

Registered number: 01755958

WD-40 COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



WD-40 COMPANY LIMITED

COMPANY INFORMATION

Directors	W Noble G O Ridge
Company secretary	Bird & Bird Company Secretaries Limited
Registered number	01755958
Registered office	Brick Close Kiln Farm Milton Keynes Buckinghamshire MK11 3LJ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF

WD-40 COMPANY LIMITED

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WD-40 COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The Directors submit their strategic report for WD-40 Company Limited (the "Company") for the year ended 31 August 2020.

Position of the business

The Company at 31 August 2020 has total equity of £21.5m (2019: £20.7m), of which £14.7m (2019: £13.9m) is represented by retained earnings.

Business review

The year sales decreased by 0.9% (2019: increase 11.5%) to £123.9m (2019: £125.0m) and profits before taxation increased 6.5% on last year to £21.7m (2019: £20.3m). Gross margin percentage was 50.3% (2019: 50.6%). Sales, margins and profits (translated into sterling) were impacted by adverse currency movements on the Euro and U.S Dollar. Distribution costs and administrative expenses decreased by 5.6% (2019: increase 11.7%) and remained broadly the same percentage of total sales at 32.4% (2019: 34.1%).

The Company sells and markets its four core brands, which are; WD-40, 3-in-One, 1001 and GT85 (SG85). The WD-40 brand includes the 'WD-40 Specialist' products, aimed at specialist lubricant markets and the 'WD-40 Bike' products for the bicycle maintenance market.

WD-40 brand sales decreased by 1.4% in the year (2019: increase 11.1%), 3-in-One sales declined by 0.8% (2019: decrease 11.7%), 1001 brand increased by 3.7% (2019: 67.1%) and sales of the GT85 brand declined by 8.6% (2019: decline 9.6%).

To support the expected long term future growth the Company continues to invest in its local infrastructures around Europe, as well as planning to invest 10% of sales in advertising and promotions to underpin the brands.

Future Outlook

The Company is planning future sales and earnings growth for the coming year and beyond.

Principal risks and uncertainties

The Company's principle risks and uncertainties are managed and mitigated as required. The Board and Management meet regularly to discuss known risks and uncertainties that the business has and also to identify and mitigate new risks and uncertainties as they arise. Processes and controls are also in place within the business to help identify and mitigate risks and uncertainties. These processes and controls are revisited and tested each year.

The key risks include:

Regulatory

The Company is subject to many environmental and packaging regulations. Changes in these may impact costs and/or revenues. The Company ensures awareness of all future regulatory changes with applicable regulatory authorities.

Protection of intellectual property

The Company, through its ultimate parent relies on trademarks, trade secrets, patent and copyright laws to protect its intellectual property. Infringements may impact costs and revenue streams. Protection of intellectual property is headed by the ultimate parent company.

WD-40 COMPANY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Political and economic

The Company sells either directly or indirectly into many countries and therefore within those markets is exposed to the risk of political and economic uncertainties. Areas such as Russia, the Middle East and Eastern Europe may be considered as high risk areas. This risk is managed and mitigated by operating across many markets.

Supply chain

The Company relies on third parties for the supply of its raw materials, packing, warehousing and distribution and finished goods. While the Company works closely with its various suppliers changes to their cost base or unexpected operational factors may disrupt supply, with a consequential impact on revenue and costs. This risk is mitigated by operating with a number of suppliers.

Marketing distributor relationships

The Company uses third party distributors to market, sell and distribute a large proportion of its products. The Company relies on local expertise and knowledge of its marketing distributors. From time to time the Company has experienced changes with respect to its relationships with distributors which may disrupt local market activity and revenues. The Company conducts regular meetings with all of its marketing distributors to manage this risk.

Competition

The Company competes in many channels with varying degrees of competition with many other products for store placement and shelf space. This may impact revenue streams or the cost base to defend a position. The Company actively understands its current competitor activities.

Product liability and other litigation risks

The use of the Company's products may expose the Company to liability claims resulting from such use. While insurances are in place to provide appropriate protection, risk may arise where the loss exceeds insured levels or risks are not covered by insurance. Annual insurance renewals are conducted with our Company brokers to ensure appropriate insurances are in place with appropriate levels of cover.

Financial risk management

The Company's operations expose it to a variety of financial risks that are highlighted below. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring its credit and liquidity exposures.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set up by the Board of Directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Oil prices

Oil prices can significantly impact raw material and component costs. Prices are monitored regularly.

Currency

The Company sells in Euros, US Dollars, Danish Krone as well as Sterling, and whilst hedging strategies, in the form of forward contracts are in place to mitigate currency fluctuations, long term shifts can impact revenue and costs when translated back into sterling.

WD-40 COMPANY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Customer risk

The Company sells into a wide range of channels and customers which mitigate this risk. Particularly in the retail customer base where such customers purchase large volumes, a customer decision to delist a product may significantly impact revenues.

Additionally, where the Company provides credit terms, while there are robust procedures in place to ensure debt is recoverable, a customer's inability to pay may impact cash flows and costs.

Brexit

As a result of the June 2016 referendum by British voters to exit the European Union ("Brexit"), global markets and foreign currencies were adversely impacted in the months following the vote. In particular, the value of Pound Sterling sharply declined as compared to the U.S. Dollar, Euro and other currencies in late financial year 2016 and early financial year 2017. Subsequently, on 29 March 2017, the UK government invoked Article 50 of the Lisbon Treaty, which initially provided a two-year time period to 29 March 2019 for the UK and the remaining EU countries to negotiate a withdrawal agreement. The UK officially exited the European Union on 31 January 2020, entering a transition period for businesses and trade regulations until 31 December 2020.

Additional volatility in foreign currencies may result as the UK negotiates and transitions to its exit from the European Union. A significantly weaker Pound Sterling compared to the U.S. Dollar and Euro over a sustained period of time may have a significant negative effect on the Company's reported profits. In addition, the legal and regulatory framework that will apply to the UK and its future relationship with the European Union after the exit is completed may change the manner in which businesses operate in Europe, including how products and services are imported and exported between countries in Europe, and this could adversely impact the Company's financial condition and financial results. The outcomes of the negotiations between the UK and the European Union are currently unknown and due to the lack of comparable precedent, the extent of any adverse consequences to the Company's business, its suppliers or its customers is uncertain.

Over the course of the past year, the Company put in place various actions to mitigate the impact of Brexit, particularly under 'no-deal' scenarios. These included a supply routing impact assessment, a supply network assessment and implementing stock builds to minimise supply chain disruption. The Company has considered the risk posed by the transition period and does not consider that it presents a principal risk to the business model. Now that the Withdrawal Bill has been signed and will come into force, the Company's focus will shift to preparing for an orderly transition in December 2020, depending on the trade deal negotiated with the EU. Even in the event of a hard Brexit, we do not foresee any material impact to the Company. Our focus is now on ensuring staff are supported in gaining Settled Status, where applicable, along with ensuring appropriate customs processes and documentation are in place.

Coronavirus Outbreak (COVID-19)

The Company is monitoring the impact of the recent COVID-19 outbreak, which caused disruption to global financial markets beginning in early 2020. The significance of the operational and financial impact to the Company will depend on how long and widespread this disruption proves to be. While the Company currently expects this business disruption to be temporary, there is uncertainty around its duration, and therefore the effects it will have on the Company's operations and future financial results. An assessment of the impact on key areas of the Company's operations is considered below:

WD-40 COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Supply chain

A key supplier of the Company is located in the Lombardy region of Northern Italy. Due to local governmental restrictions imposed during the outbreak, the factory was closed for a week in March 2020. Although production of goods was halted for a week, this has not had a material impact on the Company's supply chain and ability to continue to trade.

Customer demand

The key products of the company are predominantly stocked in supermarkets, DIY stores and bicycle shops, which remain open in most countries across Europe during the 'lockdown' period of the pandemic. Key online retailers consider the products of the Company 'essential', which has not stifled demand for the product from direct and indirect customers of the Company.

Availability of cash

The Company has not experienced a negative impact to cash flow such that it cannot pay its debts where they have fallen due. Cash flow forecasts do not indicate that there is a material risk of failure to receive cash from customers, such that the Company will not continue to be able to pay its debts to creditors as they fall due.

Employee remote working

During the lockdown period, the Company has utilised its IT resources and implemented remote-working solutions such that all employees in support service roles were successfully transitioned to working from home. There has been no material disruption to the ongoing administration of the Company as a result.

Further to this assessment, if economic or market conditions in key global markets deteriorate, the Company may experience material adverse effects on its business, financial condition and results of operations. The impact of such external factors are too uncertain to be reasonably predicted and assessed.

Other

It is not felt that the Company suffers from significant liquidity or credit risk given its large positive cash balance held in low risk financial institutions and the stable customer base it trades with. The Company generates strong positive cash flows and optimises its working capital by optimising stock holdings with regular forecasting. Trade debtors are regularly collected and supplier terms are managed to best suit the cash flow of the business. This allows the Company to meet its operational needs and ensures growth. The Company regularly reviews the security of the financial institutions it holds cash and deposits with.

Financial key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that for an understanding of the development, performance or position of the business, the analysis as detailed in the Strategic Report is sufficient, and further use of KPIs is unnecessary. The business success and development hinges around sales growth and the management of gross margins, selling and distribution costs which have already been highlighted and discussed in the Strategic Report.

Section 172 statement

A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

- The likely consequences of any decision in the long term,
- The interests of the company's employees,
- The need to foster the company's business relationships with suppliers, customers and others,
- The impact of the company's operations on the community and the environment,
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the company.

The Board has always taken decisions in the long-term interest of the Company. Strategic initiatives are agreed

WD-40 COMPANY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

at the group level and are embedded in the activity of the Company's operations. Annually, a strategic five year plan is reviewed and updated to hone the vision of long-term success of the company. We exist to create positive lasting memories in everything we do. We solve problems. We make things work smoothly. We create opportunities. Our mission is to deliver unique, high-value solutions for a wide variety of maintenance needs in workshops, factories and homes. Our brand delivers the trust and performance needed to instill confidence and empower people to get out there and Live Life Hands On.

The Board engages an impartial third party to conduct an Employee Engagement survey on a biannual basis. The monitoring of employee engagement is taken very seriously, with a strong focus on maintaining the high levels of employee satisfaction with the Company, their role and values at the core of the business. All results of the survey are discussed internally, and action plans formulated to address the feedback. The management team meet regularly to ensure the values of fairness and diversity are being addressed through the business.

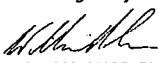
The Board recognises that its key suppliers are an extension of the Company's supply chain and that upholding these strong relationships is integral to the ongoing success of the company. The Board seeks to keep positive enduring relationships with both customers and marketing distributors, to ensure the Company stays connected through to its end users. The Company achieves this through extensive market research on an annual basis.

The Board has focused on doing what's right in how it creates and produces products for its end users since the Company's inception. Beyond regulatory compliance in every applicable jurisdiction, the Company is focused in its efforts to provide safe, environmentally friendly, and effective products across EIMEA. In addition, the Company takes its commitment to supporting and being a part of the wider community seriously through engagement in charitable initiatives led by through third parties.

The Board is committed to high standards of business conduct. It recognises that the key asset of the Company are its employees, and seeks to attract, develop, and maintain talent in the 'tribe'. The Company strives for its name and brands to become known as emblems of quality, performance and value.

The Board acts fairly in its relations between WD-40 Company Limited, and its ultimate controlling party, WD-40 Company. There is an effective and robust relationship between the companies, uniting in strategic direction, leadership and key decision-making.

This report was approved by the board on 11 December 2020 and signed on its behalf.

DocuSigned by:

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W Noble
Director

WD-40 COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Directors present their report and the financial statements for the year ended 31 August 2020.

Principal activity

WD-40 Company Limited is involved in the selling, marketing and distribution of its branded products in over 45 countries extending across Europe, Africa, India and the Middle East. As well as the UK branch, there are six overseas branches in operation; these are located in Germany, France, Spain, Portugal, The Netherlands and Italy.

Results and dividends

The profit for the year, after taxation, amounted to £17,394,000 (2019: £16,393,000).

A dividend of £16,600,000 (2019: £59,796,000) was paid to the Company's immediate parent company in respect of the financial year. The Directors do not propose a final dividend in respect of the year ended 31 August 2020 (2019: *£nil*). Results this year were in line with expectation.

Branches outside the UK

WD-40 Company Limited operates branches outside of the UK in France, Germany, Portugal, Spain, Italy and the Netherlands.

Research and development

The Company have invested in research and development programmes to support and expand its range of products. The Company's research and development expenditure for the year ended 31 August 2020 amounted to £42,000 (2019: £55,000). Recognised within Assets under construction is £4.6m of additions relating to fixed assets in conjunction with development of a new delivery system.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

W Noble
G O Ridge

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Matters covered in the strategic report

Principle risks and uncertainties, and the future developments of the Company are disclosed in the Strategic Report.

WD-40 COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Coronavirus Outbreak (COVID-19)

An assessment of the impact of the outbreak on the Company and its operations is disclosed in the Strategic Report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements, and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

WD-40 COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Going Concern

Since its outbreak in January 2020, COVID-19 continues to affect economic activity in the markets in which the Company operates. After reviewing the Company's current forecasts and projections, revised for the impact of the COVID-19 outbreak, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. An assessment of the impact of the outbreak on the Company and its operations is disclosed in the Strategic Report.

The directors of the Company have performed an assessment of the overall position and future forecasts for the purposes of going concern in light of the current environment covering the period from the present through to 31 December 2021. The Company has continued trading in the UK and international markets throughout the COVID-19 period. The Company has experienced robust levels of sales over the lockdown period across the UK and wider European region. The Directors of the Company have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through further COVID-19 related impacts, general economic uncertainty and other risks. This assessment has considered likely trading patterns of the Company and the ability to generate cash from future sales to remain cash generative.

This assessment has also considered the external liability on the Company's balance sheet which relates to a line of credit agreement executed at a group level, in the United States, against which the Company has drawn down funds. The company has the contractual right to roll forward the loan until repayment is due in 2025, outside of the going concern period of assessment, unless loan covenants are breached in the meantime. The Directors have modelled a number of scenarios over the going concern period of assessment including a severe but plausible scenario. None of these scenarios forecast results which would lead to a covenant breach, and therefore it is assumed the loan will remain in place throughout the going concern period of review. Based on their assessment, the Directors conclude that the Company will have adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of preparation.

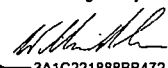
Matters discussed in the S172 statement

The directors' commitment to employee, and other stakeholder engagement is discussed in the S172 statement.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 11 December 2020 and signed on its behalf.

DocuSigned by:

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W Noble
Director

WD-40 COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WD-40 COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, WD-40 Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 August 2020; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

WD-40 COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WD-40 COMPANY LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

WD-40 COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WD-40 COMPANY LIMITED

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Daniel Brew (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
11 December 2020

WD-40 COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Turnover	4	123,907	125,037
Cost of sales		(61,594)	(61,809)
GROSS PROFIT		62,313	63,228
Distribution costs		(3,504)	(6,090)
Administrative expenses		(36,699)	(36,516)
OPERATING PROFIT	5	22,110	20,622
Interest receivable and similar income	9	2	18
Interest payable and similar expenses	10	(447)	(295)
PROFIT BEFORE TAX		21,665	20,345
Tax on profit	11	(4,271)	(3,952)
PROFIT FOR THE FINANCIAL YEAR		17,394	16,393

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

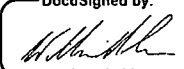
The notes on pages 15 to 40 form part of these financial statements.

WD-40 COMPANY LIMITED
REGISTERED NUMBER: 01755958

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Intangible Assets	13	1,453	1,813
Tangible Assets	14	18,999	14,059
		<u>20,452</u>	<u>15,872</u>
CURRENT ASSETS			
Stocks	15	10,228	9,115
Debtors	16	38,673	33,631
Cash at bank and in hand	17	13,211	14,787
		<u>62,112</u>	<u>57,533</u>
Creditors: Amounts Falling Due Within One Year	18	(26,705)	(18,038)
		<u>35,407</u>	<u>39,495</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>55,859</u>	<u>55,367</u>
Creditors: Amounts Falling Due After More Than One Year	19	(34,373)	(34,613)
Provisions for liabilities	23	(31)	(93)
		<u>(31)</u>	<u>(93)</u>
NET ASSETS		<u>21,455</u>	<u>20,661</u>
CAPITAL AND RESERVES			
Called up share capital	24	250	250
Share Premium Account	25	6,500	6,500
Profit And Loss Account	25	14,705	13,911
Total equity		<u>21,455</u>	<u>20,661</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 11 December 2020.

DocuSigned by:

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W Noble
 Director

The notes on pages 15 to 40 form part of these financial statements.

WD-40 COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 September 2018	250	6,500	57,314	64,064
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the financial year	-	-	16,393	16,393
Dividends: Equity capital	-	-	(59,796)	(59,796)
At 31 August 2019	250	6,500	13,911	20,661
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the financial year	-	-	17,394	17,394
Dividends: Equity capital	-	-	(16,600)	(16,600)
AT 31 AUGUST 2020	250	6,500	14,705	21,455

The notes on pages 15 to 40 form part of these financial statements.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. General information

WD-40 Company Limited (the "Company") is a private company limited by shares and is incorporated in the United Kingdom. The address of the Company's registered office is Brick Close, Kiln Farm, Milton Keynes, Buckinghamshire, MK11 1LJ.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WD-40 Company for the year ended 31 August 2020 and these financial statements may be obtained from WD-40 Company, 9715 Businesspark Avenue, San Diego, California, 92131, USA.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.3 Going concern**

Since its outbreak in January 2020, COVID-19 continues to affect economic activity in the markets in which the Company operates. After reviewing the Company's current forecasts and projections, revised for the impact of the COVID-19 outbreak, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. An assessment of the impact of the outbreak on the Company and its operations is disclosed in the Strategic Report.

The directors of the Company have performed an assessment of the overall position and future forecasts for the purposes of going concern in light of the current environment covering the period from the present through to 31 December 2021. The Company has continued trading in the UK and international markets throughout the COVID-19 period. The Company has experienced robust levels of sales over the lockdown period across the UK and wider European region. The Directors of the Company have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through further COVID-19 related impacts, general economic uncertainty and other risks. This assessment has considered likely trading patterns of the Company and the ability to generate cash from future sales to remain cash generative.

This assessment has also considered the external liability on the Company's balance sheet which relates to a line of credit agreement executed at a group level, in the United States, against which the Company has drawn down funds. The company has the contractual right to roll forward the loan until repayment is due in 2025, outside of the going concern period of assessment, unless loan covenants are breached in the meantime. The Directors have modelled a number of scenarios over the going concern period of assessment including a severe but plausible scenario. None of these scenarios forecast results which would lead to a covenant breach, and therefore it is assumed the loan will remain in place throughout the going concern period of review. Based on their assessment, the Directors conclude that the Company will have adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of preparation.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured by the invoiced value of the goods supplied after deduction of settlement discount, volume rebates and value added tax.

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.5 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	7 % - 20%
Computer Software	-	20 % - 33%

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

2.6 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.6 Tangible assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	- 2.5% - 33.3%
Plant and machinery	- 10%
Motor vehicles	- 25%
Fixtures, fittings and equipment	- 10% - 33.3%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Inventories

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

In addition the Company holds stock that is to be used as free samples to be given to promote the Company brands. Finished goods are physically held by packaging suppliers, however due to an exclusive buy back agreement, it is considered that, in substance, this is stock of the Company.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties. The Company has applied sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.11 Financial instruments (continued)**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)**2.15 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.17 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.19 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.20 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Useful Lives of Intangible and Tangible Fixed Assets

The estimation of the useful lives of items of intangible and tangible fixed assets is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets.

Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Income Taxes

We must make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, (ii) the calculation of differences in the timing of recognition of revenue and expense for tax and financial statement purposes that will ultimately be reported in tax returns, as well as (iii) the calculation of interest and penalties related to uncertain tax positions.

Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs.

We are subject to the income tax laws and regulations of the jurisdictions in which we operate. These tax laws and regulations are complex and involve uncertainties in the application to our facts and circumstances that may be open to interpretation. We recognise benefits for these uncertain tax positions based upon a process that requires judgment regarding the technical application of the laws, regulations, and various related judicial opinions. If, in our judgment, it is more likely than not that the uncertain tax position will be settled favourably to us, we estimate an amount that ultimately will be realised. This process is inherently subjective, since it requires our assessment of the probability of future outcomes. We evaluate these uncertain tax positions on a quarterly basis, including consideration of changes in facts and circumstances, such as new regulations or recent judicial opinions, as well as the status of audit activities by taxing authorities. Changes to our estimate of the amount to be realised are recorded in our provision for income taxes during the period in which the change occurred.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Judgments in applying accounting policies (continued)

We must also assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income. FRS 102 recognises deferred tax assets to the extent that it is probable that sufficient taxable profits will be available to utilise the deductible temporary difference or unused tax losses. Changes in our judgment regarding the ability to recover our deferred tax assets are reflected in our tax provision in the periods in which the changes occur.

Sales Incentives

Sales incentives are recorded as a reduction of sales in the statement of comprehensive income. Sales incentives include on-going trade promotion programs with customers that require us to estimate and accrue for the expected costs of such programs. These programs include cooperative marketing programs, rebates and other promotional activities. Costs related to these sales incentive programs are recorded as a reduction to sales upon delivery of products to customers.

Sales incentives are calculated based primarily on historical rates and consideration of recent promotional activities. The determination of sales incentive costs and the related liabilities require us to use judgment for estimates that include current and past trade promotion spending patterns, status of trade promotion activities and the interpretation of historical spending trends by customer and category. We review our assumptions and adjust our sales incentive allowances accordingly on a quarterly basis. Our financial statements could be materially impacted if the actual promotion rates are different from the estimated rates and applied to a large volume of sales.

Foreign Currency Forward Contracts

In the normal course of business, we employ established policies and procedures to manage our exposure to fluctuations in foreign currency exchange rates. We utilise foreign currency forward contracts to limit our exposure to net asset balances held in non-functional currencies, specifically the Euro and U.S. Dollar. We regularly monitor our foreign currency exchange rate exposures to ensure the overall effectiveness of the foreign currency hedge positions. While we engage in foreign currency hedging activity to reduce its risk, for accounting purposes, none of our foreign currency forward contracts are designated as hedges.

Foreign currency forward contracts are carried at fair value, with net realised and unrealised gains and losses recognised currently in other income (expense) in the statement of comprehensive income. Foreign currency forward contracts in an asset position at the end of the reporting period are included in other debtors, while foreign currency forward contracts in a liability position at the end of the reporting period are included within the creditors balance on the balance sheets. At August 31, 2020, we had a notional amount of £9.6m (2019: £7.1m) outstanding in foreign currency forward contracts. The notional amount was estimated based on our net asset balances at the time we entered into the hedge. Changes to our estimate of the amount to be hedged could result in over or under hedging, which could have a material impact on our financial statements.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Turnover

The Company's activities constitute a single class of business.

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	24,124	23,764
Rest of Europe	86,398	85,935
Rest of the World	13,385	15,338
	123,907	125,037

5. Operating profit

The operating profit is stated after charging / (crediting):

	2020	2019
	£000	£000
Research and development charged as expense	42	55
Depreciation of tangible assets	1,336	1,011
Amortisation of intangible assets, including goodwill	613	1,186
Operating lease charges	441	412
Profit on sale of fixed assets	(95)	(82)
Exchange rate loss	287	291
Defined contribution pension cost	934	972
Inventory recognised as an expense	51,327	53,305
Impairment/(Reversal) of trade debtors	65	(28)

In the final quarter of 2019, the cost structure of charges from certain warehousing/distribution suppliers was altered and the allocation of these revised charges has been appropriately allocated between Cost of Sales and Distribution Costs to reflect the basis of charges from these suppliers.

The effect of this change is shown in the Distribution Cost and Cost of Sales lines in the Income Statement.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	180	123

Included within the auditors' remuneration is £5,000 (2019: £5,000) relating to the audit of the immediate parent company WD-40 Holdings Limited. A portion of the above total audit fee for the current year has been borne by the ultimate parent company of the group.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	13,070	12,665
Social security costs	2,966	2,851
Other pension costs	934	972
	16,970	16,488

Share based equity awards including Restricted Stock Units (RSUs), Deferred Performance Units (DPUs) and Performance Stocks Units (PSUs) of £326,000 (2019: £272,000) were awarded during the year.

The average monthly number of employees, including the Directors, during the year was as follows:

	2020	2019
	No.	No.
Sales & Marketing	121	113
Administration	114	115
	235	228

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Directors' remuneration

One of the Company's two Directors is employed by WD-40 Company, the ultimate parent company, and did not receive emoluments from WD-40 Company Limited. The Director did not receive any emoluments from any other party specifically for services as a Director of WD-40 Company Limited and it is not possible to make an accurate apportionment of the Director's emoluments received from other group companies in respect of their services to WD-40 Company Limited. Accordingly these financial statements include no emoluments for this Director (2019: £nil).

The director, for whom remuneration is disclosed in these financial statements, is also the highest paid director of the entity.

	2020	<i>2019</i>
	£000	<i>£000</i>
Director's emoluments	363	<i>440</i>
Amounts receivable under long-term incentive schemes	129	<i>113</i>
Company contributions to defined contribution pension schemes	19	<i>22</i>
	511	<i>575</i>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

The paid Director did not exercise share options during the year and has shares receivable under a long term incentive scheme. The paid Director also received a dividend payment of £4,000 (2019: £6,000) from the Company's ultimate parent company.

The Key Management Personnel of the Company comprise the European Tribal Council. The total amount of employee benefits, including share based equity award and employer's pension contributions, received by Key Management Personnel, including Directors, for their services to the Company was £1,879,000 (2019: £1,995,000)

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Interest receivable and similar income

	2020	<i>2019</i>
	£000	<i>£000</i>
Interest receivable	2	<i>18</i>
	<u>2</u>	<u><i>18</i></u>
	<u>2</u>	<u><i>18</i></u>

10. Interest payable and similar expenses

	2020	<i>2019</i>
	£000	<i>£000</i>
Loan interest payable	447	<i>295</i>
	<u>447</u>	<u><i>295</i></u>
	<u>447</u>	<u><i>295</i></u>

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Tax on profit

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	4,126	3,897
Adjustments in respect of previous periods	(98)	(42)
	4,028	3,855
Double taxation relief	(462)	(452)
	3,566	3,403
Foreign tax		
Foreign tax on income for the year	641	688
	641	688
Total current tax	4,207	4,091
Deferred tax		
Origination and reversal of timing differences	(10)	(57)
Adjustments in respect of previous periods	94	(88)
Changes in tax rates	(20)	6
Total deferred tax	64	(139)
Taxation on profit	4,271	3,952

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Tax on profit (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit before tax	21,665	20,345
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	4,116	3,866
Effects of:		
PY expenses not deductible for tax purposes	-	30
Expenses not deductible for tax purposes	52	-
Higher rate taxes on overseas earnings	179	235
Adjustments in respect of previous periods	(4)	(131)
Tax rate changes	(20)	6
Share options	(52)	(54)
Total tax charge for the year	4,271	3,952

Factors that may affect future tax charges

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to UK Corporation tax rate which will reduce the main rate of corporation tax to 17% from 1 April 2020.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Dividends

	2020 £000	2019 £000
Interim dividend paid	16,600	59,796
	16,600	59,796
	16,600	59,796

The dividend paid on each share amounted to £66.37 (2019: £239.09).

13. Intangible assets

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 September 2019	3,644	10,940	14,584
Additions	253	-	253
Disposals	(7)	-	(7)
At 31 August 2020	3,890	10,940	14,830
Accumulated Amortisation			
At 1 September 2019	1,831	10,940	12,771
Charge for the year	613	-	613
On disposals	(7)	-	(7)
At 31 August 2020	2,437	10,940	13,377
Net book value			
At 31 August 2020	1,453	-	1,453
At 31 August 2019	1,813	-	1,813

WD-40 COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. Intangible assets (continued)

Goodwill relates to;

- (i) The acquisition of the 3-in-One brand rights during 1995/96 for the UK, Europe and Middle East; the goodwill was amortised on a straight-line basis over 15 years;
- (ii) Goodwill on the 1001 brand acquired in 2003/4, the goodwill was amortised on a straight-line basis over 10 years;
- (iii) Goodwill on the purchasing rights to sell direct in Belgium. This goodwill was acquired in January 2014 and has been amortised on a straight-line basis over 5 years;
- (iv) Goodwill on the GT-85 acquisition in September 2014, has been amortised on a straight-line basis over 5 years.

The useful life of goodwill is based on the expected use of those acquired brands and rights to sell.

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14. Tangible assets

	Freehold land £000	Buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 September 2019	117	1,593	140	1,903	2,433	11,114	17,300
Additions	-	434	382	272	717	4,617	6,422
Disposals	-	(115)	-	(170)	(518)	-	(803)
Transfers between classes	521	7,619	-	815	-	(8,955)	-
At 31 August 2020	638	9,531	522	2,820	2,632	6,776	22,919
Accumulated Depreciation							
At 1 September 2019	-	1,037	59	1,251	894	-	3,241
Charge for the year on owned assets	-	225	47	487	577	-	1,336
Disposals	-	(115)	-	(170)	(372)	-	(657)
At 31 August 2020	-	1,147	106	1,568	1,099	-	3,920
Net book value							
At 31 August 2020	638	8,384	416	1,252	1,533	6,776	18,999
At 31 August 2019	117	556	81	652	1,539	11,114	14,059

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15. Stocks

	2020	2019
	£000	£000
Raw materials	262	164
Work in progress	161	219
Finished goods	9,805	8,732
	10,228	9,115

The carrying value of stocks are stated net of impairment losses totalling £6,000 (2019: £1,000).

Stock recognised in cost of sales during the year as an expense was £51,327,000 (2019: £53,305,000).

16. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Deferred tax asset	203	267
	203	267
Due within one year		
Trade debtors	35,937	31,268
Other debtors	89	138
Prepayments and accrued income	2,444	1,958
	38,673	33,631

Trade debtors are stated after provision for impairment of £69,000 (2019: £27,000).

Other debtors relate to cloud computing costs capitalised as part of the development of Blackline and Phocas software.

17. Cash at bank and in hand

	2020	2019
	£000	£000
Bank and cash balances	13,211	14,787
	13,211	14,787

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18. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	6,786	5,758
Amounts owed to group undertakings	9,571	1,242
Corporation tax	107	59
Other taxation and social security	2,805	2,243
Other creditors	1,610	2,337
Accruals and deferred income	5,826	6,399
	26,705	18,038

Amounts owed to group undertakings are repayable on demand, unsecured, and interest-free.

19. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loan (note 20)	34,373	34,613
	34,373	34,613

20. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£000	£000
Amounts falling due 2-5 years		
Bank loans 2-5 yrs	34,373	34,613
	34,373	34,613

On 22 January 2019 the Company entered into the revolving line of credit agreement which was agreed between its ultimate parent company and its bank, expiring on 30 September 2025. This facility is secured against the assets of the ultimate parent company. No assets owned by WD-40 Company Limited have been offered as security. As at 31 August 2020 the Company had two outstanding draw downs on the credit facility, £21,000,000 and €15,000,000, both subject to interest at LIBOR. The Company has access to a total credit facility of \$50,000,000.

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21. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>35,937</u>	<u>31,406</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(56,587)</u>	<u>(48,105)</u>

Included within financial assets that are debt instruments measured at amortised cost are Trade debtors.

Included within financial liabilities measured at amortised cost are Trade creditors, Amounts owed to group undertakings, Accruals and deferred income, provisions for liabilities and Bank loans.

Financial assets measured at fair value through profit or loss

The Company enters into forward foreign currency contract to mitigate the exchange rate risk for certain foreign currency receivables.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the contracts are the forward exchange rates for GBP:USD and GBP:EUR. As at 31 August 2020 the fair value of the forward foreign currency contracts is £9,580,000 (2019: £7,067,000).

The change in value included in the Profit or Loss Account was £120,000 gain (2019: £371,000 loss).

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22. Deferred taxation

	2020 £000
At beginning of year	267
Charged to profit or loss	(64)
At end of year	203

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Fixed asset timing differences	6	94
Short term timing differences - trading	197	173
	203	267

23. Provisions for liabilities

	Dilapidations provision £000
At 1 September 2019	93
Utilised	(62)
At 31 August 2020	31

Dilapidations Provision

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2021 and 2022 as the leases terminate.

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24. Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
250,100 (2019 - 250,100) Ordinary shares of £1.00 each	250	250

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

25. Reserves**Share premium account**

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net share issue costs, bonus issue of shares and any subsequent capital reductions.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

26. Share based payments

At 31 August 2020, WD-40 Company, the ultimate parent company in the USA, had one share incentive plan, the WD-40 Company 2016 Stock Incentive Plan ("2016 Plan"), which was approved by the ultimate parent company's shareholders effective as of 13 December 2016. The 2016 Plan permits the granting of various share-based equity awards, including non-qualified share options, incentive share options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units and other share-based awards to employees, directors and consultants.

To date through 31 August 2020, the ultimate parent company had granted awards of restricted share units ("RSUs"), market share units ("MSUs") and deferred performance units ("DPUs") under the 2016 Plan. Additionally, as of 31 August 2020, there were still outstanding RSUs, MSUs and DPUs which had been granted under the ultimate parent company's prior equity incentive plan. The 2016 Plan is administered by the ultimate parent company's Board of Directors (the "Board") or the Compensation Committee or other designated committee of the Board (the "Committee"). All share-based equity awards granted under the 2016 Plan are subject to the specific terms and conditions as determined by the Committee at the time of grant of such awards in accordance with the various terms and conditions specified for each award type per the 2016 Plan. The total number of shares of the ultimate parent company's common shares authorised for issuance pursuant to grants of awards under the 2016 Plan is 1,000,000. At 31 August 2020, 627,742 shares (2019: 720,373 shares) of the ultimate parent company's common shares remained available for future issuance pursuant to grants of awards under the 2016 Plan.

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26. Share based payments (continued)

Vesting of the RSUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees is over a period of three years from the date of grant, subject to potential earlier vesting in the event of retirement of the holder of the award in accordance with the award agreement, with shares to be issued pursuant to the vested RSUs at the time of vest.

Vesting of the MSUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees follows a performance measurement period of three fiscal years commencing with the company's fiscal year in which the MSU awards are granted (the "Measurement Period"). Shares will be issued pursuant to the vested MSUs following the conclusion of the applicable MSU Measurement Period after the Committee's certification of achievement of the applicable performance measure for such awards and the vesting of the MSU awards and the applicable percentage of the target number of MSU shares to be issued. The recipient must remain employed with the company for vesting purposes until the date on which the Committee certifies achievement of the applicable performance measure for the MSU awards, subject to potential pro-rata vesting in the event of earlier retirement of the holder of the award in accordance with the award agreement.

Vesting of the DPUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees follows a performance measurement period of one fiscal year that is the same fiscal year in which the DPU awards are granted (the "Measurement Year"). A number of DPUs equal to the applicable percentage of the maximum number of DPUs awarded will be confirmed as vested following the conclusion of the applicable DPU Measurement Year after the Committee's certification of achievement of the applicable performance measure for such awards (the "Vested DPUs"). The recipient must remain employed with the company for vesting purposes until 31 August of the Measurement Year, subject to potential pro-rata vesting in the event of earlier retirement of the holder of the award in accordance with the award agreement. For recipients who are residents of the United States, the Vested DPUs must be held until termination of employment, with shares to be issued pursuant to the Vested DPUs six months following the day after each such recipient's termination of employment with the company. For recipients who are not residents of the United States, the Committee has discretion to either defer settlement of each such recipient's Vested DPUs by issuance of shares following termination of employment or settle each Vested DPU in cash by payment of an amount equal to the closing price of one share of the ultimate parent company's common shares as of the date of the Committee's certification of the relative achievement of the applicable performance measure for the DPU awards. Until issuance of shares in settlement of the Vested DPUs, the holders of each Vested DPU that is not settled in cash are entitled to receive dividend equivalents with respect to their Vested DPUs, payable in cash as and when dividends are declared by the ultimate parent company's Board of Directors.

Share-based compensation expense is recognised on a straight-line basis over the requisite service period for the entire award. Share-based compensation expense related to the WD-40 Company Limited's share-based equity awards totalled £326,000 (U.S. \$409,000) and £272,000 (U.S.\$352,000) for the fiscal years ended 31 August 2020 and 2019, respectively. The Company recognised corporation tax benefits related to such share-based compensation expense of £45,000 (U.S.\$57,000) and £39,000 (U.S.\$50,000) for the fiscal years ended 31 August 2020 and 2019, respectively, and additional net corporation tax benefits of £56,000 (U.S. \$63,000) and £40,000 (U.S.\$46,000) for the fiscal years ended 31 August 2020 and 2019, respectively, arising upon conversions of RSUs, MSUs and DPUs to common shares, net of the impact of adjustments of the deferred tax asset related to share-based compensation expense for share-based equity awards resulting from enacted changes in corporation tax rates and re-measurement due to changes in foreign currency exchange rates.

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27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £934,000 (2019: £972,000). Contributions totalling £22,000 (2019: £78,000) were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 31 August 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Land & Buildings		
Not later than 1 year	329	239
Later than 1 year not later than 5 years	985	337
Over 5 years	288	-
	<u>1,602</u>	<u>576</u>
	2020	2019
	£000	£000
Other		
Not later than 1 year	8	14
Later than 1 year and not later than 5 years	6	14
	<u>14</u>	<u>28</u>

29. Controlling party

The Company's immediate parent company is WD-40 Holdings Limited.

The ultimate parent undertaking and controlling party is WD-40 Company incorporated in the United States. This is the parent undertaking of the only group to consolidate these financial statements. Copies of the group financial statements can be requested from WD-40 Company, 9715 Businesspark Avenue, San Diego, California, 92131, USA.