

Q2 FY21 Earnings Results

April 8, 2021



Forward-Looking Statements

Historical financial and operating data in this presentation reflect the consolidated results of WD-40 Company, its subsidiaries and its legal entities. WD-40 Company markets maintenance products (“MP”) under the WD-40®, 3-IN-ONE®, and GT85® brand names. Currently included in the WD-40 brand are the WD-40 Multi-Use Product and the WD-40 Specialist® and WD-40 BIKE® product lines. WD-40 Company markets the following homecare and cleaning (“HCCP”) brands: X-14® automatic toilet bowl cleaners, 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 meaning of the Private Securities Litigation Reform Act of 1995. 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, including: 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; and forecasted foreign currency exchange rates and commodity prices. Our forward-looking statements are generally identified with words such as “believe,” “expect,” “intend,” “plan,” “could,” “may,” “aim,” “anticipate,” “target,” “estimate” and similar expressions.

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, 2020 which the Company filed with the SEC on October 21, 2020 and in the Company’s Quarterly Report on Form 10-Q for the period ended February 28, 2021 which the Company expects to file with the SEC on April 8, 2021.

All forward-looking statements included in this presentation should be considered in the context of these risks. All forward-looking statements speak only as of April 8, 2021 and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors and prospective investors are cautioned not to place undue reliance on our forward-looking statements.

Strategic Initiatives



Strategic Initiatives

Uncertain Global Economy Ahead May Delay Timing of Growth Aspirations

Growth Aspirations



1. Grow WD-40 Multi-Use Product

Maximize the product line through geographic expansion, increased market penetration and development of new and unique delivery systems. More places, more people, more uses, more frequently.

Grow WD-40 Multi-Use Product to \$530 million in net sales



2. Grow the WD-40 Specialist Product Line

Leverage the WD-40 Specialist line to create growth through continued geographic expansion as well as by developing new products and product categories within identified platforms.

Grow WD-40 Specialist to \$100 million in net sales



3. Broaden Product and Revenue Base

Leverage the recognized strengths of WD-40 Company to derive revenue from existing brands as well as from new sources and products.

Continue to grow, nurture, and develop products that fit well with our unique multi-channel distribution network and grow to \$70 million in net sales



4. Attract, Develop and Retain Outstanding Tribe Members

Succeed as a tribe while excelling as individuals.

Grow employee engagement to greater than 95 percent



5. Operational Excellence

Continuous improvement by optimizing resources, systems and processes as well as applying rigorous commitment to quality assurance, regulatory compliance, and intellectual property protection.

Execute the 55/30/25 business model while safeguarding the "Power of the Shield"

Our Strategic Brands



WD-40® Multi-Use Product



WD-40 Specialist®



3-IN-ONE® WD-40 BIKE® GT85®

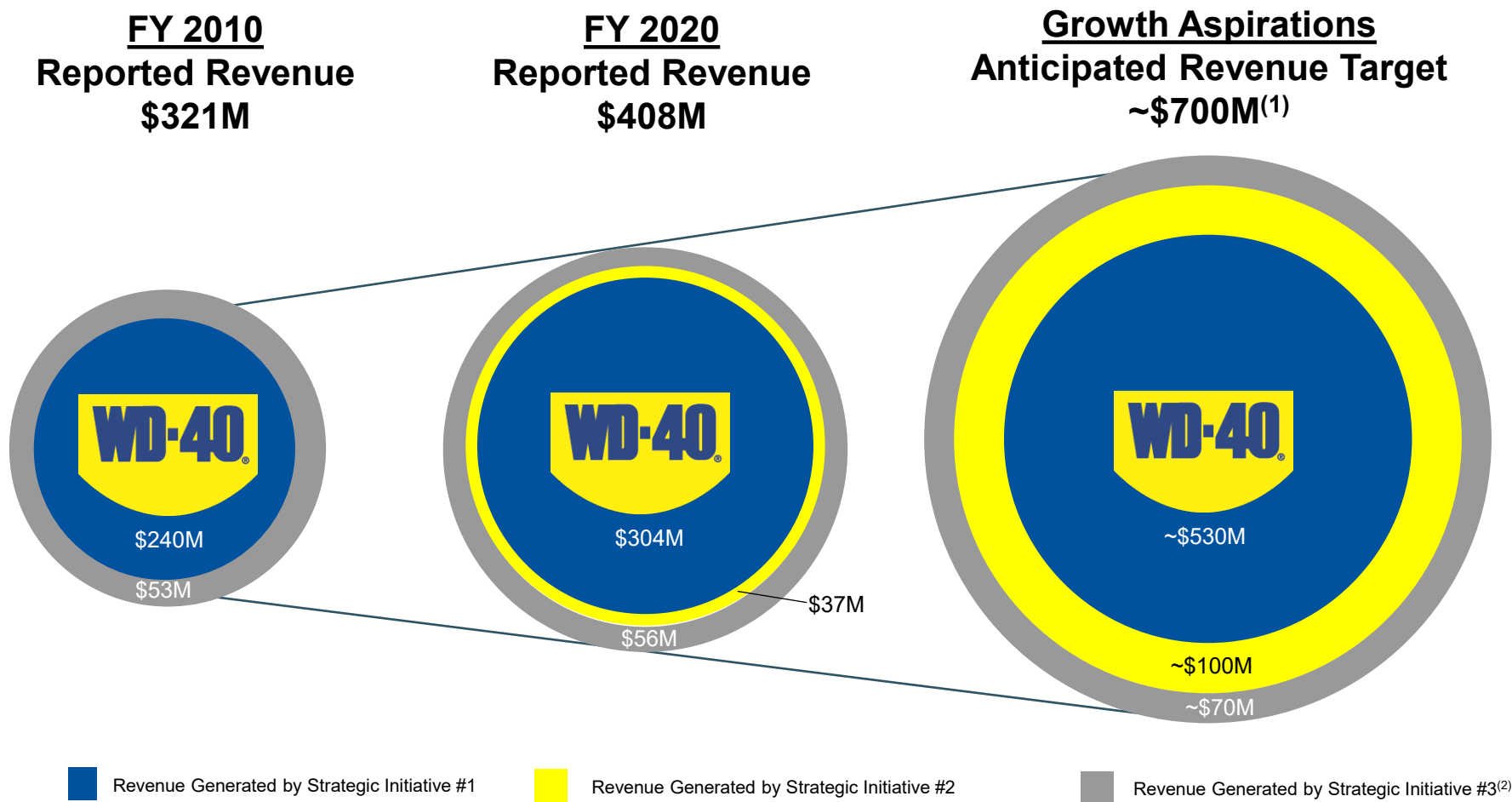


1001® Spot Shot® Solvol® Lava® no vac®



Revenue Growth Aspirations

Uncertain Global Economy Ahead May Delay Timing of Growth Aspirations



- 1) Our growth aspirations for revenue are based on the Company's current expectations, beliefs and forecasts. 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) Strategic Initiative #3 includes WD-40 Company products under the following brands: 3-IN-ONE, GT85, WD-40 BIKE, no vac, Spot Shot, 1001, Lava and Solvol.



Q2 FY21 Results



Q2 FY21 Results

<i>(\$ in millions; except EPS, gross profit and % change)</i>	<u>Q2 FY21</u>	<u>Q2 FY20</u>	<u>% Change</u>
Net Sales	\$111.9	\$100.0	12%
Gross Profit (%)	55.4%	53.6%	180 bps
Operating Income	\$20.7	\$18.2	14%
Net Income	\$17.2	\$14.3	20%
EPS (Diluted)	\$1.24	\$1.04	19%

- Net sales were positively impacted in the second quarter by an increase in demand for our products linked to renovation trends associated with the COVID-19 pandemic.
- Overall, changes in foreign currency exchange rates had a favorable impact on net sales in Q2 FY21.
- When you take both translation (or “constant currency”) and transaction exposure into consideration, the impacts of foreign currency exchange rates increased our total net sales by approximately \$3.5 million.

Foreign Currency Impact

Transaction 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

**Subsidiary
(Non-Functional Currency)**

UK – USD & EUR

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

**Subsidiary
(Functional Currency)**

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

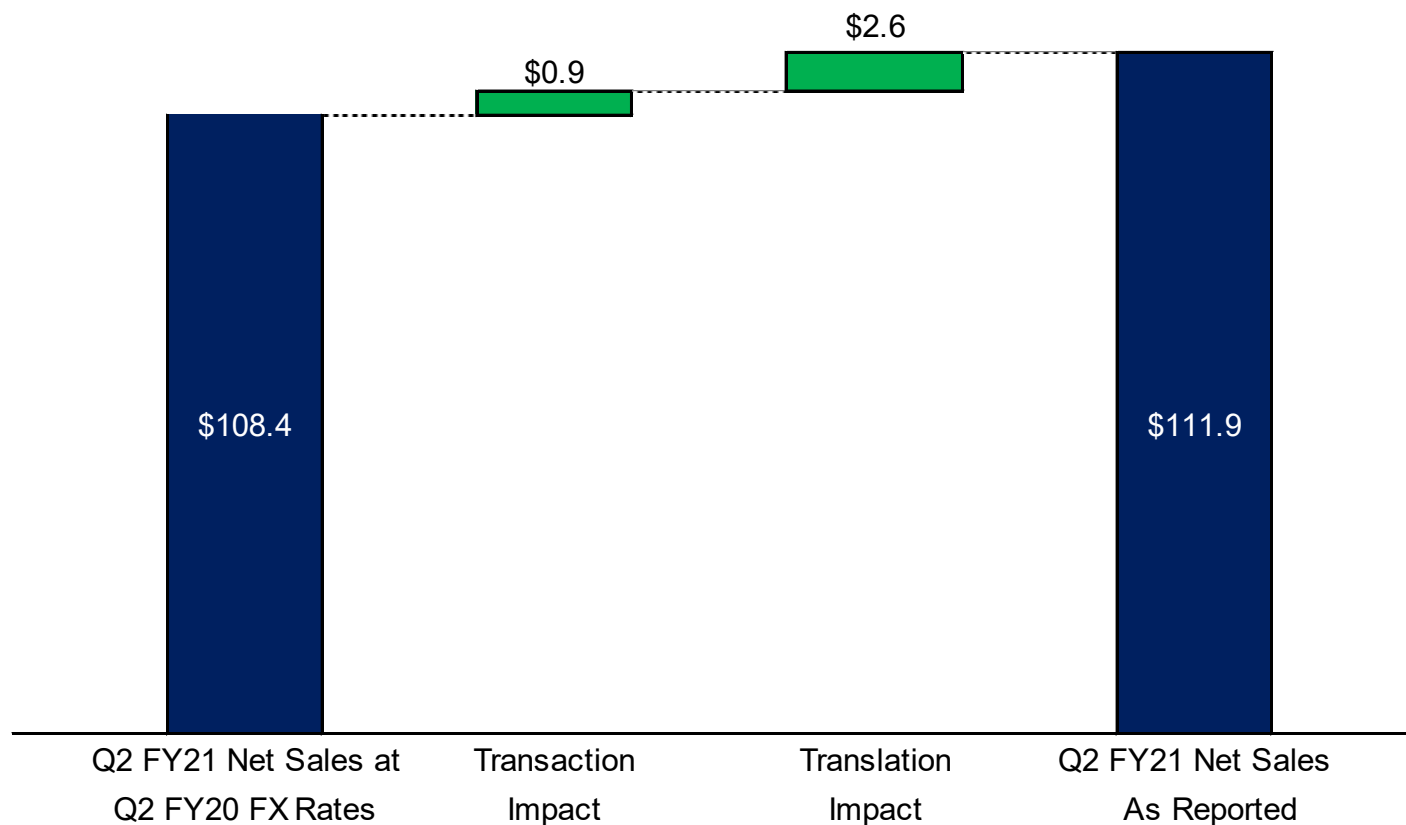
Translation Impact

Reporting currency

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

Q2 FY21 Foreign Currency Exchange Impact

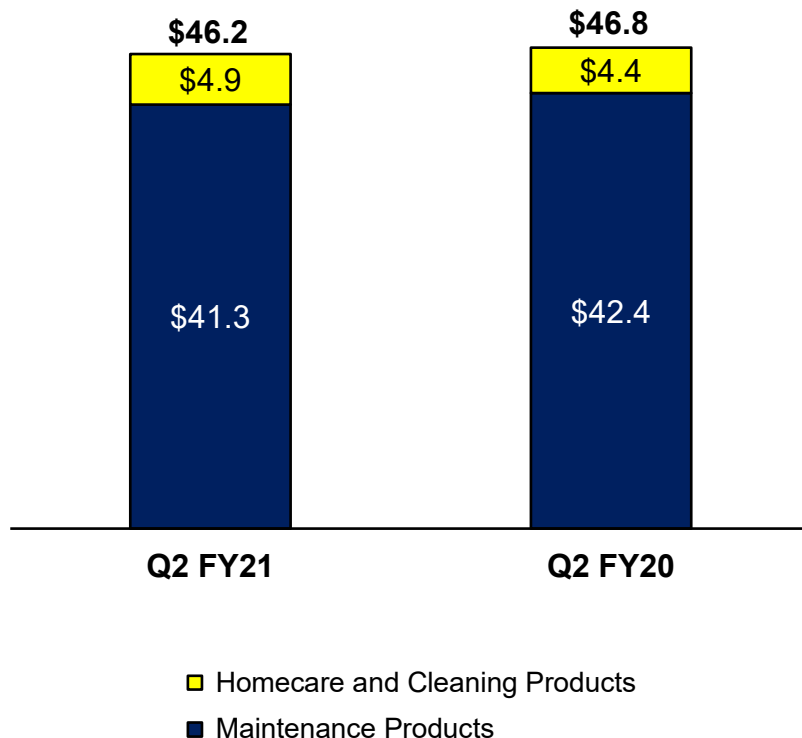
Q2 FY21 Net Sales (In millions)



*In total changes
in FX rates
increased net
sales by ~\$3.5M
in Q2 FY21*

Americas Segment

Americas Net Sales
(in millions)

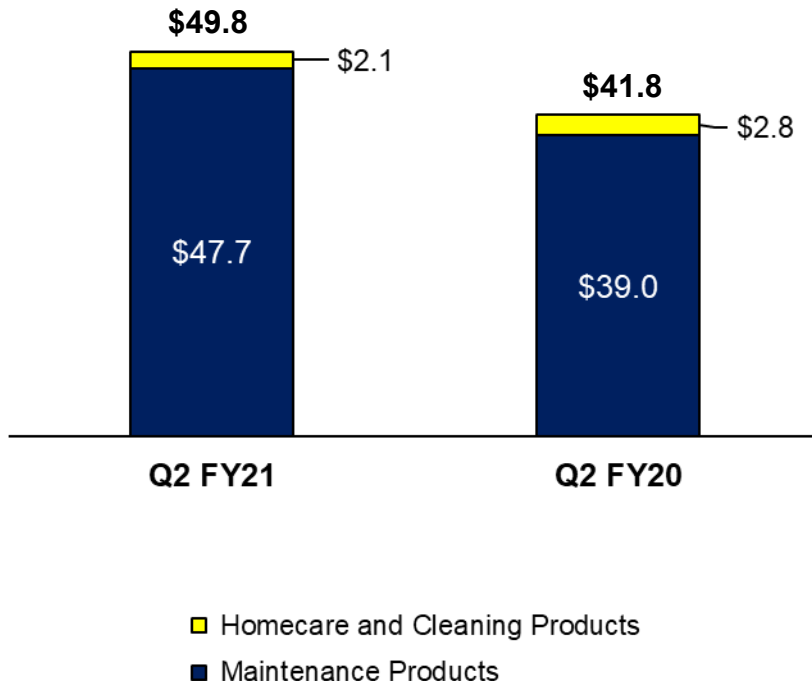


Americas – Q2 FY21 vs. Q2 FY20

- Total reported segment sales ▼ 1%
 - Segment made up 41% of global sales
 - Maintenance product sales ▼ 3%
 - WD-40 Specialist sales ▼ 36%
 - HCCP sales ▲ 10%
- Maintenance Product (MP) sales:
 - U.S. MP sales ▼ 11%
 - Latin America MP sales ▲ 28%
 - Canadian MP sales ▲ 16%

EMEA Segment

EMEA Net Sales
(in millions)

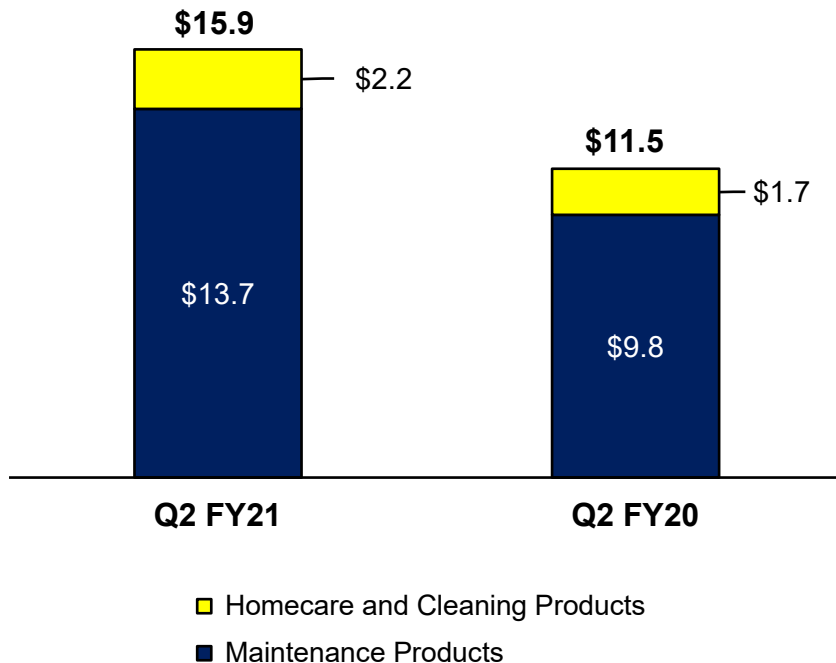


EMEA – Q2 FY21 vs. Q2 FY20

- Total reported segment sales ▲ 19%
 - Segment made up 45% of global sales
 - In constant currency EMEA sales ▲ 15%
 - Maintenance product sales ▲ 22%
 - WD-40 Specialist sales ▲ 30%
 - HCCP sales ▼ 25%
- EMEA direct market sales ▲ 13%
 - 67% of segment sales came from direct markets
- EMEA distributor market sales ▲ 35%
 - 33% of segment sales came from distributor markets

Asia-Pacific Segment

Asia-Pacific Net Sales
(in millions)



Asia-Pacific – Q2 FY21 vs. Q2 FY20

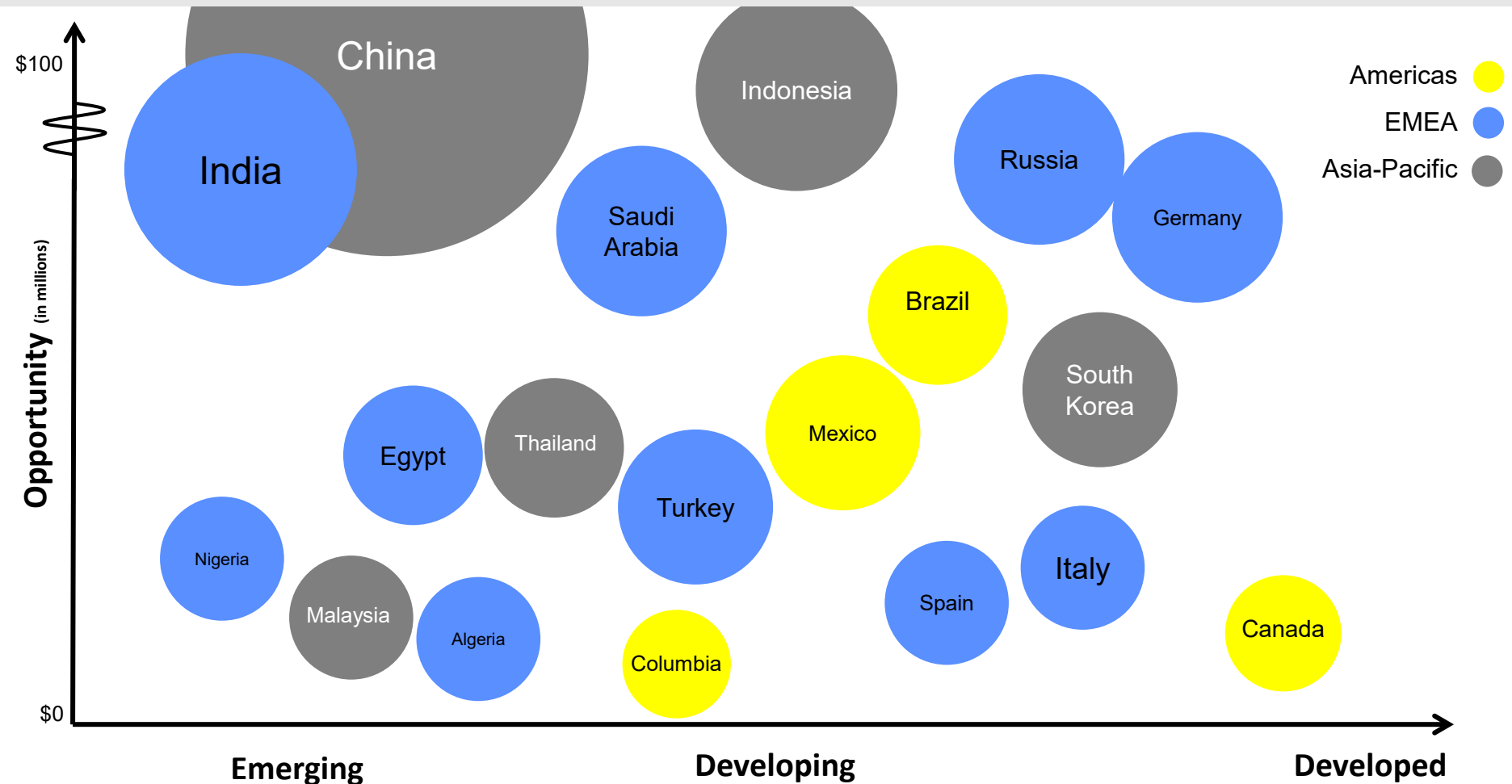
- Total reported Asia-Pacific sales ▲ 39%
 - Segment made up 14% of global sales
 - Maintenance product sales ▲ 40%
 - WD-40 Specialist sales ▲ 102%
 - HCCP sales ▲ 32%
- Australia sales ▲ 39%
 - In functional currency (AUD) sales ▲ 26%
- China sales ▲ 227%
 - In functional currency (RMB) sales ▲ 205%
- Asia distributor market sales ▼ 4%

Must Win Battles



Must-Win Battle #1 - Geographic Expansion

We estimate the potential global market opportunity for WD-40 Multi-Use Product to be ~\$1.0B ⁽¹⁾



Must-Win Battle #2 - Premiumization



Classic Can



Smart Straw®



Next Generation
Smart Straw®



EZ-Reach®
Flexible Straw

- Our objective is to **grow Smart Straw penetration to >60%** of WD-40 Multi-Use Product global sales
- We believe this growth represents **~\$50M in incremental revenue** which will help us to achieve our growth aspirations

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

Must-Win Battle #3 – WD-40 Specialist



- WD-40 Multi-Use Product's iconic assets (blue and yellow can with a red cap) are trusted, prominent and noticeable
- New WD-40 Specialist packaging leverages these iconic assets allowing end-users to identify our products up to 26% faster and decreases potential 'walk-away'

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**

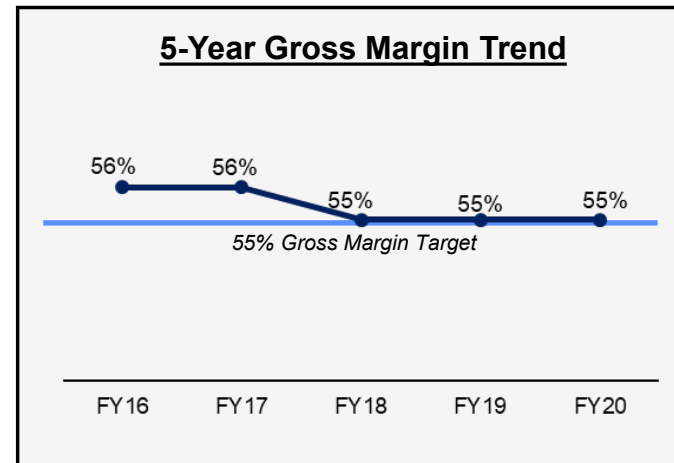
55/30/25 Business Model



Gross Margin

Gross Margin – 55.4% Q2 FY21 vs. 53.6% Q1 FY20 (+1.8 pp)

- Changes in petroleum-based specialty chemicals (+1.6pp)
- Changes in aerosol cans costs, primarily in EMEA (+0.5pp)
- Price increases (+0.2pp)
- Sales mix changes and other misc. costs (+0.2pp)
- FX impact in EMEA (+0.2pp)
- Additional warehousing, distribution and freight costs (-0.6pp)
- Discount changes (+0.3pp)

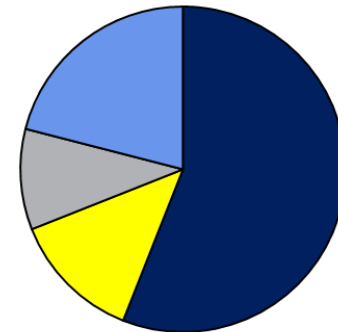


Gross margin can be impacted positively and negatively by things not under the Company's control like changes in foreign currency exchange rates and input costs

Cost of Doing Business

- Q2 FY21 cost of doing business was 36%, up from 34% in Q2 FY20
- In Q2 FY21 cost of doing business came from three primary areas:
 - People costs, including earned incentive accruals
 - Marketing, advertising and promotion
 - Freight costs to get products to customers

Cost of Doing Business



■ People ■ A&P Investment ■ Freight ■ Other

Revenue growth is the most important factor in achieving the “30” target

55/30/25 Results

55/30/25 Business Model	Target	Q2 FY21 Actuals	Q2 FY20 Actuals	Q2 FY19 Actuals
Gross Margin	55%	55%	54%	55%
Cost of Doing Business	30%	36%	34%	34%
EBITDA	25%	20%	20%	22%

* 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



Fiscal Year 2021 Guidance

- Current market conditions suggest that for fiscal year 2021 total net sales are expected to be between \$445 million and \$475 million
 - Revision to net sales expectations driven primarily by favorable changes in foreign currency exchange rates
- Due to the uncertainty that the pandemic continues to present, the Company is not issuing comprehensive financial guidance for fiscal year 2021

Appendix



Foreign Currency Translation Impact or “Constant Currency”

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

Financial Results As reported	<u>Q2 FY21</u>	<u>Q2 FY20</u>	<u>% Change</u>
Net Sales	\$111.9	\$100.0	12%
Gross Profit (%)	55.4%	53.6%	180 bps
Operating Income	\$20.7	\$18.2	14%
Net Income	\$17.2	\$14.3	20%
EPS (Diluted)	\$1.24	\$1.04	19%
Financial Results Constant currency basis	<u>Q2 FY21 CC*</u>	<u>Q2 FY20</u>	<u>% Change</u>
Net Sales	\$109.2	\$100.0	9%
Operating Income	\$19.9	\$18.2	9%
Net Income	\$16.6	\$14.3	16%
EPS (Diluted)	\$1.20	\$1.04	15%

Note: FY21 results translated at FY20 foreign currency exchange rates.

Non-GAAP Reconciliation

(1) This presentation contains certain non-GAAP (accounting principles generally accepted 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) and the cost of doing business, are supplemental in nature and should not be considered in isolation or as alternatives to 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:

	Three Months Ended February 28/29,	
	2021	2020
Total operating expenses - GAAP	\$ 41,352	\$ 35,417
Amortization of definite-lived intangible assets	(362)	(654)
Depreciation (in operating departments)	(1,077)	(1,049)
Cost of doing business	\$ 39,913	\$ 33,714
Net sales	\$ 111,905	\$ 100,049
Cost of doing business as a percentage of net sales - non-GAAP	36%	34%

EBITDA:

	Three Months Ended February 28/29,	
	2021	2020
Net income - GAAP	\$ 17,191	\$ 14,327
Provision for income taxes	3,024	3,064
Interest income	(19)	(28)
Interest expense	610	593
Amortization of definite-lived intangible assets	362	654
Depreciation	1,396	1,432
EBITDA	\$ 22,564	\$ 20,042
Net sales	\$ 111,905	\$ 100,049
EBITDA as a percentage of net sales - non-GAAP	20%	20%

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.



