

# Q4 & FY21 Earnings Results

October 19, 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, 2021 which the Company expects to file with the SEC on October 22, 2021.

All forward-looking statements included in this presentation should be considered in the context of these risks. All forward-looking statements reflect the Company’s expectations as of October 19, 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.

# Refreshed Strategic Initiatives








**Build a Business  
for the Future**

HOW

WHAT



**Attract, Develop  
and Engage  
Outstanding  
Tribe Members**



**Strive for  
Operational  
Excellence**



**Grow WD-40®  
Multi-Use  
Product**



**Grow the WD-40  
Specialist®  
Product Line**



**Expand and  
Support Portfolio  
Opportunities that  
Help Us Grow**

# Strategic Initiatives



## 1. Build a Business for the Future

Build an enduring business that we will be proud to pass onto the next generation. By using our purpose and values as a decision-making filter, we will make infinite-minded decisions that create and protect long-term stakeholder value.

### Desired Outcome<sup>(1)</sup>

*Fully integrate ESG factors into our business*



## 2. Attract, Develop and Engage Outstanding Tribe Members

We know our people make us great. By building and nurturing an inclusive and diverse, purpose-driven, learning and teaching organization, our tribe members will succeed together while excelling as individuals.

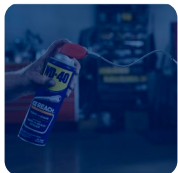
*Grow employee engagement to greater than 95 percent*



## 3. Strive for Operational Excellence

Foster a culture of continuous improvement in which operational excellence is the responsibility of every tribe member. Operational excellence means optimizing collaboration, resources, systems and processes as well as prioritizing the use of our time, talent, treasure and technology.

*Execute the 55/30/25 business model*



## 4. Grow WD-40® Multi-Use Product

Grow the WD-40 Multi-Use Product line through continued geographic and digital expansion, increased market penetration, educating end-users about new uses, and the development of new and unique delivery systems that make the product easier to use.

*Grow WD-40 Multi-Use Product to ~\$525 million in net sales by 2025*



## 5. Grow the WD-40 Specialist® Product Line

Leverage the WD-40® Brand by developing new products and categories which build and reinforce the core brand positioning and create growth through continued geographic and digital expansion.

*Grow WD-40 Specialist to ~\$125 million in net sales by 2025*

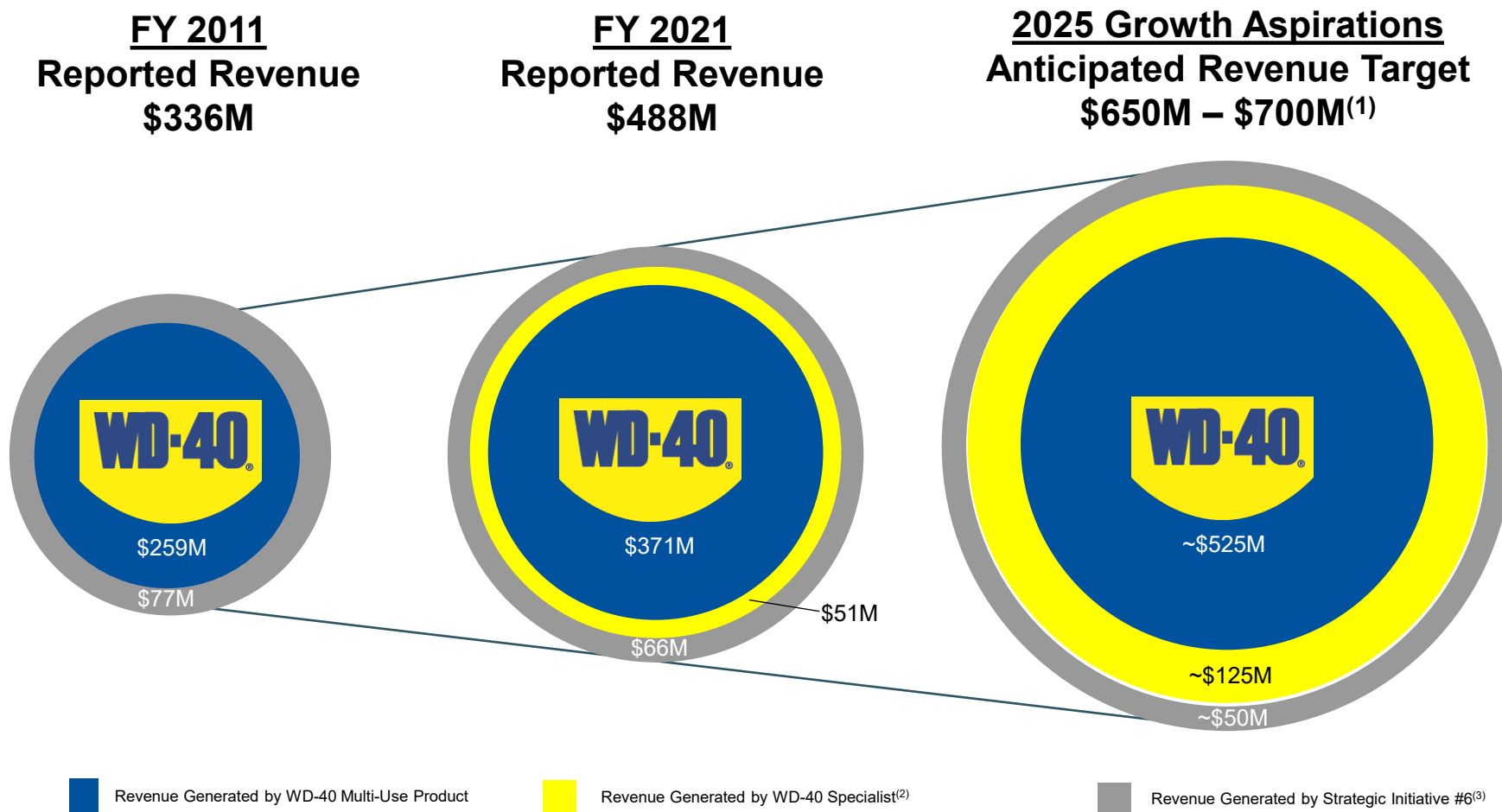


## 6. Expand and Support Portfolio Opportunities that Help Us Grow

Expand 3-IN-ONE, GT85 or future maintenance brands with portfolio opportunities that fit well within our unique multi-channel distribution network. Support homecare and cleaning brands that provide healthy profit returns.

*Grow to ~\$50 million in net sales by 2025*

# Revenue Growth Aspirations



- 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) Beginning in Q4FY21, the Company combined revenue from WD-40 BIKE into the FY2021 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.





# Q4 FY21 Results



# Q4 FY21 Results

<i>(\$ in millions; except EPS, gross profit and % change)</i>	<u><b>Q4 FY21</b></u>	<u><b>Q4 FY20</b></u>	<u><b>% Change</b></u>
Net Sales	\$115.2	\$111.6	3%
Gross Profit (%)	51.2%	56.3%	-510 bp
Operating Income	\$12.5	\$24.5	-49%
Net Income	\$8.4	\$19.7	-57%
EPS (Diluted)	\$0.61	\$1.42	-57%

- Overall, changes in foreign currency exchange rates had a favorable impact on net sales in Q4 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 \$4.6 million.
- Net income and EPS were unfavorably impacted in Q4 FY21 due to increased costs of goods sold linked to inflationary headwinds, a challenging supply chain environment and by management’s decision to increase A&P investment in the current quarter to fund future growth.



# 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 Impact**



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

**Subsidiary  
(Functional Currency)**

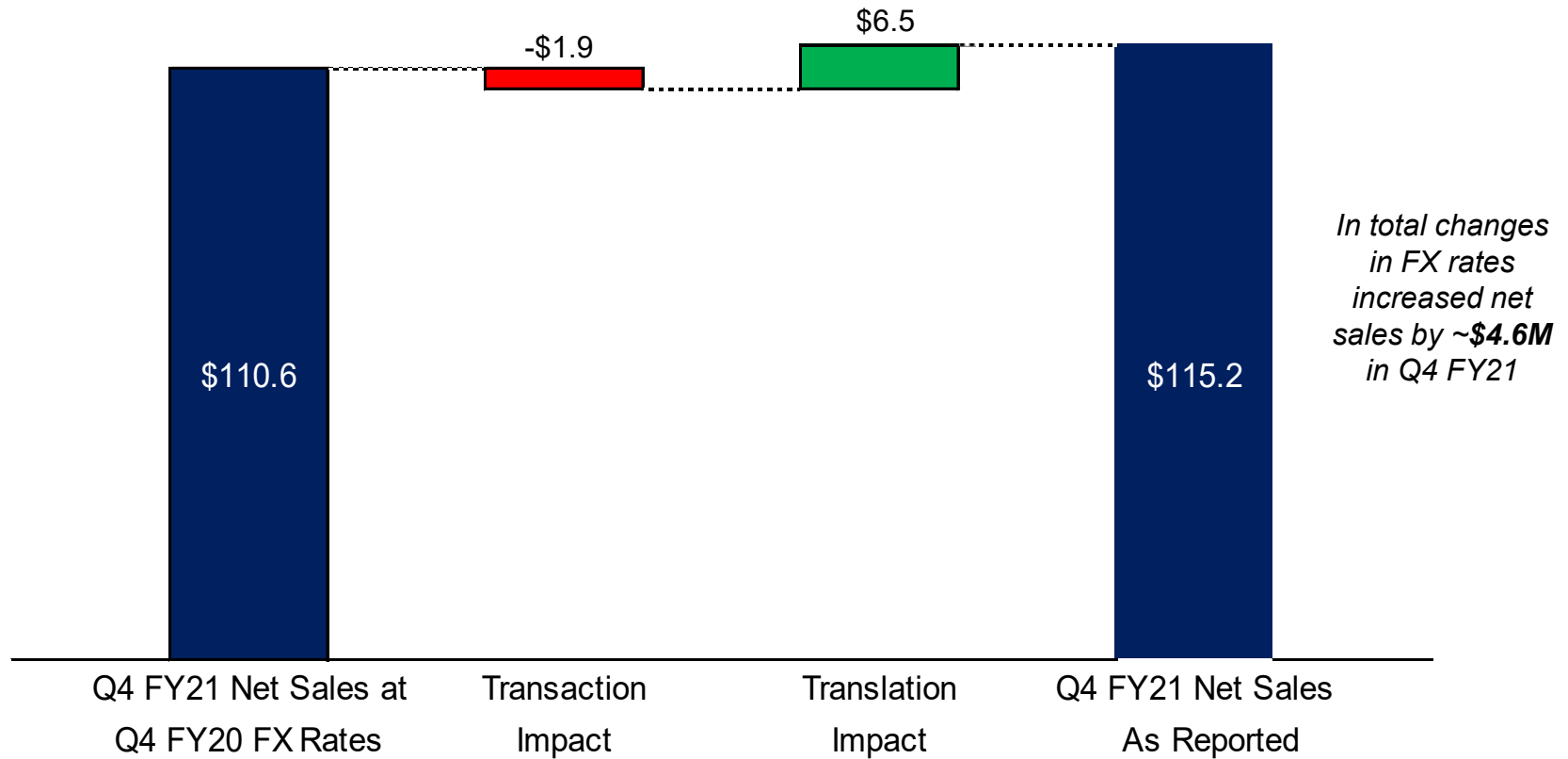
UK – GBP  
CANADA – CAD  
AUSTRALIA – AUD  
CHINA – CNY  
MEXICO – MXN

### **Reporting currency**

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

# Q4 FY21 Foreign Currency Exchange Impact

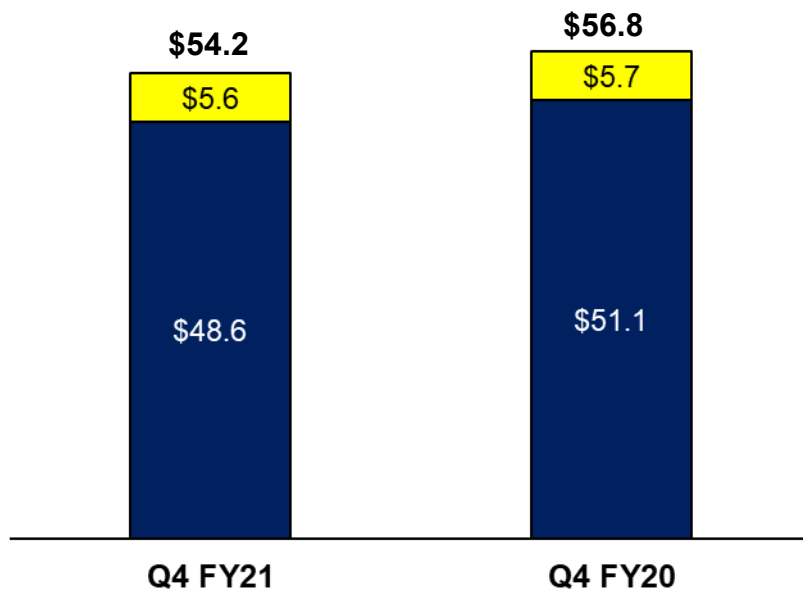
## Q4 FY21 Net Sales (In millions)



# Americas Segment

## Americas Net Sales

(in millions)



- Homecare and Cleaning Products
- Maintenance Products

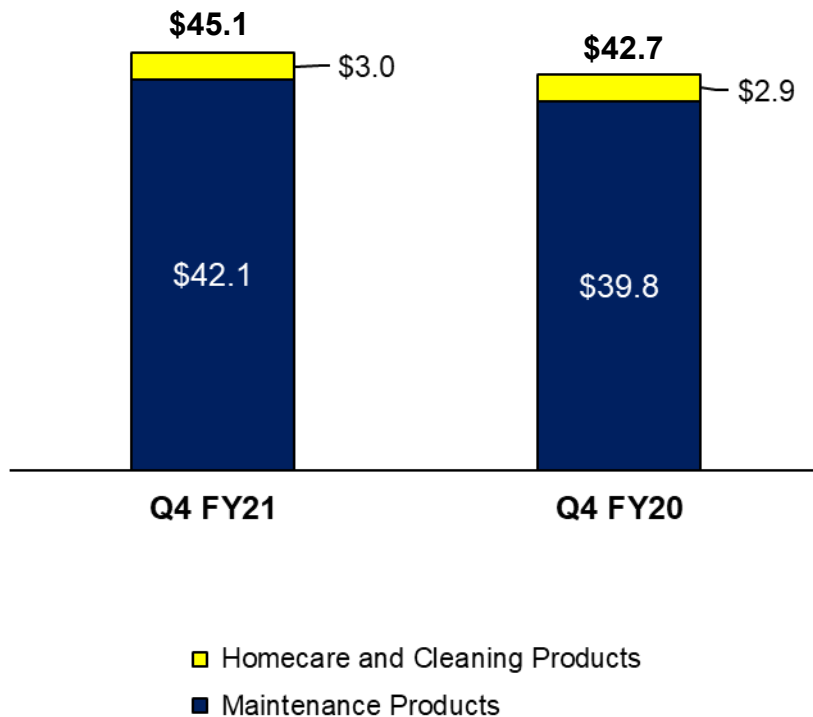
## Americas – Q4 FY21 vs. Q4 FY20

- Total reported segment sales ▼ 5%
  - Segment made up 47% of global sales
  - Maintenance product sales ▼ 5%
  - WD-40 Specialist sales ▼ 6%
  - HCCP sales ▼ 2%
- Maintenance Product (MP) sales:
  - U.S. MP sales ▼ 7%
  - Latin America MP sales ▲ 24%
  - Canadian MP sales ▼ 21%



# EMEA Segment

**EMEA Net Sales**  
(in millions)



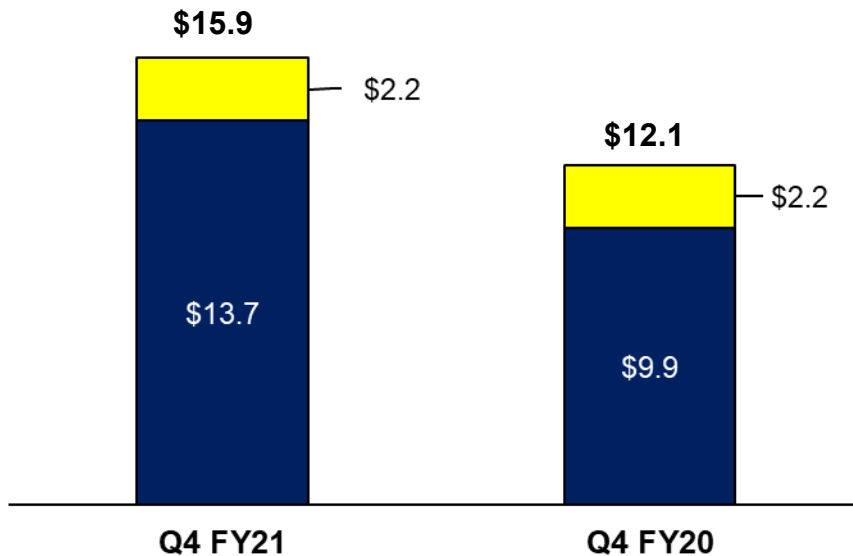
## EMEA – Q4 FY21 vs. Q4 FY20

- Total reported segment sales ▲ 6%
  - Segment made up 39% of global sales
  - In constant currency EMEA sales ▼ 6%
  - Maintenance product sales ▲ 6%
  - WD-40 Specialist sales ▲ 1%
  - HCCP sales ▲ 3%
- EMEA direct market sales ▼ 2%
  - 74% of segment sales came from direct markets
- EMEA distributor market sales ▲ 36%
  - 26% of segment sales came from distributor markets



# Asia-Pacific Segment

**Asia-Pacific Net Sales**  
(in millions)



■ Maintenance Products ■ Homecare and Cleaning Products

## Asia-Pacific – Q4 FY21 vs. Q4 FY20

- Total reported Asia-Pacific sales ▲ 32%
  - Segment made up 14% of global sales
  - Maintenance product sales ▲ 38%
  - WD-40 Specialist sales ▲ 27%
  - HCCP sales ▲ 1%
- Australia sales ▲ 2%
  - In functional currency (AUD) sales ▼ 7%
- China sales ▲ 2%
  - In functional currency (RMB) sales ▼ 7%
- Asia distributor market sales ▲ 172%

# FY21 Results



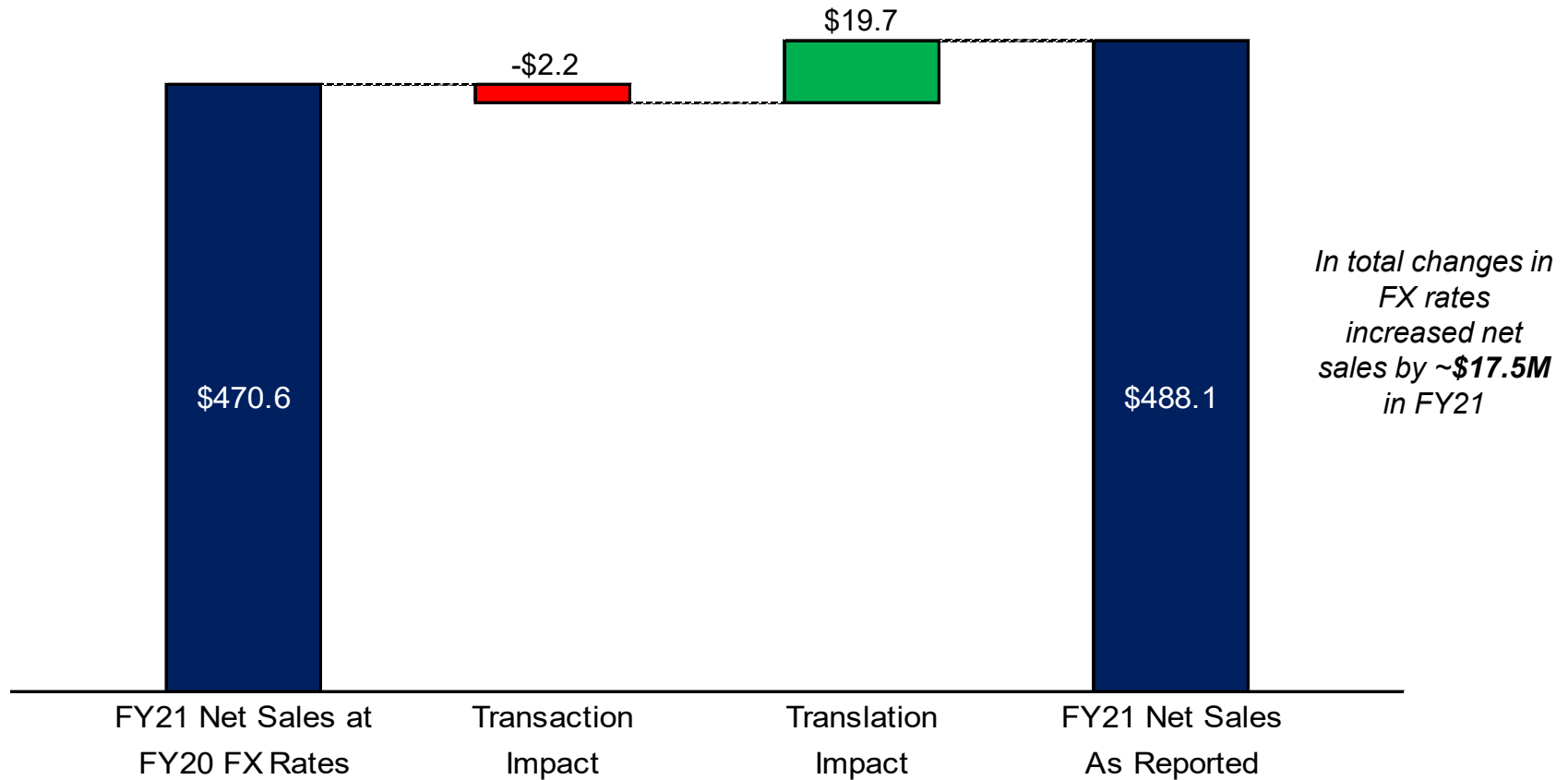
# FY21 Results

<i>(\$ in millions; except EPS, gross profit and % change)</i>	<b><u>FY21</u></b>	<b><u>FY20</u></b>	<b><u>% Change</u></b>
Net Sales	\$488.1	\$408.5	19%
Gross Profit (%)	54.0%	54.6%	-60 bp
Operating Income	\$88.8	\$77.2	15%
Net Income	\$70.2	\$60.7	16%
EPS (Diluted)	\$5.09	\$4.40	16%

- Net sales were up significantly in FY21 primarily due to a higher level of renovation and maintenance activities by end-users during the pandemic, recoveries in many markets due to improvements in public health and safety standards related to the pandemic, and increased distribution and sales within the e-commerce channel.
- Overall, changes in foreign currency exchange rates had a favorable impact on net sales in 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 \$17.5 million.

# FY21 Foreign Currency Exchange Impact

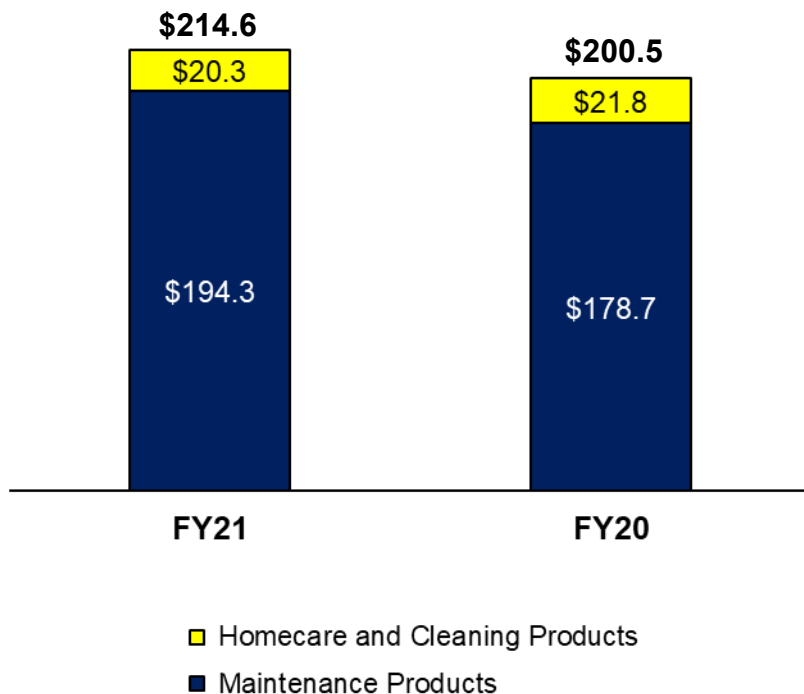
## FY21 Net Sales (In millions)





# Americas Segment

**Americas Net Sales**  
(in millions)

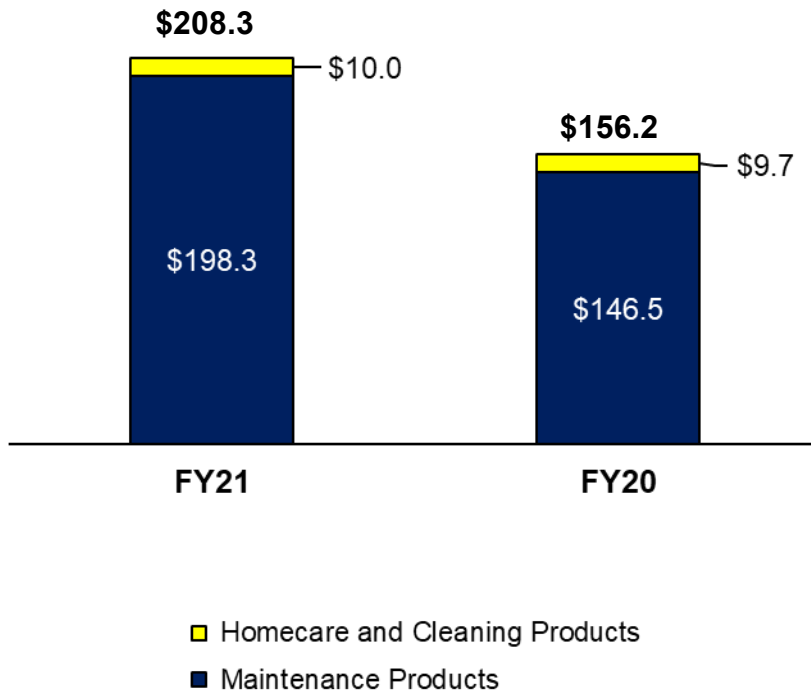


## Americas – FY21 vs. FY20

- Total reported segment sales ▲ 7%
  - Segment made up 44% of global sales
  - Maintenance product sales ▲ 9%
  - WD-40 Specialist sales ▼ 13%
  - HCCP sales ▼ 7%
- Maintenance Product (MP) sales:
  - U.S. MP sales ▲ 1%
  - Latin America MP sales ▲ 51%
  - Canadian MP sales ▲ 20%

# EMEA Segment

**EMEA Net Sales**  
(in millions)

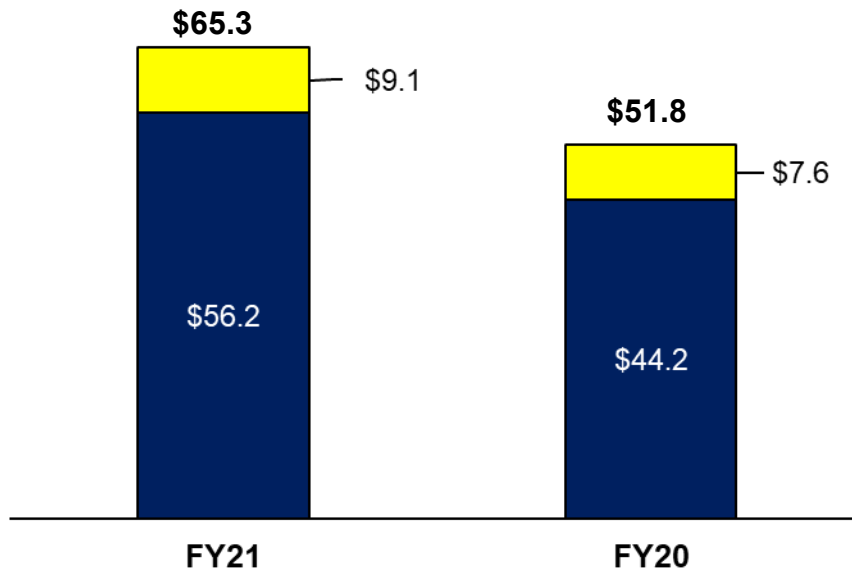


## EMEA – FY21 vs. FY20

- Total reported segment sales ▲ 33%
  - Segment made up 43% of global sales
  - In constant currency EMEA sales ▲ 24%
  - Maintenance product sales ▲ 35%
  - WD-40 Specialist sales ▲ 42%
  - HCCP sales ▲ 2%
- EMEA direct market sales ▲ 29%
  - 68% of segment sales came from direct markets
- EMEA distributor market sales ▲ 43%
  - 32% of segment sales came from distributor markets

# Asia-Pacific Segment

**Asia-Pacific Net Sales**  
(in millions)



■ Maintenance Products ■ Homecare and Cleaning Products

## Asia-Pacific – FY21 vs. FY20

- Total reported Asia-Pacific sales ▲ 26%
  - Segment made up 13% of global sales
  - Maintenance product sales ▲ 27%
  - WD-40 Specialist sales ▲ 44%
  - HCCP sales ▲ 19%
- Australia sales ▲ 21%
  - In functional currency (AUD) sales ▲ 8%
- China sales ▲ 31%
  - In functional currency (RMB) sales ▲ 21%
- Asia distributor market sales ▲ 28%

# 55/30/25

## Business Model





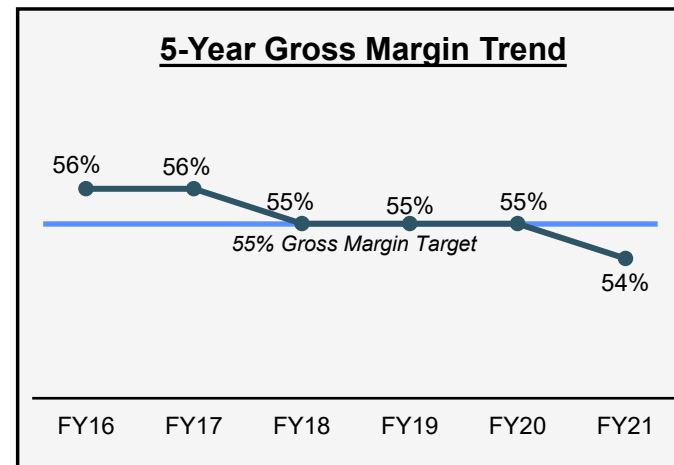
# Gross Margin

## **Gross Margin – 51.2% Q4 FY21 vs. 56.3% Q4 FY20 (-5.1 pp)**

- Changes in specialty chemicals (-2.4pp)
- Warehousing, distribution and freight costs (-1.1pp)
- Discount changes (-0.7pp)
- Changes in aerosol cans costs (-0.6pp)
- FX impact in EMEA (-0.7pp)
- Other misc. impacts including price increases (+0.4pp)

## **Gross Margin – 54.0% FY21 vs. 54.6% FY20 (-0.6 pp)**

- Sales mix changes and other misc. costs (-0.9pp)
- Warehousing, distribution and freight costs (-0.4pp)
- FX impact in EMEA (-0.3pp)
- Discount changes (-0.1pp)
- Changes in aerosol cans costs, primarily in EMEA (+0.5pp)
- Changes in specialty chemicals (+0.4pp)
- Price increases (+0.2pp)

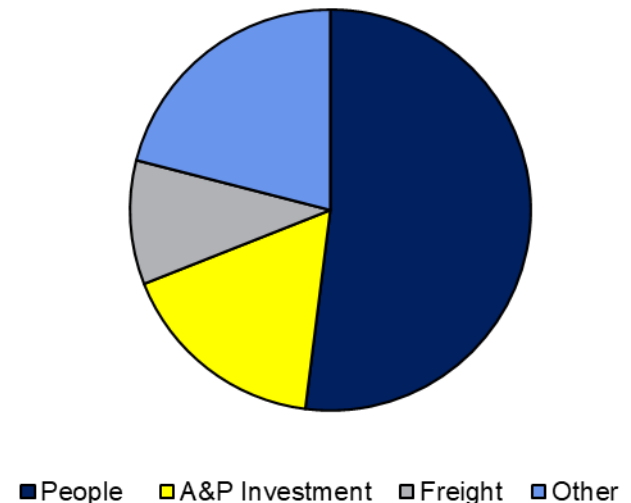


*Gross margin can be temporarily impacted positively or negatively by things not under the Company's control like fluctuating foreign currency exchange rates and changing commodity prices.*

# Cost of Doing Business

- Q4 FY21 cost of doing business was 39% compared to 33% in Q4 FY20; FY21 cost of doing business was 35% compared to 34% in FY20
- 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, intellectual property protection, information systems, and regulatory and quality assurance remain a high priority.

## Cost of Doing Business



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

# 55/30/25 Results

<b>55/30/25 Business Model</b>	<b>Target</b>	<b>FY21 Actuals</b>	<b>FY20 Actuals</b>	<b>FY19 Actuals</b>
Gross Margin	55%	54%	55%	55%
Cost of Doing Business	30%	35%	34%	34%
EBITDA	25%	20%	21%	21%

\* 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 2022 Guidance



Sales Growth	→	Between 7% and 11%
Net Sales	→	Between \$522 and \$542 million
Gross Margin	→	Between 53% and 54%
A&P Investment	→	Between 5.5% and 6.0% of net sales
Provision for Income Tax	→	Between 21% and 22%
Net Income	→	Between \$71.7 and \$73.6 million
Diluted EPS	→	Between \$5.24 and \$5.38 based on 13.7 million shares outstanding

As of 10/19/21. This guidance is expressed in good faith and is based on management's current view of anticipated results. It does not include any future acquisitions or divestitures or the impact of fluctuating foreign currency exchange rates. Unanticipated inflationary headwinds and other unforeseen events may further impact the Company's financial results.

# Appendix



# Foreign Currency Translation Impact or “Constant Currency”

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

<b>Financial Results</b> As reported	<b><u>Q4 FY21</u></b>	<b><u>Q4 FY20</u></b>	<b><u>% Change</u></b>
Net Sales	\$115.2	\$111.6	3%
Gross Profit (%)	51.2%	56.3%	-510 bp
Operating Income	\$12.5	\$24.5	-49%
Net Income	\$8.4	\$19.7	-57%
EPS (Diluted)	\$0.61	\$1.42	-57%

<b>Financial Results</b> Constant currency basis	<b><u>Q4 FY21 CC</u></b>	<b><u>Q4 FY20</u></b>	<b><u>% Change</u></b>
Net Sales	\$108.8	\$111.6	-3%
Operating Income	\$11.5	\$24.5	-53%
Net Income	\$7.7	\$19.7	-61%
EPS (Diluted)	\$0.55	\$1.42	-61%

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

# Foreign Currency Translation Impact or “Constant Currency”

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

<b>Financial Results</b> As reported	<b><u>FY21</u></b>	<b><u>FY20</u></b>	<b><u>% Change</u></b>
Net Sales	\$488.1	\$408.5	19%
Gross Profit (%)	54.0%	54.6%	-30 bp
Operating Income	\$88.8	\$77.2	15%
Net Income	\$70.2	\$60.7	16%
EPS (Diluted)	\$5.09	\$4.40	16%
<b>Financial Results</b> Constant currency basis	<b><u>FY21 CC</u></b>	<b><u>FY20</u></b>	<b><u>% Change</u></b>
Net Sales	\$468.4	\$408.5	15%
Operating Income	\$84.3	\$77.2	9%
Net Income	\$66.6	\$60.7	10%
EPS (Diluted)	\$4.83	\$4.40	10%

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 August 31,		
	2021	2020	2019
<b>Total operating expenses - GAAP</b>	\$ 46,555	\$ 38,303	\$ 35,204
Amortization of definite-lived intangible assets	(365)	(355)	(650)
Depreciation (in operating departments)	(1,094)	(1,049)	(953)
<b>Cost of doing business - non-GAAP</b>	<u>\$ 45,096</u>	<u>\$ 36,899</u>	<u>\$ 33,601</u>
Net sales	\$ 115,240	\$ 111,646	\$ 106,744
Cost of doing business as a percentage of net sales - non-GAAP	39%	33%	31%

## EBITDA:

	Fiscal Year Ended August 31,		
	2021	2020	2019
<b>Net income - GAAP</b>	\$ 8,409	\$ 19,665	\$ 8,584
Provision for income taxes	2,945	5,086	13,879
Interest income	(22)	(20)	(32)
Interest expense	600	626	579
Amortization of definite-lived intangible assets	365	355	650
Depreciation	1,388	1,236	1,232
<b>EBITDA</b>	<u>\$ 13,685</u>	<u>\$ 26,948</u>	<u>\$ 24,892</u>
Net sales	\$ 115,240	\$ 111,646	\$ 106,744
EBITDA as a percentage of net sales - non-GAAP	12%	24%	23%

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

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	Fiscal Year Ended August 31,		
	2021	2020	2019
<b>Total operating expenses - GAAP</b>	\$ 174,898	\$ 145,797	\$ 149,958
Amortization of definite-lived intangible assets	(1,449)	(2,211)	(2,706)
Depreciation (in operating departments)	(4,311)	(4,095)	(3,829)
Cost of doing business - non-GAAP	<u>\$ 169,138</u>	<u>\$ 139,491</u>	<u>\$ 143,423</u>
Net sales	\$ 488,109	\$ 408,498	\$ 423,350
Cost of doing business as a percentage of net sales - non-GAAP	35%	34%	34%

## EBITDA:

	Fiscal Year Ended August 31,		
	2021	2020	2019
<b>Net income - GAAP</b>	\$ 70,229	\$ 60,710	\$ 55,908
Provision for income taxes	16,270	14,805	24,862
Interest income	(81)	(93)	(155)
Interest expense	2,395	2,439	2,541
Amortization of definite-lived intangible assets	1,449	2,211	2,706
Depreciation	5,570	5,490	4,886
EBITDA	<u>\$ 95,832</u>	<u>\$ 85,562</u>	<u>\$ 90,748</u>
Net sales	\$ 488,109	\$ 408,498	\$ 423,350
EBITDA as a percentage of net sales - non-GAAP	20%	21%	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.





