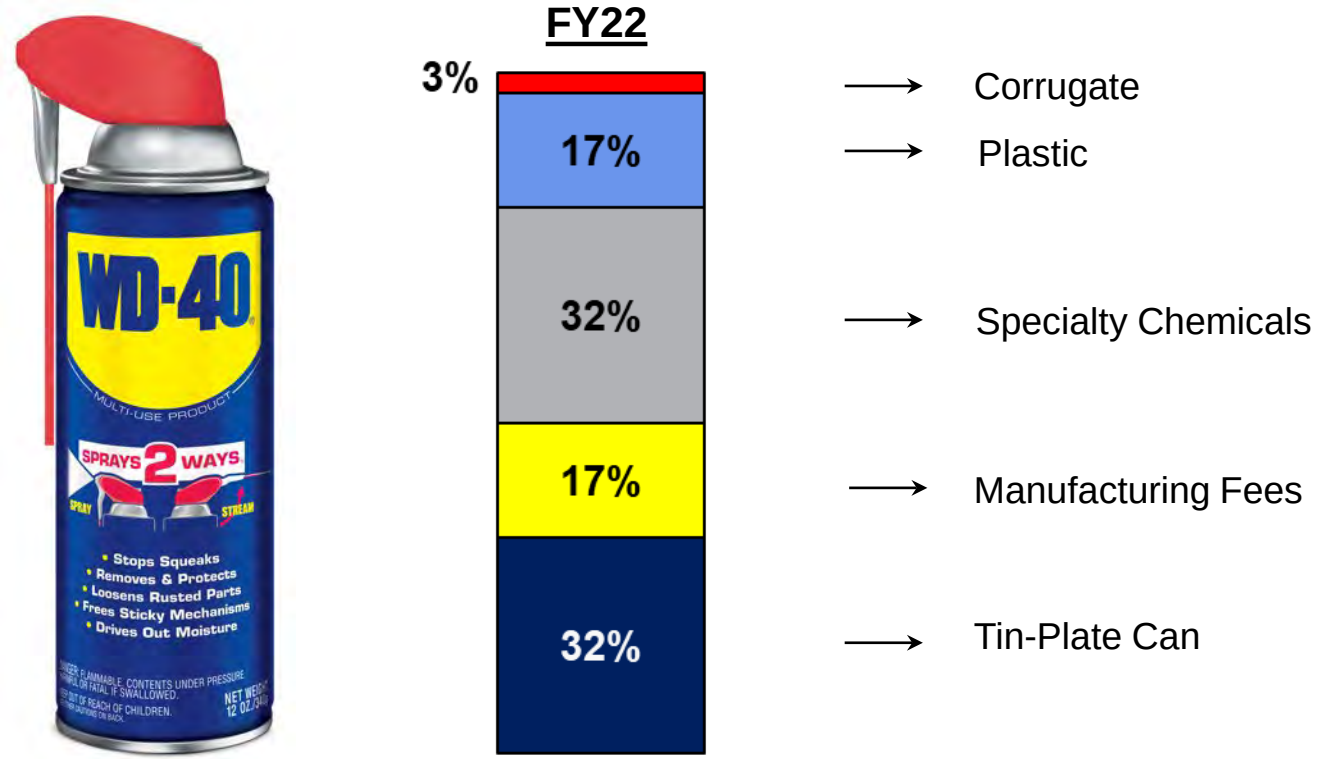
Actions we are taking to improve gross margin:

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

Our gross margin target of 55% is a critical component of our business model, and we are committed to restoring gross margin to our target of 55% over the mid-to-long term

What Makes Up the Cost of a Can?

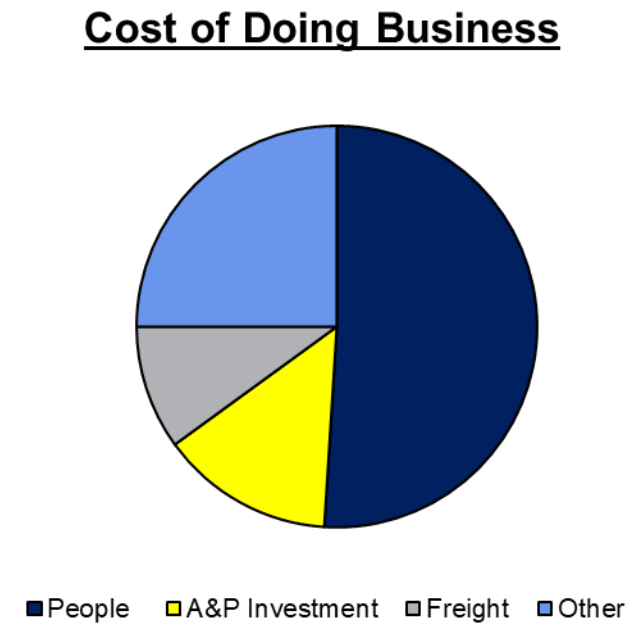
Approximate Cost Breakdown of a Typical Can of WD-40 MUP Manufactured in the United States



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

- Q3 FY23 cost of doing business was 32%, up from 31% compared to Q3 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	Q3 FY23 Actuals	Q3 FY22 Actuals	Q3 FY21 Actuals
Gross Margin	55%	51%	48%	53%
Cost of Doing Business[(1)]	30%	32%	31%	32%
EBITDA[(1)]	25%	20%	17%	21%

Our EBITDA target of 25% will be achieved primarily through leverage - once we are consistently back at historic 20 to 22% EBITDA levels, we will look to leverage the business over the long-term to move towards our 25 percent aspirational target.

1) See appendix for descriptions and reconciliations of these non-GAAP measures.
2) 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

Reiterated Fiscal Year 2023 Guidance

"While we are reiterating our guidance today, we do continue to operate in a volatile environment, and we will likely come in at the lower end of our guidance range." – Sara Hyzer

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

As of 7/10/23. 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 non-GAAP 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**	**Q3 FY23**	**Q3 FY22**	**% Change**
Net Sales	$141.7	$123.7	15%
Gross Profit (%)	50.6%	47.7%	290 bps
Operating Income	$25.7	$19.0	35%
Net Income	$18.9	$14.5	30%
EPS (Diluted)	$1.38	$1.07	29%

Financial Results **Non-GAAP: constant currency**	**Q3 FY23 CC***	**Q3 FY22**	**% Change**
Net Sales	$145.6	$123.7	18%
Operating Income	$26.5	$19.0	40%
Net Income	$19.5	$14.5	35%
EPS (Diluted)	$1.44	$1.07	35%

*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 (total operating expenses less amortization of definite-lived intangible assets, impairment charges related to intangible assets and depreciation in operating departments), 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 May 31,	
	2023	2022
Total operating expenses – GAAP	$ 46,105	$ 40,001
Amortization of definite-lived intangible assets	(250)	(358)
Depreciation (in operating departments)	(1,052)	(1,108)
Cost of doing business	$ 44,803	$ 38,535
Net sales	$ 141,717	$ 123,667
Cost of doing business as a percentage of net sales – non-GAAP	32%	31%

EBITDA:

	Three Months Ended May 31,	
	2023	2022
Net income – GAAP	$ 18,895	$ 14,480
Provision for income taxes	5,477	3,820
Interest income	(69)	(27)
Interest expense	1,597	669
Amortization of definite-lived intangible assets	250	358
Depreciation	1,825	1,700
EBITDA	$ 27,975	$ 21,000
Net sales	$ 141,717	$ 123,667
EBITDA as a percentage of net sales – non-GAAP	20%	17%

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.

Non-GAAP Reconciliation

In order to show the impact of changes in foreign currency exchange rates on our results of operations, we have included constant currency disclosures, where necessary, in this presentation. Constant currency disclosures represent the translation of our current fiscal year revenues, expenses and net income from the functional currencies of our subsidiaries to U.S. Dollars using the exchange rates in effect for the corresponding period of the prior fiscal year. Results on a constant currency basis are not in accordance with accounting principles generally accepted in the United States of America ("non-GAAP") and should be considered in addition to, not as a substitute for, results prepared in accordance with U.S. GAAP. We use results on a constant currency basis as one of the measures to understand our operating results and evaluate our performance in comparison to prior periods in order to enhance the visibility of the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations. Management believes this non-GAAP financial measure provides investors with additional financial information that should be considered when assessing our underlying business performance and trends. However, reference to constant currency basis should not be considered in isolation or as a substitute for other financial measures calculated and presented in accordance with U.S. GAAP.

U.S GAAP to Constant Currency (Non-GAAP) Reconciliation
FY22 Weighted Average Foreign Exchange Rates Applied to Prior Year Net Sales

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
MP Net Sales - U.S. GAAP	**$143,995**	**$157,652**	**$174,285**	**$190,468**	**$216,300**	**$235,898**	**$225,098**	**$258,096**	**$278,763**	**$286,480**
Favorable (Unfavorable) Impact using FY22 Rates	$ (7,257)	$(14,694)	$(17,654)	$(19,457)	$(31,380)	$(38,921)	$(16,947)	$(20,153)	$(27,483)	$(24,898)
MP Net Sales - Non-GAAP (using FY22 rates)[1]	$136,738	$142,958	$156,631	$171,011	$184,920	$196,977	$208,151	$237,942	$251,280	$261,582

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
MP Net Sales - U.S. GAAP	**$320,884**	**$337,825**	**$333,305**	**$339,974**	**$342,296**	**$372,391**	**$386,643**	**$369,444**	**$448,817**	**$485,326**
Favorable (Unfavorable) Impact using FY22 Rates	$(26,207)	$(33,426)	$(23,155)	$(11,086)	$ 5,504	$ (4,210)	$ 4,771	$ 8,760	$ (7,272)	$ -
MP Net Sales - Non-GAAP (using FY22 rates)[1]	$294,677	$304,399	$310,150	$328,889	$347,800	$368,181	$391,414	$378,204	$441,545	$485,326

1) Changes in foreign currency exchange rates impact year-over-year changes in net sales. FY22 maintenance product ("MP") net sales presented as reported; all years prior to FY22 presented on a constant currency basis using weighted average FY22 foreign currency exchange rates to translate such prior years' local currency results. MP net sales on a constant currency basis is a financial measure calculated not in accordance with generally accepted accounting principles in the U. S. ("non-GAAP") and should be considered in addition to, not as a substitute for, results prepared in accordance with U.S. GAAP. We use results on a constant currency basis as one of the measures to understand our sales activity and operating results and evaluate our performance in comparison to prior periods to enhance the visibility of the underlying business trends, excluding the impact of translation from foreign currency exchange rate fluctuations. Reference to constant currency basis should not be considered in isolation or as a substitute for other financial measures calculated and presented in accordance with U.S. GAAP.


WD-40
COMPANY