

WK Kellogg Co

Q1 2024

EARNINGS

May 7, 2024

Forward-Looking Statements

This presentation contains a number of forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include predictions of future results or activities and may contain the words “expect,” “believe,” “will,” “can,” “anticipate,” “estimate,” “project,” “should,” “would,” or words or phrases of similar meaning. You are cautioned not to rely on these forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and are subject to risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved.

Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, a decline in demand for ready-to-eat cereals; supply chain disruptions and increases in costs and/or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic and market conditions; consumers’ perception of our brands or company; business disruptions; our ability to drive our growth targets to increase revenue and profit; our failure to achieve our targeted cost savings and efficiencies from cost reduction initiatives; strategic acquisitions, alliances, divestitures or joint ventures or organic growth opportunities we may pursue in the future; material disruptions at one of our facilities; our ability to attract, develop and retain the highly skilled people we need to support our business; a shortage of labor, our failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations that could increase labor costs; an increase in our post-retirement benefit-related costs and funding requirements caused by, among other things, volatility in the financial markets, changes in interest rates and actuarial assumptions; our inability to obtain sufficient capital to grow our business and to increase our revenues; an impairment of the carrying value of goodwill or other acquired intangibles; increases in the price of raw materials, including agricultural commodities, packaging, fuel and labor; increases in transportation costs and reduced availability of, or increases in, the price of oil or other fuels; competition, including with respect to retail and shelf space; the changing retail environment and the growing presence of alternative retail channels; the successful development of new products and processes; adverse changes in the global climate or extreme weather conditions; and other risk factors as detailed from time to time in WK Kellogg’s reports filed with the U.S. Securities and Exchange Commission (the “SEC”), including its Registration Statement on Form 10, Quarterly Reports on Form 10-Q, Annual Report on Form 10-K, Current Reports on Form 8-K and other documents filed with the SEC. The foregoing list of important factors is not exhaustive.

Forward-looking statements made in this presentation speak only as of the date of this presentation. WK Kellogg Co does not undertake to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures. Please refer to the Appendix provided herein for definitions and a reconciliation of these non-GAAP financial measures to the most directly comparable U.S. Generally Accepted Accounting Principles (“GAAP”) financial measures. Management believes that the use of such non-GAAP measures assists investors in understanding the underlying operating performance of WK Kellogg Co. However, these non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to GAAP measures.

On Track

**Executing our
Strategy**

**Stable
Topline**

**Expanding
Margins**

WK Kellogg Co Opportunity

Stable
Topline

Margin
Expansion

Q1 Financial Results

Q1 '24 Adjusted
Net Sales

(0.8)%^{*}
vs. PY

Q1 '24 Adjusted
Gross Margin

+240 bps^{*}
vs. PY

Q1 '24 Adjusted
EBITDA Margin

10.6%

Category & WK Performance

Core 6



U.S. \$ Category Share

27.6%
(30) bps vs. PY

\$ Sales U.S. – KLG

(1.3)% vs. PY

Canada \$ Category Share

39.3%
+240 bps vs. PY

\$ Sales Canada – KLG

4.6% vs. PY

Source: Nielsen xAOC 13W period ended March 30, 2024

Focused Strategy

Our Priorities

1

**Drive an
integrated
commercial plan
to win**

2

**Invest to
modernize our
supply chain**

3

**Unleash an
energized and
winning culture**

Stable top line and share growth

Outsized margin growth

Attractive dividend

Focus

on winning in cereal

Integrate

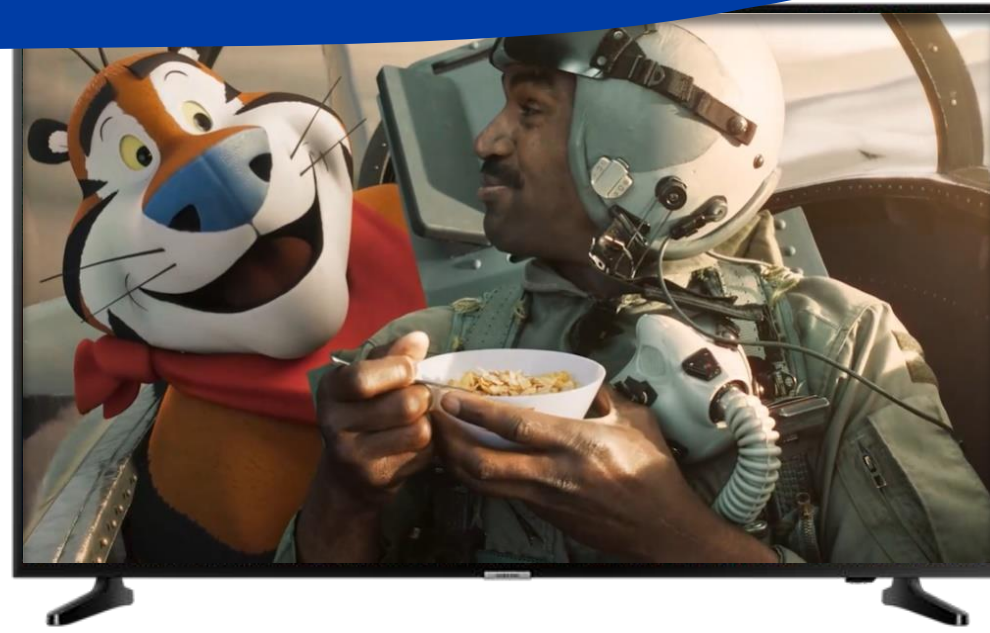
end-to-end to drive
better execution

Invest

in capabilities, technology
and infrastructure

Executing End-to-End

New Marketing Model



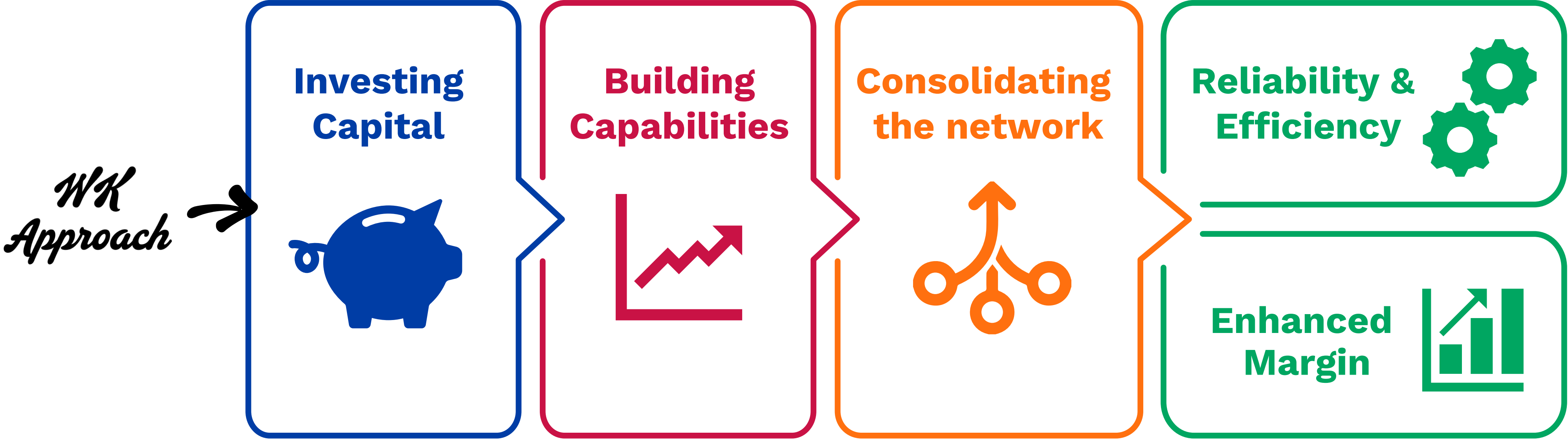
Dedicated Cereal Sales Force



Modernized & Reliable Supply Chain



Modernizing our Supply Chain



Proof Points

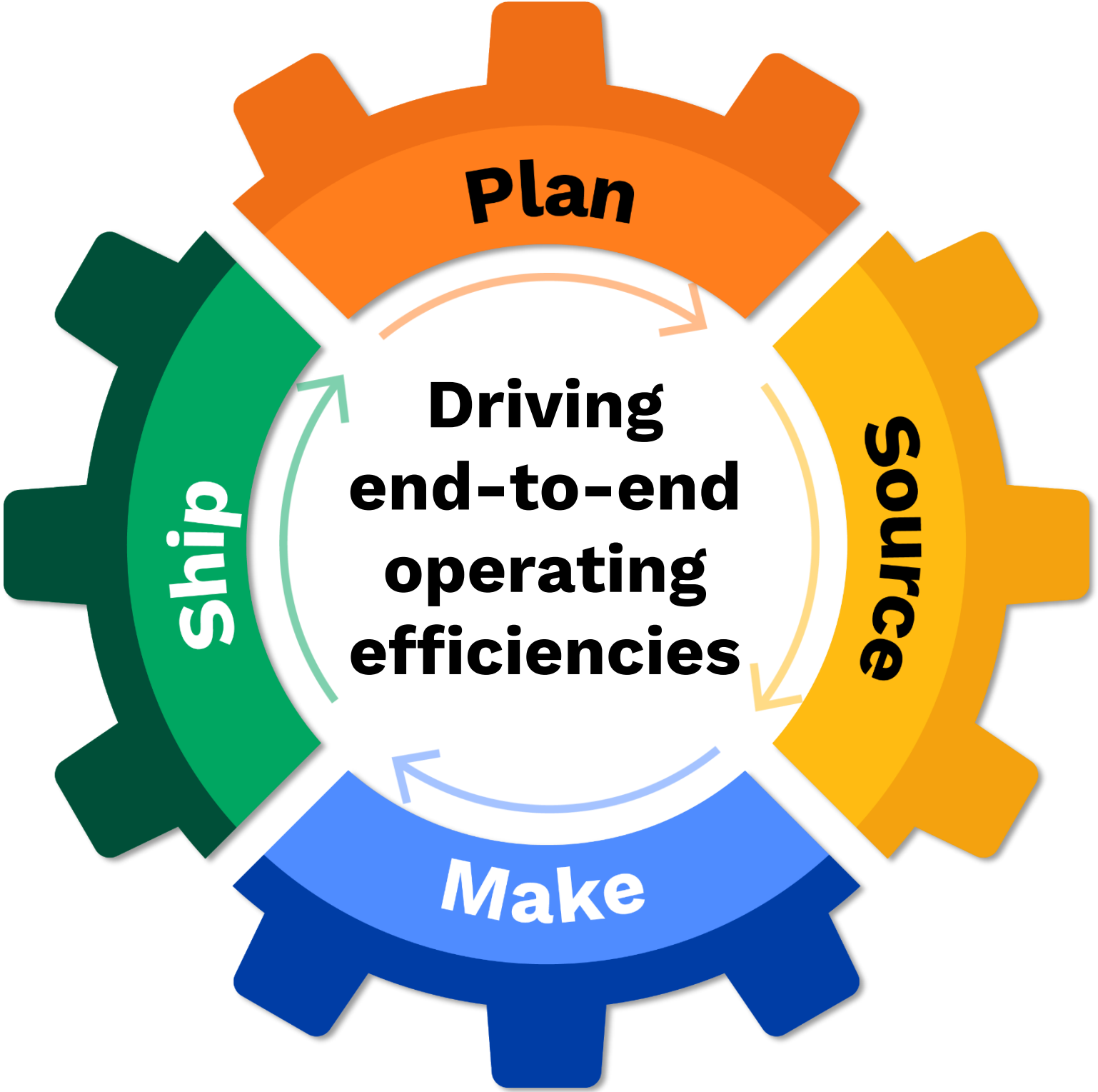
- **Belleville expansion**
- **Battle Creek incentives**
- **Investing in Work Systems**
- **Expanding WK Academy**
- **Optimizing Mini-Wheats production**
- **OEE improvement**
- **Capacity expansion**
- **Margin enhancement**

Operational Excellence

Building Capabilities



A line graph with a red line showing an upward trend, indicating growth or improvement in capabilities.



Making Progress

**Transformation
under way**



**Engaged
organization**



**Delivering
our plan**



Financial Update

Dave McKinstry,
Chief Financial Officer

WK Kellogg Co



Summary of Financial Results

Q1 2024

**Adjusted
Net Sales**

\$707M
(0.8)% vs. PY *

**Adjusted
EBITDA**

\$75M
13.6% vs. PY *

Summary of Financial Results

Q1 2024

**Adjusted
Net Sales**

\$707M
(0.8)% vs. PY *

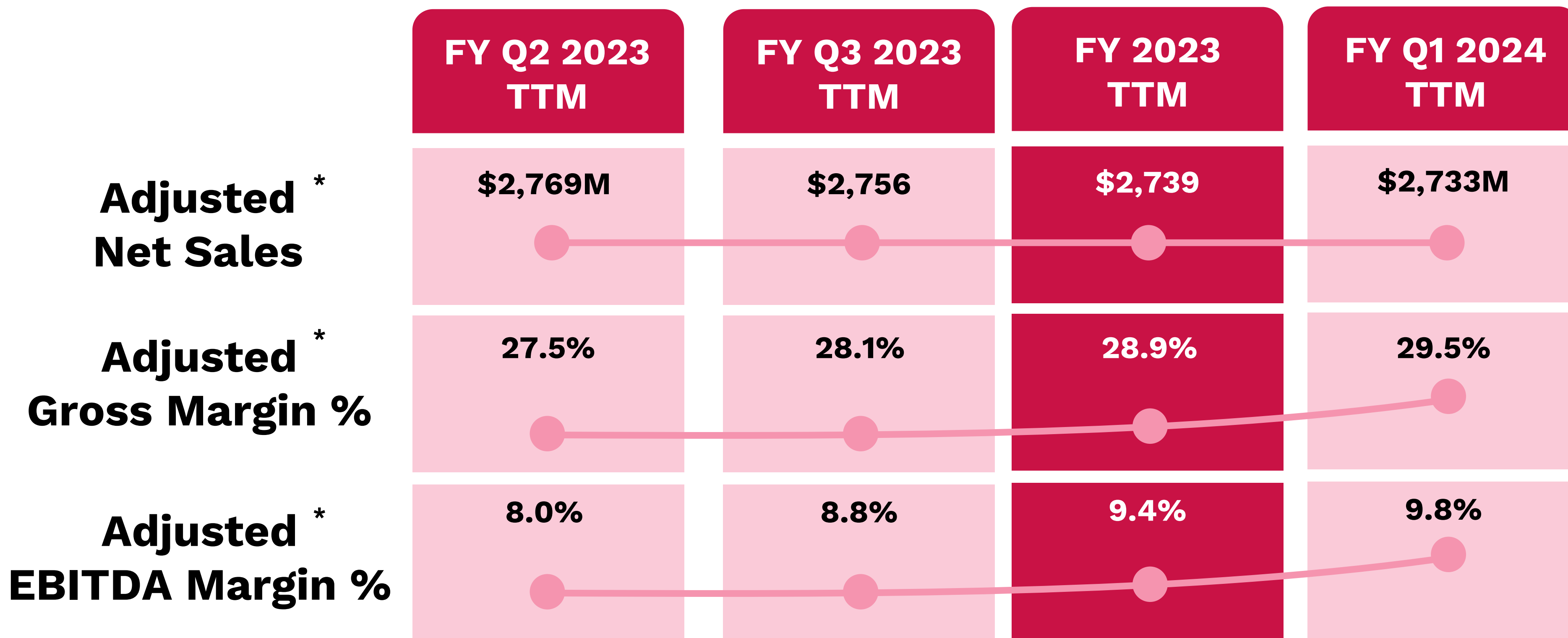
**Adjusted
Gross Margin**

29.2%
+240 bps vs. PY *

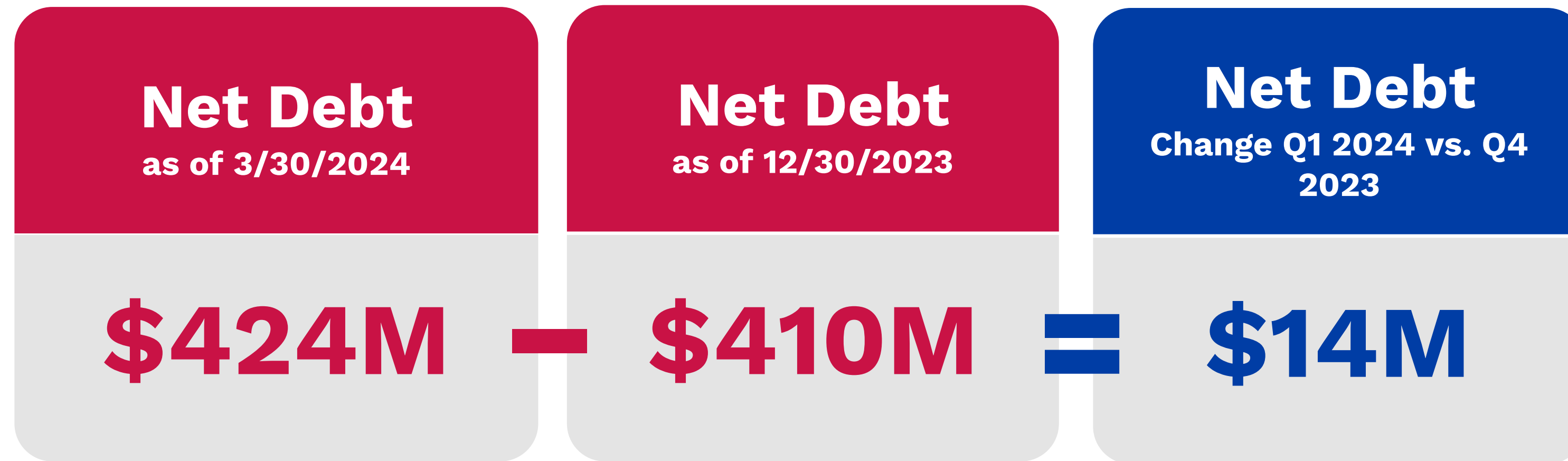
**Adjusted
EBITDA Margin**

10.6%
+130 bps vs. PY *

Consistent Topline, Improving Profitability



Debt Position



Reaffirming 2024 Financial Guidance

Net Sales*

Adjusted basis
Vs Standalone Adjusted 2023

(1.0)% - 1.0%

EBITDA Growth*

Adjusted basis
Vs Standalone Adjusted 2023

3.0% - 5.0%

WK Kellogg Co



On Track



**Executing
Our Strategy**



**Driving Margin
Improvement**

Q&A

WK Kellogg Co

Appendix

WK Kellogg Co



Net Sales to Adjusted Net Sales to Standalone Adjusted Net Sales

WK KELLOGG CO

Reconciliation of Non-GAAP Amounts - Reported Net Sales to Adjusted Net Sales to Standalone Adjusted Net Sales

(millions)	Quarter ended	
	March 30, 2024	April 1, 2023
Reported net sales	\$ 707	\$ 720
Adjusted net sales	707	720
Impact of prior intercompany sales agreements	—	(8)
Standalone adjusted net sales	\$ 707	\$ 712

Note: Tables may not foot due to rounding.

(millions)	Quarter ended						
	October 1, 2022	December 31, 2022	April 1, 2023	July 2, 2023	September 30, 2023	December 30, 2023	March 30, 2024
Reported net sales	\$ 705	\$ 676	\$ 720	\$ 700	\$ 692	\$ 651	\$ 707
Adjusted net sales	705	676	720	700	692	651	707
Impact of prior intercompany sales agreements	(8)	(7)	(8)	(9)	(8)	—	—
Standalone adjusted net sales	\$ 697	\$ 669	\$ 712	\$ 691	\$ 684	\$ 651	\$ 707

Note: Tables may not foot due to rounding.

Adjusted net sales: WK Kellogg Co adjusts the GAAP financial measure to exclude the impact of acquisitions, divestitures and 53rd week transactions. We excluded the items which we believe may obscure trends in our underlying net sales performance. Management uses this non-GAAP measure to evaluate the effectiveness of initiatives behind net sales growth, pricing realization, and the impact of mix on our business results.

Standalone adjusted net sales: WK Kellogg Co adjusts the GAAP financial measure to exclude the impact of prior year (pre-spin) intercompany sales arrangements with Kellanova that ceased upon the spin-off. Management believes that this non-GAAP financial measure provides investors a clearer basis to assess results over time by providing transparency to factors relevant to the pre-spin-off period that are helpful in assessing baseline comparable information. Standalone metrics apply to periods prior to spin-off on October 2, 2023. Adjusted net sales growth rates are calculated using standalone adjusted net sales as the base year comparable metric.

Gross Profit to Adjusted Gross Profit to Standalone Adjusted Gross Profit

	Quarter ended	
	March 30, 2024	April 1, 2023
Reported gross profit	\$203	\$180
Mark-to-market	—	5
Separation costs	3	3
Business and portfolio realignment	1	—
Adjusted gross profit	\$207	\$188
Impact of prior intercompany and sales and royalty agreements	—	3
Standalone adjusted gross profit	\$207	\$191

Note: Tables may not foot due to rounding.

	Quarter ended						
	October 1, 2022	December 31, 2022	April 1, 2023	July 2, 2023	September 30, 2023	December 30, 2023	March 30, 2024
Reported gross profit	\$ 174	\$ 166	\$ 181	\$ 191	\$ 196	\$ 186	\$ 203
Mark-to-market	1	4	5	5	(8)	1	-
Separation costs	1	2	2	15	2	2	3
Business and portfolio realignment	2	2	-	1	2	1	1
Adjusted gross profit	\$ 178	\$ 174	\$ 188	\$ 211	\$ 193	\$ 190	\$ 207
Impact of prior intercompany and sales and royalty agreements	2	1	3	3	2	-	-
Standalone adjusted gross profit	\$ 180	\$ 176	\$ 191	\$ 214	\$ 195	\$ 190	\$ 207

Note: Tables may not foot due to rounding.

Adjusted gross profit and adjusted gross margin: WK Kellogg Co adjusts the GAAP financial measures to exclude the effect of business and portfolio realignment costs, separation costs related to the spin-off from Kellanova and mark-to-market impacts from commodity and foreign currency contracts. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives.

Standalone adjusted gross profit and standalone adjusted gross margin: WK Kellogg Co adjusts the GAAP financial measures to exclude the effect of business and portfolio realignment costs, separation costs related to the spin-off from Kellanova and mark-to-market impacts from commodity and foreign currency contracts resulting in adjusted. Additionally, the Company excludes the impact of prior year (pre-spin) intercompany sales and royalty arrangements with Kellanova that ceased upon the spin-off. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented and believes that these measures provide investors a clearer basis to assess results over time by providing transparency to factors relevant to the pre-spin-off period that are helpful in assessing baseline comparable information. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives. Standalone metrics apply to periods prior to spin-off on October 2, 2023. Adjusted gross profit and adjusted gross margin are calculated using standalone adjusted gross profit and gross margin as the base year comparable metric.

Gross Margin to Adjusted Gross Margin to Standalone Adjusted Gross Margin

WK KELLOGG CO

Reconciliation of Non-GAAP Amounts - Reported Gross Margin to Adjusted Gross Margin to Standalone Adjusted Gross Margin

	Quarter ended	
	March 30, 2024	April 1, 2023
Reported gross margin	28.7%	25.0%
Mark-to-market	0.0%	0.7%
Separation costs	0.4%	0.4%
Business and portfolio realignment	0.1%	0.0%
Adjusted gross margin	29.2%	26.1%
Impact of prior intercompany and sales and royalty agreements	0.0%	0.7%
Standalone adjusted gross margin	29.2%	26.8%

Note: Tables may not foot due to rounding.

Adjusted gross profit and adjusted gross margin: WK Kellogg Co adjusts the GAAP financial measures to exclude the effect of business and portfolio realignment costs, separation costs related to the spin-off from Kellanova and mark-to-market impacts from commodity and foreign currency contracts. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives.

Standalone adjusted gross profit and standalone adjusted gross margin: WK Kellogg Co adjusts the GAAP financial measures to exclude the effect of business and portfolio realignment costs, separation costs related to the spin-off from Kellanova and mark-to-market impacts from commodity and foreign currency contracts resulting in adjusted. Additionally, the Company excludes the impact of prior year (pre-spin) intercompany sales and royalty arrangements with Kellanova that ceased upon the spin-off. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented and believes that these measures provide investors a clearer basis to assess results over time by providing transparency to factors relevant to the pre-spin-off period that are helpful in assessing baseline comparable information. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives. Standalone metrics apply to periods prior to spin-off on October 2, 2023. Adjusted gross profit and adjusted gross margin are calculated using standalone adjusted gross profit and gross margin as the base year comparable metric.

Net Income (Loss) to Adjusted EBITDA to Standalone Adjusted EBITDA

WK KELLOGG CO

Reconciliation of Non-GAAP Amounts - Reported Net Income to Adjusted EBITDA to Standalone Adjusted EBITDA

(millions)	Quarter ended							
	October 1, 2022	December 31, 2022	April 1, 2023	July 2, 2023	September 30, 2023	December 30, 2023	March 30, 2024	
Reported net income (loss)	\$ 23	\$ (152)	\$ 26	\$ 27	\$ 42	\$ 15	\$ 33	
Interest expense	-	-	-	-	-	10	8	
Income tax expense (benefit)	6	(37)	8	8	13	6	11	
Depreciation and amortization expense	14	20	17	15	17	17	19	
EBITDA	\$ 43	\$ (169)	\$ 51	\$ 50	\$ 72	\$ 48	\$ 71	
(Gain) loss on mark-to-market on foreign exchange and commodity hedges	1	4	5	5	(8)	1	-	
Other (income) expense	(22)	180	(8)	(7)	(38)	(10)	(6)	
Separation costs	8	16	21	40	28	13	9	
Business and portfolio realignment costs	2	2	-	1	1	1	1	
Adjusted EBITDA	\$ 32	\$ 33	\$ 69	\$ 89	\$ 55	\$ 53	\$ 75	
Historical intercompany sales and royalty agreements	2	2	3	3	2	-	-	
Estimated standalone costs	(3)	2	(6)	(4)	(6)	-	-	
Standalone Adjusted EBITDA	\$ 31	\$ 37	\$ 66	\$ 88	\$ 51	\$ 53	\$ 75	
Reported Net Income Margin	3.3%	-22.5%	3.6%	3.9%	6.0%	2.3%	4.7%	
Standalone Adjusted EBITDA Margin	4.4%	5.5%	9.3%	12.7%	7.5%	8.2%	10.6%	

Note: Tables may not foot due to rounding.

Adjusted EBITDA: WK Kellogg Co adjusts the GAAP financial measure to exclude interest expense, income tax expense (benefit), depreciation and amortization expense, mark-to-market impacts from commodity and foreign currency contracts, other income (expense), net, separation costs related to the spin-off from Kellanova and business and portfolio realignment costs. Management believes that this non-GAAP financial measure provides helpful information in understanding baseline historical information in the pre-spin prior periods and provides investors an additional basis to assess over time. Adjusted EBITDA growth rates are calculated using standalone adjusted EBITDA as the base year comparable metric.

Standalone adjusted EBITDA: WK Kellogg Co adjusts the GAAP financial measure to exclude interest expense, income tax expense (benefit), depreciation and amortization expense, mark-to-market impacts from commodity and foreign currency contracts, other income/expenses, separation costs related to the spin-off from Kellanova and business and portfolio realignment costs. Additionally, the Company excludes the impact of prior year (pre-spin) intercompany sales and royalty arrangements with Kellanova that ceased upon the spin-off and for the impact of estimated incremental recurring costs to operate as a standalone company, net of estimated incremental depreciation. Management believes that this non-GAAP financial measure provides helpful information in understanding baseline historical information in the pre-spin-off period and provides investors an additional basis to assess results over time. Standalone metrics apply to periods prior to spin-off on October 2, 2023. Adjusted EBITDA growth rates are calculated using standalone adjusted EBITDA as the base year comparable metric.

Standalone adjusted EBITDA margin: Defined as standalone adjusted EBITDA divided by standalone adjusted net sales. Management believes that this non-GAAP measure provides helpful information in understanding baseline historical information in the pre-spin-off periods. Note: Standalone metrics apply to periods prior to Spin-Off on October 2, 2023. Adjusted EBITDA margin growth rates are calculated using standalone adjusted EBITDA as the base year comparable metric.

Reconciliation of Net Debt

WK KELLOGG CO

Reconciliation of Non-GAAP Amounts - Net Debt

(millions, unaudited)	March 30, 2024	December 30, 2023
Notes payable	\$2	\$4
Current maturities of long-term debt	8	8
Long-term debt	484	487
Total debt liabilities	494	499
Less:		
Cash and cash equivalents	(70)	(89)
Net debt	\$424	\$410

Net debt: Defined as the sum of long-term debt, current maturities of long-term debt and notes payable, less cash and cash equivalents, and marketable securities. Cash and cash equivalents, and marketable securities are subtracted from the GAAP measure, total debt liabilities, because they could be used to reduce the Company's debt obligations. Management uses this non-GAAP measure to evaluate changes to the Company's capital structure and credit quality assessment.

Significant Items Impacting Comparability

Significant items impacting comparability

Mark-to-market on foreign exchange and commodity hedges

The Company recognizes mark-to-market adjustments for commodity contracts and certain foreign currency contracts as incurred. Changes between contract and market prices for commodity contracts and certain foreign currency contracts result in gains/losses that are recognized in the quarter they occur. The Company did not incur any material pre-tax mark-to-market impacts for the quarter ended March 30, 2024. Additionally, the Company recorded a pre-tax mark-to-market loss of \$5 million for the quarter ended April 1, 2023.

Separation costs

The Company incurred pre-tax charges related to the Spin-Off, primarily related to spin-related employee costs and TSA transition costs of \$9 million for the quarter ended March 30, 2024. The Company recorded separation costs, primarily related to legal and consulting costs, of \$21 million for the quarter ended April 1, 2023.

Business and portfolio realignment

The Company incurred non-recurring costs related to a reconfiguration of our supply chain network designed to drive increased productivity, resulting in pre-tax charges of \$1 million for the quarter ended March 30, 2024. The Company did not incur any pre-tax costs for the quarter ended April 1, 2023.

Other income (expense), net

The Company excludes the impact of all non-operating items from its Adjusted EBITDA calculation, which primarily includes pension related income (expense), net, and financing fees. As a result, other income of \$6 million was excluded for the quarter ended March 30, 2024. Other income of \$8 million was excluded for the quarter ended April 1, 2023.

Historical intercompany sales and royalty agreements

The Company recognizes certain pre-existing intercompany royalty and sales arrangements with Kellanova that ceased to exist upon spin-off. The respective net sales impacts of these agreements were \$8 million for the quarter ended April 1, 2023. The respective cost of goods sold impacts of these agreements were \$3 million for the quarter ended April 1, 2023.

Estimated standalone costs

The Company estimated expense of incremental and recurring costs required to operate as a separate public company, shown net of estimated related incremental depreciation costs. Estimated standalone costs for the quarter ended April 1, 2023 was \$6 million.