

COMPANY NUMBER: 09876184

**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED  
**03 July 2020**

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**PEOPLE AGAINST HOLDINGS LIMITED**  
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**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**  
**COMPANY INFORMATION**

**Directors**

Jeff Bezzo  
Guillermo Beade  
Kristi Peterson

**Company number**

09876184

**Registered office**

The Ministry of Clean  
1 Eton Street  
Richmond  
London  
TW9 1AG

**Independent auditor**

Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

The directors present their strategic report for People Against Dirty Holdings Limited ("the Group") for the period ended 03 July 2020.

## **BUSINESS REVIEW**

The Group is in business to develop, produce, distribute, market and sell environmentally sensitive cleaning products that emphasise innovative design, fragrances, and packaging. The Group sells its products under the trade names "Method" and "Ecover", and sells primarily to mass-market retailers, national grocery chains, drug chains and e-commerce retailers.

## **KEY PERFORMANCE INDICATORS**

The key financial performance indicators that are considered most important to measure the performance and progress of the Group are shown below. Please note that all figures stated below relate to the results from continuing operations only.

### **Turnover**

Turnover represents amounts receivable for goods and services supplied, net of discounts, returns and sales taxes.

2020 (12 Months): €101.9m  
2019 (18 Months): €129.7m

### **Gross Margin**

Gross margin percentage is gross profit expressed as a percentage of group turnover.

2020 (12 Months): 29.8%  
2019 (18 Months): 32.5%

### **Operating loss excluding exceptional items**

Operating profit/(loss) excluding exceptional items is operating loss adding back exceptional expenses.

2020 (12 Months): €2.6m  
2019 (18 months): (€0.7m)

### **Net finance costs**

Net finance costs are the net interest expense in respect of facilities provided to the Group.

2020 (12 Months): (€2.8m)  
2019 (18 Months): (€3.7m)

### **Net Surplus**

Net surplus is the sum of short and long-term debt receivable plus cash at bank and in hand (note 24)

2020: €36.2m  
2019: €29.4m

#### KEY PERFORMANCE INDICATORS (CONTINUED)

Turnover in the period ended 03 July 2020 was €101.9m compared to €129.7m in the prior 18 month period. This represents 18% growth compared to a prorated prior period of which a third of the growth can be attributed to a surge in demand from March 2020 due to COVID-19. The remaining growth related to strong sales across both Ecover & Method brands with Method in particular benefitting from high demand for multi-surface sprays and hand soaps.

Gross profit margin as a percentage of turnover on continuing operations was 29.8% in the period ended 03 July 2020, a decrease of around 2.7% on the prior period. This is mainly driven by the higher trade spend activities in the form of commercial discounts with our customers and additional procurement costs derived from the surge in demand from COVID-19.

The operating profit has increased to €2.6m for the period ended 03 July 2020 (2019 loss: €0.7m). The company continuously focus on cost management and control of the selling, distribution and administration costs. Limiting the increase in these costs relative to sales & margin growth provides leverage driving higher operating profit.

Finance costs have decreased to €2.8m for the period ended 03 July 2020 (2019: €3.7m) is mainly driven by the foreign exchange fluctuation and debt collections charges in the shorter accounting period.

The net surplus position of the group has improved significantly by €6.8m, this is due to additional cash requirements from SC Johnson, therefore loans due from related parties have increased in the year.

#### PRINCIPAL RISKS AND UNCERTAINTIES

We consider the following matters to be the principal risks and uncertainties affecting the Group.

**Our business is subject to numerous risks as a result of having significant operations and sales in international markets, including foreign currency fluctuations and political and economic uncertainty attributed to Brexit.**

The Group is a global business which holds assets, incurs liabilities, earns revenues and pays expenses in a variety of currencies other than the Euro, and operations in the United Kingdom generate a significant portion of net revenues. Fluctuations in exchange rates for foreign currencies may reduce the value of revenues, profits and cash flows received, increase supply costs, or otherwise adversely impact business results or financial condition. While increased political and economic uncertainty was generated by the UK's decision to leave the EU, Brexit will not change our commitment to creating a strong and thriving UK and European business. Management will continue to monitor conditions in its EU markets and will implement measures to minimise business disruption. This will include but is not limited to, hedging activities as appropriate to manage foreign exchange risk, enhanced supply chain planning and associated inventory holding measures and the supporting of EU nationals working within the UK operations.

**The ability to achieve our business objectives is dependent on how well we can continue to compete with local and global competitors in new and existing markets and channels.**

The ecological products industry is highly competitive. Across all our categories, we compete against a variety of global and local competitors. As a result, we experience ongoing competitive pressures in the environments in which we operate, as well as challenges in maintaining profit margins. To address these challenges, we must be able to respond successfully to competitive factors, including pricing, promotional incentives and trade terms. In addition, the emergence of new sales channels and business models may affect customer and consumer preferences as well as market dynamics. Failure to respond successfully to competitive factors and effectively compete in new sales channels could negatively impact on our results.

**A significant change in customer relationships or in customer demand for Method & Ecover products could have a significant impact on our business.**

The Group sells most of its products via retail customers, which include mass merchandisers, grocery stores, drug stores, distributors, e-commerce and high-frequency stores. Our success is dependent on our ability to manage successful relationships with our retail trade customers, which includes our ability to offer trade terms that are mutually

acceptable and are aligned with our pricing and profitability targets. Continued consolidation among our retail customers could create significant cost and margin pressure on our business, and our business performance could suffer if we cannot reach an agreement with a key retail customer based on our trade terms and principles. Our business could also be negatively impacted if a key retail customer were to significantly reduce the inventory level of our products or experience a significant business disruption.

**If the reputation of the Method or Ecover brand was eroded significantly, it could have a material impact on our financial results.**

The quality and safety of our products are critical to our business. Our financial success is directly dependent on the success of our brands. Our results could also be negatively impacted if one of our brands suffers a substantial impediment to its reputation due to a significant product recall, product-related litigation, allegations of product tampering or the distribution and sale of counterfeit products. Additionally, negative or inaccurate postings or comments on social media or networking websites about the company or one of its brands could generate adverse publicity that could damage the reputation of our brands. If we are unable to effectively manage real or perceived issues, including concerns about safety, quality, efficacy or similar matters, sentiments toward our products could be negatively impacted and our financial results could suffer. The PAD Group also devotes significant time and resources to programs that are consistent with our corporate values and are designed to protect and preserve our reputation, such as social responsibility and environmental sustainability. If these programmes are not executed as planned or suffer negative publicity, the Group's reputation and financial results could be adversely impacted.

**Our business results depend on our ability to successfully manage ongoing organisational change.**

Our financial targets assume a consistently improved level of innovation and efficiencies in productivity to meet the challenges facing the businesses of the Group. If we are unable to react to these challenges whilst continuing to invest in business growth, our financial results could be adversely impacted.

**EXPOSURE TO CREDIT, LIQUIDITY AND CASHFLOW RISK**

The Group's activities expose it to a variety of financial risks including foreign exchange, credit, liquidity, and cash flow risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**Foreign exchange risk** - The Group operates globally. The exchange risk largely concerns positions and future transactions in foreign currencies. On the basis of a risk analysis, the Group from time to time decides to hedge some of these positions. Hedge accounting is not applied.

**Credit risk** - Accounts receivable is the primary financial instrument that subjects the Group to credit risk. The Group generally does not require collateral from its customers and generally requires payment on normal commercial terms. The Group periodically evaluates the collectability of its accounts receivable and will review and amend credit limits as appropriate. Where necessary the Group will provide an allowance for potential credit losses based on quarterly recovery risk assessment.

**Liquidity risk** - The Group mitigates liquidity risk by managing the cash requirements of its operations and also through the financial supports provided by SC Johnson and Group borrowings.

**EXPOSURE TO CREDIT, LIQUIDITY AND CASHFLOW RISK (CONTINUED)**

Cash flow - The Group has financial assets and liabilities which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits, loans and borrowings by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group generally does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity.

**COVID-19**

The Group benefitted from higher turnover in the period ending 03 July 2020 from COVID-19 and we continue to see higher run rates on a number of our product lines. We are however aware that the pandemic has resulted in potential increased risk across a number of areas of the business. We have built scenario plans defining actions we would take to mitigate these risks and protect profitability. The main areas of risk can be summarised into the following areas:

**Demand for our products**

Demand remains volatile across our product ranges. Whilst run rates in some of the categories in which we operate remain higher than pre-COVID-19 levels others have declined. This makes it more difficult to plan what we should be producing both in short to medium term. To address this, we are spending more time analysing market trends, reviewing investment choices and adapting our innovation pipeline.

We are aware that as key markets enter recession and as disposable income drops that consumers behaviour may change. This may result in reduced demand for premium sustainable products with consumer switching to private label and lower cost options.

Our retail customers are also adapting to the COVID-19 environment, delaying range reviews and consolidating the number of products types on shelves. This impacts the ability to get new products on shelf as well as maintain existing distribution points. The sales teams in each of the markets we operate are working hard to mitigate this risk highlighting the strength of our brands and differentiating factors of our products.

**Supply chain**

The volatility in demand makes it more difficult to plan production, not only what to produce but how much. This may result in periods where production capacity is not enough to meet demand. In order to address this risk we have looked at a number of ways of expanding capacity through additional shifts in our Belgium plant, building inventory levels during low demand periods and exploring third party manufacturing options.

We are also seeing some constraints on the supply of key materials used in our products due to increased global demand. Our procurement team is maintaining close dialogue with our critical suppliers to secure supply and minimise any inflationary pressures. In addition, they continue to work with the wider SC Johnson team to explore alternatives and leverage synergies to build relationships with new suppliers.

**Our people**

Our people are critical to ensuring the business continues to operate in a COVID-19 environment. We recognise the hard work and flexibility of our people to continue to support the business needs during exceptionally challenging and uncertain times.

Our manufacturing plant in Belgium remained open during the period with social distancing measures adopted to make sure the safety and wellbeing of our people. Many of our office employees have been working from home during the second half of the period with the business providing support to facilitate an effective remote working environment. We have also invested in our offices in order to make them compliant with social distancing requirements in each of the countries we operate.

**EXPOSURE TO CREDIT, LIQUIDITY AND CASHFLOW RISK (CONTINUED)**

**COVID-19 (continued)**

The Group will continue the modelling of COVID-19 scenarios to identify and evaluate the financial impacts and opportunities, with an assessment of potential liquidity mitigation options.

Disclosures in relation to Section 172 and Streamlined Energy and Carbon Reporting Framework are included within the Directors Report.

This report was approved by the board on 31<sup>st</sup> March 2021 and signed on its behalf.



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Jeff Bezzo - Director



**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS (CONTINUED)**

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The directors submit their report and the audited financial statements of the group for the period ended 03 July 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the Company continued to be that of a holding company. The principal activity of the Group continues to be the manufacturing and distribution of cleaning products as set out on page 4.

**RESULTS AND DIVIDENDS PROPOSED**

The results for the Group for the period are set out in detail on page 18. No dividends were paid out in FY2020.

On 24th September 2020, Ecover Co-ordination centre and People Against Holdings Limited issued a dividend of €13.33m and €31.12m respectively.

**DIRECTORS**

The directors of the Company who served during the period and up to the date of signing were:

Jeff Bezzo (appointed 19 February 2021)  
Guillermo Beade (appointed 19 February 2021)  
Kristi Peterson (appointed 19 February 2021)  
Audrey S Ditter (resigned 19 February 2021)  
Timothy Bailey (resigned 19 February 2021)

**FUTURE DEVELOPMENTS**

The directors remain committed to improving the financial performance of the group and maintaining the focus on sustainability and ethical business practice, as outlined fully in the Strategic Report.

## SECTION 172 (1) STATEMENT

The nature of the Group's business, being in the environmentally sustainable market, evidences the Directors' aim that the Group be and remain a good 'Corporate Citizen'.

The Group's mission is to be a market leader and force for good in the supply of environmentally sensitive cleaning products and the associated innovation. The green/sustainable reputations of our brands form the foundation of our relationships with key stakeholders, including consumers, customers and suppliers. The Group aims to use its position to drive awareness of the need to ensure that the planet's precious and scarce resources are used appropriately for the benefit of current and future generations. The Board considers that the business and strategic decisions which it takes now in furtherance of the Group's business objectives are of long-term benefit for the global environment, reducing the need for unsustainable and harmful cleaning products.

### Consumer

We engage with consumers through our customer care lines ('voice of the people') in the markets we operate, surveys on sustainability and focus groups on new product launches. Consumers are increasingly looking for quality products with more natural ingredients and less packaging. Concerns around waste, plastics and climate change continue to grow. In developing our products we are continually looking at ways to reduce plastic and waste. A new washing up liquid was launched during the period using 25% waster ingredients from the beer brewing process. We relaunched our Ecover laundry range supported by a 'laundry against landfill' campaign encouraging people to keep their clothes longer. We have also been trialling refill solutions in some of our key retailers during the period with a view to reducing packaging.

### Customer

We have direct relationships with our main customers across Europe. We partner and work with them in line with our Retail Relationship strategy with the aim of growing their sales as well as our own. This is further supported through investment in our brands, provision of market insight on the categories in which we operate and new product development. We also help guide our customers in terms of sustainability which continues to be a key area of interest and focus. We also see an increased interest across our customers in Ecommerce and we continue to work with them to support and develop this channel.

### Planet and Community

Throughout the period we engaged with stakeholders from civil society, consumers, customers, suppliers and employees as we updated our sustainability priorities and targets. We directly engaged external stakeholders in the sustainability strategy development process, sought direct feedback via interviews and conducted surveys with consumers to understand their priority sustainability issues. Concerns around plastic waste, climate change and biodiversity loss were all called out as rising in both importance and urgency.

We hosted workshops on our approach to carbon reduction and the application of circular economy principles in our supply chain. Through our parent company, we engaged with the Ellen MacArthur Foundation on driving the circular economy and reported our plastics footprint. In the UK, we participated in the UK Plastics Pact, with a particular focus on driving refill behaviour through the Refill Collaborative Action Group.

Throughout the period, our leadership team monitored progress on our ambitious plastics targets and discussed the development of our new carbon reduction targets and programmes to support nature based solutions.

Shareholders

Our shareholder is SC Johnson & Sons Inc a U.S company any plays an active role in strategic direction and performance of the business. This is facilitated through a divisional matrix operating structure allowing the business to make effective local decisions leveraging wider group resources.

Employee engagement

The group take diversity and equality seriously and all applicants are given full and fair consideration. In the event an employee becomes disabled, all efforts will be made where possible to ensure that they can continue with our organisation. Policies and procedures are in place to prevent any instances of bullying and harassment to ensure that all employees have equal opportunities. The Group maintains a whistle-blower programme accessible to all employees.

All employees are encouraged to work towards the business strategy and are adequately rewarded to both retain and attract talent into the organisation. The Group has a bonus programme in place that rewards employees based on the Group's achievement of the key financial targets, combined with individual employee performance. The business reserves the right to withhold bonuses where an individual is not considered to have performed at the appropriate level.

Due to the nature of the business, all employees are managed closely and work with their respective peers and seniors in small groups. We welcome, encourage and value all employee input both as part of the of the formalised appraisal system and during the normal course of business.

The Group has clear employee performance review structures in place to allow the detailed review, communication of and tracking of employee performance and performance improvement where required. The Group regularly organises events, both inside and outside of the workplace, to encourage peer relationship building and to enhance the open and collaborative organisational culture. We believe that the Group organisational culture allows and encourages employees to raise issues and suggestions as they arise.

Governance

Regular board meetings ensure that the Group maintains compliance with its corporate governance codes and ensures that its business is conducted inline with the ethical standards and with integrity.

### STREAMLINED ENERGY AND CARBON REPORTING

#### Our environment

The Company recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption, carbon emissions, water usage and waste.

#### Energy Consumption and Carbon Emissions

Energy consumption at the Company's factory has been an important consideration since its construction. The building was designed to let in sunlight, providing natural lighting and reducing the need for heating. A living green roof was planted to help with insulation. In 2019, solar panels were installed on the roof area not covered by the green roof to supply renewable energy to the site. The business continues to promote our energy saving across its own factory and offices through the timely supply of accurate energy consumption reporting. During 2020, the Company has continued to invest in energy saving technologies including LED lighting.

#### Greenhouse gas emissions

We report Scope 1 and 2 emissions defined by the Greenhouse Gas protocol as follows:

Scope 1 (Direct emissions): operation of facilities; and

Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam.

#### Greenhouse gas emissions data

Emissions data in respect of the 2020 reporting period was as follows

Emission Type	CO2e tonnes
	<b>2020</b>
Scope 1: Operation of facilities	296
Scope 2: Purchase Energy (UK)	282
Total Emissions	578

#### Greenhouse gas emissions intensity ratio:

	<b>2020</b>
Total footprint (Scope 1 and Scope 2) – CO2e tonnes	578
Turnover (€)	101.9m
Intensity Ratio (CO2e tonnes/€1m)	5.7

#### Scope and Methodology:

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions.

We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), except where stated.

The period of our report is from 01 July 2019 to 03 July 2020.

This includes emissions under Scope 1 and 2, except where stated, but excludes emissions from Scope 3.

Conversion factors for UK electricity, gas and other emissions are those published by the department for business, Energy and Industrial strategy 2018.

#### Waste

In 2020, the company had a diversion rate of manufacturing waste from landfill and incineration of 94.6%. In 2019, the company received TRUE Zero Waste certification at the platinum level based on an increase in diversion rates and the implementation of a holistic approach to waste management. As part of the certification process, several new practices were put into place. For example, the factory moved relevant raw materials to bulk storage and reusable drums to avoid excessive packaging use and implemented a composting system to ensure food and garden waste is converted to usable compost.

#### Gas, Electricity and Water

The company used 145,190 cubic feet of gas, 1,606,369 Kwh of electricity and 4421 m<sup>3</sup> of water in the year.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The research and development performed by the Group focus on product development, development of packaging and product safety. The product research and development related to both pure research and applied research. The total research and development expenses included in the 2020 consolidated statement of comprehensive income was €2.0m (2019: €2.5m).

#### **GOING CONCERN**

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the strategic report, directors report and primary financial statements. The group is net cash generative from operations and has both net current assets and net assets.

The directors have reviewed the Groups future business plan and forecasts for 12 months from the date of signing the financial statements and have received confirmation of continuing financial support, which covers a period of at least a year from the date of signing these financial statements, from its ultimate parent undertaking S.C. Johnson & Son Inc. The Group holds sufficient cash reserves to support the ongoing development and growth of the business operation.

In relation to the recent COVID-19 outbreak, our business continuity plans are working well. The directors are mindful of the risk associated with COVID-19 and have a plan in place to ensure a continuation of the group operations during COVID-19 and we have no reason to believe, at this stage, it will impact the going concern of the group.

As a result, the directors believe that the group has adequate resources to continue operations for the foreseeable future. Accordingly, the financial statements have been drawn up on the basis that the company is a going concern.

#### **DIRECTORS' INDEMNITY INSURANCE**

The Group and Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against the directors and/or officers by third parties. In accordance with section 234 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, as far as is permitted by law. Both the insurance and indemnities applied throughout the year and continue through to the date of this Directors' Report.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

#### **INDEPENDENT AUDITOR**

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board on 31<sup>st</sup> March 2021 and signed on its behalf by:



Jeff Bezzo - Director

**DIRECTORS' RESPONSIBILITIES STATEMENTS**

The directors are responsible for preparing the Strategic Report, Directors' 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 group and company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 Group and Company and of the profit and loss of the Group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLE AGAINST DIRTY HOLDINGS  
LIMITED**

**Opinion**

We have audited the financial statements of People Against Dirty Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the period ended 03 July 2020 which the Consolidated Statement of Comprehensive Income, Consolidated & Parent Company Balance Sheet, Consolidated & Parent Company Statement of Changes in Equity, Statement of Consolidated Cash flows and the related notes 1 to 31 & 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 03 July 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the 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 group's or the parent 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEOPLE  
AGAINST DIRTY HOLDINGS LIMITED

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**Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Joe Yglesia (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading  
Date: *1st April 2021*

**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 03 JULY 2020**

COMPANY NUMBER: 09876184

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30 June 2019 (18 months period)					
	Note	03 July 2020 Total*	Continuing Operations	Discontinuing operations	30 June 2019 Total
		€'m	€'m	€'m	€'m
Turnover	3	101.9	129.7	10.9	140.6
Cost of sales-total		(71.5)	(87.5)	(7.6)	(95.1)
Gross Profit		30.4	42.2	3.3	45.5
Selling and distribution costs		(16.2)	(26.6)	(3.2)	(29.8)
Administrative expenses- total		(11.6)	(16.3)	(1.3)	(17.6)
Operating profit/(loss)	4	2.6	(0.7)	(1.2)	(1.9)
Exceptional gain on sale of subsidiary undertaking	10	-	-	241.3	241.3
Gain/ (loss) on ordinary activities and investment income before interest and taxation		2.6	(0.7)	240.1	239.4
Interest receivable and similar income	8	0.2	1.5	-	1.5
Interest payable and similar charges	9	(2.8)	(3.7)	(0.1)	(3.8)
Net interest payable and similar charges		(2.6)	(2.2)	(0.1)	(2.3)
(Loss) / gain on ordinary activities before taxation		-	(2.9)	240.0	237.1
Taxation on (loss) / gain on ordinary activities	11	(2.3)	1.6	(0.2)	1.4
(Loss) / gain for the financial year		(2.3)	(1.3)	239.8	238.5
Owners of parent company		(2.3)			238.5
Other comprehensive (loss)/income					
Currency translation differences		0.1			1.3
Other comprehensive (loss)/income for the year		0.1			1.3
Total comprehensive (loss)/income for the year		(2.2)			239.8
Owners of parent company		(2.2)			239.8
		(2.2)			239.8

\*Results for the period are all derived from continuing operations.


**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 03 JULY 2020**

COMPANY NUMBER: 09876184

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	Notes	03 July 2020 €'m	30 June 2019 €'m
<b>Non-current assets</b>			
Intangible assets	12	14.6	15.7
Tangible assets	13	12.2	12.1
Associated undertakings	14	-	-
Debtors: Amounts falling due after more than one year	16	3.5	35.0
		<b>30.3</b>	<b>62.8</b>
<b>Current Assets</b>			
Stocks	15	15.1	12.8
Debtors: amounts falling due within one year	16	57.9	33.9
Cash at bank and in hand		11.4	4.9
		<b>84.4</b>	<b>51.6</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(36.7)</b>	<b>(34.4)</b>
<b>Net current assets</b>		<b>47.7</b>	<b>17.2</b>
<b>Total Assets less current liabilities</b>		<b>78.0</b>	<b>80.0</b>
Provisions for liabilities	19	0.2	-
<b>NET ASSETS</b>		<b>77.8</b>	<b>80.0</b>
<b>Capital and reserves</b>			
Called up share capital	22	-	-
Merger reserve		7.5	7.5
Retained earnings		70.3	72.5
<b>Equity attributable to owners of the parent</b>		<b>77.8</b>	<b>80.0</b>
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>77.8</b>	<b>80.0</b>

Approved by the board of directors and authorised for issue by:



Jeff Bezzo - Director

31.03.21

Date

The notes on pages 22 to 46 form an integral part of these financial statements

**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 03 JULY 2020**

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	Called up Share capital	Merger Reserve	Retained Earnings	Sub-Total	Non- controlling interest	Total Equity
	€'m	€'m	€'m	€'m	€'m	€'m
<b>Balance as at 01 July 2019</b>	-	7.5	72.5	80.0	-	80.0
Loss for the period	-	-	(2.3)	(2.3)	-	(2.3)
Other Comprehensive (loss) for the period	-	-	0.1	0.1	-	0.1
Total comprehensive (loss) for the period	-	-	(2.2)	(2.2)	-	(2.2)
<b>Balance as at 03 July 2020</b>	-	7.5	70.3	77.8	-	77.8
<b>Balance as at 01 January 2018</b>	175.2	7.5	(49.7)	133.0	-	133.0
Gain for the period	-	-	238.5	238.5	-	238.5
Other Comprehensive income for the period	-	-	1.3	1.3	-	1.3
Total comprehensive income for the period	-	-	239.8	239.8	-	239.8
Repayment of share capital	(175.2)	-	-	(175.2)	-	(175.2)
Dividends paid to shareholder	-	-	(117.6)	(117.6)	-	(117.6)
Total transactions with owners, recognised directly in equity	(175.2)	-	(117.6)	(292.8)	-	(292.8)
<b>Balance as at 30 June 2019</b>	-	7.5	72.5	80.0	-	80.0

The notes on pages 22 to 46 form an integral part of these financial statements

PEOPLE AGAINST DIRTY HOLDINGS LIMITED  
STATEMENT OF CONSOLIDATED CASH FLOWS

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		Group 03 July 2020	Group 30 June 2019 (18 Months)
	Notes	€'m	€'m
<b>Cash generated from operating activities</b>	<b>23</b>	<b>13.7</b>	<b>80.2</b>
Taxation paid		(0.6)	(0.4)
<b>Net cash generated from operating activities</b>		<b>13.1</b>	<b>79.8</b>
<b>Cash from investing activities</b>			
Purchase of intangible assets	12	-	(0.1)
Purchase of tangible assets	13	(3.2)	(6.6)
Disposal of tangible assets	13	-	-
Loans issued to related parties		-	(40.1)
Proceeds from disposals of a subsidiary undertaking	10	-	252.1
Net cash disposed of with subsidiary undertakings	10	-	(3.2)
<b>Net cash (utilised)/generated in investing activities</b>		<b>(3.2)</b>	<b>202.1</b>
<b>Cash from financing activities</b>			
Repayment of loans		-	-
Repayment on factoring facility		-	(6.5)
Net interest paid		(2.6)	(1.2)
Equity Dividends		-	(117.6)
Share Capital repayment		-	(175.2)
Loans from related parties		-	6.2
<b>Net cash (utilised) in financing activities</b>		<b>(2.6)</b>	<b>(294.3)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>7.3</b>	<b>(12.4)</b>
Cash and cash equivalents at the beginning of the period		4.9	17.2
Exchange (losses) / gains on cash and cash equivalents		(0.8)	0.1
<b>Cash and cash equivalents at the end of the period</b>		<b>11.4</b>	<b>4.9</b>

**1. ACCOUNTING POLICIES**

**1.1. GENERAL INFORMATION**

People Against Dirty Holdings Limited (PADHL) is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Ministry of Clean, 1 Eton Street, Richmond, London, TW9 1AG.

**1.2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by certain financial assets and liabilities measured at fair value through profit or loss and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The policies have been consistently applied.

Note the financial statements have been prepared to 03 July 2020, this is to align with the SC Johnson & Son, Inc. reporting timetable, which is the ultimate parent of the Group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 2).

The consolidated financial statements are presented in Euro, that being the presentational currency of the Group, and all values are rounded to the nearest million except where indicated. The parent company has taken advantage of the section 408 exemption not to present its individual profit and loss account as it has prepared group accounts.

The group has taken advantage of the exemption afforded by FRS 102.33.1A not to disclose transactions between wholly owned members of the group.

The results of Ecover Deutschland GmbH (German subsidiary), People Against Dirty UK Ltd and Ecover UK Ltd (UK Subsidiaries) are included in these consolidated financial statements. Ecover Deutschland GmbH has prepared its (individual) annual financial statements using exemptions according to Sections 264 (3) and 264b German Commercial Code (HGB) and therefore does not publish its Financial statements.

People Against Dirty UK Ltd and Ecover UK Ltd have prepared their (individual) annual financial statements using exemptions according to Section 479a of the UK Companies Act and therefore the individual financial statements of these entities were entitled to exemption from audit.

**Going Concern**

In relation to the recent COVID-19 outbreak, our business continuity plans are working well. At this very early stage of the outbreak, however, it is difficult to fully assess the magnitude of the impact of the group. The directors are mindful of the risk associated with COVID-19 and have a plan in place to ensure a continuation of the group operations during COVID-19 and we have no reason to believe, at this stage, it will impact the going concern of the group.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the group is well placed manage its business risks successfully. The Group also received confirmation of continuing financial support, which covers a period of at least a year from the date of signing these financial statements, from its ultimate parent undertaking S.C. Johnson & Son Inc. The Group holds sufficient cash reserves to support the ongoing development and growth of the business operation. As explain in the Directors' Report, the directors believe is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The financial statements of People Against Dirty Holdings Limited were authorised for issue by the Board of Directors on 31<sup>st</sup> March 2021.

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3. BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of the Group and its subsidiaries ("the Group"). These financial statements cover the period starting July 1, 2019 through July 03, 2020.

The consolidation of the subsidiaries acquired as part of the significant group restructure on December 10, 2015 was prepared under the principles of predecessor accounting, whereby an acquirer is not required to be identified, and all entities are included at their pre-combination carrying amounts. This accounting treatment led to no goodwill and differences on consolidation between consideration and fair value of the underlying net assets and the difference was included within equity as a merger reserve.

Subsidiaries are those entities in which the Group has power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Group controls another entity. Special purpose entities whose activities are conducted on behalf of the Group, where the special purpose entity is exposed to limited risks and the Group has the right to obtain the majority of the benefits of the entity, are deemed to be under the control of the Group and are consolidated. The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the date on which control is transferred to the Group and subsidiaries continue to be consolidated until the date that such control ceases. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the accounting policies adopted by the Group. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income with a corresponding adjustment to the carrying value amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit or loss of investment" in the consolidated statement of comprehensive income.

Intercompany transactions and balances (including intercompany profits) are eliminated on consolidation. Adjustments are made to eliminate the profit and loss arising on transactions with associates to the extent of the Group's interest in the entity.

In accordance with the transitional exemption available in FRS 102, the Group chose not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2013.

1. ACCOUNTING POLICIES (CONTINUED)

1.4 TURNOVER

**Sales of goods**

Revenue from the supply of goods is recognised as soon as all substantial rights and risks relating to the title to the goods are transferred to the customer, which is usually on the delivery of goods. Revenue is measured at the fair value of the consideration received, stated net of discounts, rebates, trade promotions, returns, value added taxes and other sales taxes or duty.

The Group routinely commits to one-time or on-going trade promotion and coupon programs with customers that require the Group to estimate and accrue the ultimate costs of such programs. Such programs include introductory marketing funds (slotting fees), cooperative marketing programs and shelf price reductions on the Group's products, advantageous end of aisle or in-store displays, graphics, and other trade promotion activities conducted by the customer. The Group accrues a liability at the end of each period for the estimated expenses incurred, but unpaid, for these programs.

**Royalties**

Royalty income arising on sales of Ecover products, and royalty expenses on sales of Method products in authorised territories across the world. Royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement.

**Dividends**

Revenue is recognised when the Group's right to receive payment is established.

1.5. 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.

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.

The estimated useful lives range as follows:

Trademarks, customer relationships and licenses.	- 5 - 27 years
Software	- 3 - 5 years

Amortisation is calculated on a straight-line basis. Amortisation is charged to administrative expenses in the consolidated statement of comprehensive income.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value and amortisation method over useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.



**1. ACCOUNTING POLICIES (CONTINUED)**

**1.5 INTANGIBLE ASSETS (CONTINUED)**

The intangible assets are reviewed for impairment at each reporting date. If any indicators of impairment exist, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease. An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

**1.6 TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at historical cost less accumulated depreciation. 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.

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. The estimated useful lives range as follows:

Buildings	15 – 39 years
Plant, equipment and other fixed assets	2 – 10 years

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.

The tangible fixed assets are reviewed for impairment at each reporting period. If any indicators of impairment exist, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss. An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

**1.7 STOCKS**

**Raw materials, finished goods**

Stocks are carried at the lower of cost (principally by the FIFO method, reflecting material, labour and production overhead) and net realisable value. In valuing stocks, appropriate allowance is made for obsolete or slow-moving goods. Labour and overhead costs are based on standard hourly rates and standard hours per product which approximate actuals.

Realisable value represents the estimated selling price less directly attributable selling expenses, net of an allowance for obsolescence of stocks where applicable. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.8 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments with original maturity of three months or less.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**1.9 CREDITORS**

Short term creditors with no stated interest rate and payable within one year are measured at the transaction price. Other financial liabilities, including bank and related party loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 EMPLOYEE BENEFITS**

**Holiday pay accrual**

The Group accrues for holiday benefits as employees render service throughout the period. The holiday accrual is stated net of holiday taken.

**Defined contribution plan**

The Group operates a number of defined contribution pension plans for its employees. A defined contribution is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are recorded within accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**Short term incentive plan (Bonus scheme)**

The Group operates a discretionary bonus for all employees in the business. This is an annual program where the bonuses are based on two element, personal performance review and operating profit versus the budget.

**Long term incentive plan**

The Group introduced a new long term bonus incentive plan during the period ended 03 July 2020 for senior leaders in the business. This is an annual program and has a 3 year vesting period. The first grant was made for the period 1st July 2019 to 30th June 2020. Dependant on the delivery of key financial targets for the Lifestyle Business Unit globally over the 3 year period the first grant payment date is expected to be October 2022. The amounts are accrued as part of the employee benefit expense. The amount accrued reflects the amount the Group expects to pay for the period of service up to the balance sheet date.

1. ACCOUNTING POLICIES (CONTINUED)

1.11 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions, with the exception of interest rate derivatives, that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances, loans from banks and other third parties, loans to related parties. The Group also utilises forward contracts in order to manage foreign currency exchange rate movements.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment is recognised in the consolidated statement of comprehensive income.

Financial assets that are measured at 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 consolidated statement of comprehensive income. 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, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date. 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.

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.

Basic financial liabilities including trade and other payables and interest bearing loans and borrowing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest. Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in finance expense in the income statement.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the terms of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Derivative financial instruments are recognised initially at their fair value and re-measured at fair value at each period end. The gain or loss on re-measurement to fair value is recognised in the consolidated statement of comprehensive income. The Group has not applied hedge accounting.

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.12. DEBT ISSUE COSTS AND INTEREST EXPENSES**

Interest expense is recognised in the consolidated statement of comprehensive income using the effective interest method. Interest income is also recognised in the consolidated statement of comprehensive income using the effective interest method.

The Group capitalises costs directly related to the issuance of debt and amortises these costs over the term of the related financing arrangement. Unamortised financing costs are presented as an offset to the underlying loan balance. Amortisation expense is recognised as part of net interest expense.

**1.13. PROVISIONS**

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

Provisions are charged as an expense to the consolidated statement of comprehensive income in the period that the Group 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 made, they are utilised against the provision carried in the balance sheet.

**1.14. RELATED PARTY TRANSACTIONS**

The Group discloses transactions with related parties which are not wholly owned within the same group. In accordance with Section 33 of FRS 102, it does not disclose transactions with members of the same group that are wholly owned.

**1.15. LEASES**

Leases are accounted for as operating leases where the risks and rewards of ownership are retained by the lessor and the rental charges are charged to administrative expenses in the consolidated statement of comprehensive income on a straight-line basis over the life of the lease. Lease incentives are recognised over the lease term on a straight-line basis.

**1.16. FOREIGN CURRENCY TRANSLATION**

The Group's presentational currency is Euro.

Foreign currency transactions in each entity are translated into their functional currency using the spot exchange rates at the dates of the transactions. At each period end monetary items

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.17. FOREIGN CURRENCY TRANSLATION (CONTINUED)**

denominated in foreign currency 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 consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within interest receivable or payable.

On consolidation, the results of the operations are retranslated from their functional currency into Euros, the presentational currency of the Group, at the average rate for the period. All assets and liabilities of overseas operations are translated at the rate ruling at the period end. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rates are recognised in other comprehensive income.

**1.18. SHARE CAPITAL AND RESERVES**

Called up share capital - represents the nominal value of shares that have been issued.

Merger reserve - this arose on the adoption of predecessor accounting and represents the difference between the consideration and the book value of the underlying net assets acquired when PAD B.V. was merged into the Group.

Retained earnings - represents cumulative profit and losses, net of dividends paid and other adjustments.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.19. RESEARCH AND DEVELOPMENT**

The Group expenses research and development expenditures as incurred. Research and development costs primarily include salaries and line trial costs.

**1.20. CURRENT AND DEFERRED TAXATION**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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.

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.20 CURRENT AND DEFERRED TAXATION (CONTINUED)**

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 Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

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 measured using the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

- Current and deferred tax assets and liabilities are not discounted.

**1.21 DISCONTINUED OPERATIONS**

The group recognises as discontinued operations components which have been disposed of which represented a separate major line of business or geographical area of operation, which were part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary which was acquired exclusively for resale.

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Judgements***

The Group as a lessee obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

***Key source of estimation uncertainty***

The following are the Group's key sources of estimation uncertainty:

**2.1 USEFUL ECONOMIC LIVES OF TANGIBLE ASSETS AND INTANGIBLE ASSETS**

The annual depreciation/amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 and 13 for the carrying amount of the intangible and tangible assets respectively. The accounting policy and defined useful economic life for both intangible and tangible class of assets is contained within note 1.5 and 1.6 respectively.

**2.2 STOCK PROVISIONING**

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the stock and associated provision.

**2.3 IMPAIRMENT OF DEBTORS**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

**2.4 TRADE PROMOTIONS**

Accruals for trade promotions are based on estimates recorded primarily at the time a product is sold to the customer based on expected levels of performance. Settlement of these liabilities typically occurs in subsequent years primarily through an off-invoice allowance at the time of sale or through an authorised process for deductions taken by a customer from amounts otherwise due to the Group. The recognition of these costs therefore requires management judgment regarding the volume of trade promotions that will be redeemed by customers. These estimates are made using various techniques including historical data on the performance of similar promotional programs. Differences between estimated expense and actual redemptions are normally insignificant and recognised as a change in management estimate in a subsequent period.

**2.5 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. See note 12 and note 13 for the net carrying amount of the intangible and tangible assets respectively.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

2.6 TAXATION

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 20.

3. ANALYSIS OF TURNOVER

	2020 Total	2019 Continuing Operations	2019 Discontinuing Operations	2019 Total (18 Months)
	€'m	€'m	€'m	€'m
<b>Sale of goods</b>	101.9	129.7	10.9	140.6
<b>Analysis of turnover by region</b>				
United Kingdom	50.4	59.4	0.8	60.2
Rest of Europe	46.4	63.9	-	63.9
United States of America	0.8	1.8	6.2	8.0
Rest of the world	4.3	4.6	3.9	8.5
	<b>101.9</b>	<b>129.7</b>	<b>10.9</b>	<b>140.6</b>

The group earned royalty income associated with the sale of Ecover branded products outside of Europe of EUR €0.3m (2019: €0.6m).

4. OPERATING LOSS

	2020	2019 (18 Months)
	€'m	€'m
Depreciation of tangible assets	3.0	3.6
Amortisation of intangible assets	1.0	2.0
Operating lease rentals		
Land and buildings	0.6	1.3
Impairment of intangible assets	-	0.8
Research and development costs	2.0	2.5
Defined contribution payments	0.4	0.7



**4. OPERATING LOSS (CONTINUED)**

Fees payable to the company's auditors for the audit of the parent company and the Group's consolidated financial statements were €192k (2019: €188k) and for non-audit services were nil (2019: nil). Fees payable to the company's auditor for the audit of the company's subsidiaries in respect of audit services were €121k (2019: €168k) and for non-audit services were nil (2019: nil).

EXCEPTIONAL INCOME/COSTS	2020	2019 (18 Months)
	€'m	€'m
Gain on sale of subsidiary undertaking	-	(241.3)
<b>Total exceptional items</b>	<b>-</b>	<b>(241.3)</b>

Exceptional items relate to the sale and discontinuation of operations of certain subsidiary undertakings (note 10), share based compensation and long-term incentive cash bonus plan for which vesting was accelerated and fully accrued in 2017 due to the sale of the group to S.C. Johnson on 16 January 2018.

**5. EMPLOYEES**

Employee costs (including directors) were as follows:

	2020	2019 (18 Months)
	€'m	€'m
Wages and Salaries	17.7	30.9
Social Security costs	1.9	4.0
Pension costs	0.4	0.7
Other, including LTIP 2 plan expenses	1.1	0.1
	<b>21.1</b>	<b>35.7</b>

The pension cost represents contributions payable by the group to the fund and amounted to €0.4m (2019: €0.7m). No contributions were payable at the period end.

The average monthly number of employees, including the directors, during the period was as follows:

	2020	2019 (18 Months)
	No.	No.
Production, selling and distribution	189	146
Administrative	37	86
	<b>226</b>	<b>232</b>

**6. KEY MANAGEMENT REMUNERATION**

Key management includes the directors and members of senior management. The compensation paid and payable to key management for employee services is shown below:

	2020	2019 (18 Months)
	€'m	€'m
Salaries and short-term benefits	2.5	3.3
LTIP	0.8	4.5
Post-employment benefits	0.1	0.2
	<u>3.4</u>	<u>8.0</u>

LTIP Expenses were higher in the previous year due to the acquisition related transactions.

**7. DIRECTORS REMUNERATION**

The directors' emoluments were as follows:

	2020	2019 (18 Months)
	€'000	€'000
Aggregate remuneration in respect of qualifying services	-	22
Defined contribution pension scheme contribution	-	2
	<u>-</u>	<u>24</u>

One director accrued benefits under a defined contribution pension scheme during 2020 and 2019.

In respect of the highest paid director:

	2020	2019 (18 Months)
	€'000	€'000
Aggregate remuneration in respect of qualifying services	-	24
	<u>-</u>	<u>24</u>

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019 (18 Months)
	€'m	€'m
Interest receivable from related parties	0.2	1.5
Interest receivable	-	-
	<b>0.2</b>	<b>1.5</b>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019 (18 Months)
	€'m	€'m
Interest expense to related parties	0.1	0.2
Bank interest payable	1.0	1.0
Foreign exchange loss	1.6	2.6
Other interest payable	0.1	-
	<b>2.8</b>	<b>3.8</b>

**10. DISCONTINUED OPERATIONS**

**Gain on disposal of subsidiary undertaking**

On 17 January 2018, the Group disposed of People Against Dirty PBC and its subsidiaries, to a company under common control. The disposal was affected in order to restructure the wider group.

A gain of €241.3m arose on the disposal, being the proceeds of the sale, less the carrying amount of the business net assets. Included in this gain, was an amount of €14.1m related to the forgiveness of a Group payable that was owed by the Group to a subsidiary of People Against Dirty PBC.

**Cessation of trading of subsidiary undertaking**

As of 03 July 2020, all operations and trading activities of PAD Australia Ltd (15/05/2020), and Ecover Asia (Hong Kong) Ltd. (27/12/2019) have ceased. The operating results for these entities were immaterial.

**11. TAXATION ON LOSS ON ORDINARY ACTIVITIES**

	2020 €'m	2019 (18 Months) €'m
<b>Profit and loss account:</b>		
<b>Current tax charge:</b>		
Foreign tax on profits for the year – prior period adjustment	0.6	-
Foreign tax on profits - current period	-	1.0
Total current tax	<b>0.6</b>	<b>1.0</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	0.5	(2.4)
Reversal of timing differences	1.1	-
Impact of change in deferred tax rates	0.1	-
Total deferred tax	<b>1.7</b>	<b>(2.4)</b>
Total tax charge/(credit)	<b>2.3</b>	<b>(1.4)</b>
	2020 €'m	2019 (18 Months) €'m
<b>Reconciliation of tax charge:</b>		
(Loss)/ profit on ordinary activities before tax	-	237.1
(Loss)/ profit multiplied by standard rate of tax in the UK	-	45.1
Effects of:		
Expenses not deductible for tax purposes	-	0.9
Non-taxable income	-	(47.9)
Effect of tax losses to carry forward	-	-
Impact of overseas corporate tax rates	0.2	-
Reversal of timing differences	1.1	-
Movements in unrecognised deferred tax	1.0	0.2
Difference in current and deferred tax rates	-	0.3
US Tax rate reform	-	-
	<b>2.3</b>	<b>(1.4)</b>

**Factors that may affect future tax charges:**

The 2016 Summer Finance Bill, which was substantively enacted in September 2016, included provisions to reduce the rate of UK corporation tax to 19% effective from 1 April 2017 and 17% with effect from 1 April 2020. In March 2020 legislation was substantively enacted to cancel the reduction in the corporation tax rate to 17% from April 2020. Accordingly, 19% has been applied when calculating deferred tax assets and liabilities as at 03 July 2020.

As announced in the budget on 03 March 2021, the Government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the balance sheet date, it has not been used to calculate the deferred tax asset balances. If the Group's deferred tax assets at the period end were remeasured at 25% this would result in deferred tax asset balance of € 4.6m and additional credit of €1.1m.

**12. INTANGIBLE FIXED ASSETS**

	Software	Trademarks, customer relationships and licences	Total
	€'m	€'m	€'m
<b>Cost</b>			
At 01 July 2019	3.2	17.6	20.8
Additions	-	-	-
Disposals	-	-	-
Foreign exchange	(0.0)	(0.1)	(0.1)
<b>At 03 July 2020</b>	<b>3.2</b>	<b>17.5</b>	<b>20.7</b>
<b>Amortisation</b>			
At 01 July 2019	2.7	2.4	5.1
Charge for the year	0.3	0.7	1.0
Disposals	-	-	-
Impairment	-	-	-
Foreign exchange	(0.0)	-	-
<b>At 03 July 2020</b>	<b>3.0</b>	<b>3.1</b>	<b>6.1</b>
<b>Net book value</b>			
<b>At 03 July 2020</b>	<b>0.2</b>	<b>14.4</b>	<b>14.6</b>
<b>At 30 June 2019</b>	<b>0.5</b>	<b>15.2</b>	<b>15.7</b>

**13. TANGIBLE FIXED ASSETS**

	Land and Buildings	Plant, equipment and other fixed assets	Total
	€'m	€'m	€'m
<b>Cost</b>			
At 01 July 2019	8.2	25.4	33.6
Additions	0.2	3.0	3.2
Disposals	(0.1)	(0.4)	(0.5)
<b>At 03 July 2020</b>	<b>8.3</b>	<b>28.0</b>	<b>36.3</b>
<b>Depreciation</b>			
At 01 July 2019	5.3	16.2	21.5
Charge for the year	0.5	2.5	3.0
Disposals	(0.1)	(0.3)	(0.4)
<b>At 03 July 2020</b>	<b>5.7</b>	<b>18.4</b>	<b>24.1</b>
<b>Net book value</b>			
<b>At 03 July 2020</b>	<b>2.6</b>	<b>9.6</b>	<b>12.2</b>
<b>At 30 June 2019</b>	<b>2.9</b>	<b>9.2</b>	<b>12.1</b>

**14. FIXED ASSET INVESTMENTS**

The Group has no fixed asset investments as at 3 July 2020.

As at 30 June 2019, associated undertakings (which were accounted for under the equity method) relate to Clean Soul Limited, a company incorporated in Korea, of which the Group held 50% of the ordinary share capital. As at 03 July 2020, the associated undertakings balance was €nil as it was disposed in connection with the sale of a portion of the Group's subsidiary undertakings to S.C. Johnson (see note 10 in the 2019 financial statements).

**15. STOCK**

	2020	2019 (18 Months)
	€'m	€'m
Raw materials and consumables	4.9	3.7
Work in progress	0.2	0.3
Finished goods and goods for resale	10.3	9.0
Provision for impairment	(0.3)	(0.2)
	<b>15.1</b>	<b>12.8</b>

The difference between purchase price or production cost of stocks and their replacement cost is not material. Stocks recognised as an expense in the period was €69.0m (2019: €59.2m). Impairment losses for the period were €76k (2019: €159k) and impairment losses reversed from the income during the period were €nil (2019: €13k). Impairment and impairment reversals are recognised in the cost of sales line within the income statement. Impairment of stock was due to old stock becoming obsolete.

16. DEBTORS

	2020	2019 (18 Months)
	€'m	€'m
<b>Due after more than one year</b>		
Loans due from related parties	-	30.7
Other debtors	-	0.2
Deferred tax (refer to note 20)	3.5	4.1
	<b>3.5</b>	<b>35.0</b>

	2020	2019 (18 Months)
	€'m	€'m
<b>Due within one year</b>		
Trade debtors	17.5	23.2
Loans due from related parties	30.9	9.4
Trade receivables from related parties	6.7	-
Other indirect tax receivable	1.8	-
Other debtors	0.3	0.4
Prepayments and accrued income	0.7	0.9
	<b>57.9</b>	<b>33.9</b>

Trade debtors are carried net of a provision for bad debts of €311k (2019: €286k). The related expense is included in administrative expenses in the consolidated statement of comprehensive income. The impairment arose based on analysis of collectability of outstanding receivables from customers.

Loans due from related parties within one year at 03 July 2020 represent three loans to SCJ NL Holdings B.V. (the immediate parent company of the Johnson Netherlands Coopertief UA II), one for €13.3m repayable 27<sup>th</sup> August 2020 with interest at 0.100% per annum, one for £15.0m repayable 27<sup>st</sup> August 2020 with interest at 1.2223% per annum, and one loan for £0.8m repayable 5<sup>th</sup> November 2020 with interest at 0.9138% per annum. The loans are now renewed every four months therefore are included as part of current assets.

Loans due from related parties are disclosed under debtors due within one year in the current period. The change in classification is driven by the Group's decision to focus on the regular settlement of inter-company balances in order to minimise the Group's exposure to foreign currency exchange risks.

Deferred tax assets relate to the partial recognition of deferred tax on taxable losses carried forward in accordance with the accounting policies.

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019 (18 Months)
	€'m	€'m
<b>Amounts falling due within one year</b>		
Trade creditors	12.8	10.3
Loans owed to related parties	6.1	6.2
Other amounts owed to related parties	1.2	3.3
Other taxes including social security	3.2	2.1
Corporation tax payable	0.7	1.1
Accruals and deferred income	12.7	11.4
	<b>36.7</b>	<b>34.4</b>

Amounts owed to related parties falling due within one year at 03 July 2020 represent a €6.1m loan from SCJ NL Holdings which is renewed every 4 months. Loans payable to group undertakings are unsecured and repayable on demand.

Further disclosure of bank loans is set out in note 18.

**18. BANK LOANS**

As of 03 July 2020, and 30 June 2019. The group has no bank loans nor debt factoring financing. All previous loans were paid off on 18 January 2018 in connection with the sale of the Group to S.C.J.

**19. PROVISIONS FOR LIABILITIES**

There is a dilapidation accrual for the Group as at 03 July 2020 of €0.2m (2019: €0.1m).



**20. DEFERRED TAXATION**

	2020	2019 (18 Months)
	€'m	€'m
<b>Deferred tax liability/ (asset):</b>		
Opening deferred tax liability	(4.1)	6.6
Disposal of subsidiary undertakings	-	(8.3)
Prior period adjustments	0.1	-
Origination and reversal of timing differences	0.5	(2.4)
<b>Closing deferred tax liability/ (asset)</b>	<b>(3.5)</b>	<b>(4.1)</b>
<b>Comprising:</b>		
Tax losses	(3.5)	(4.1)
<b>Total</b>	<b>(3.5)</b>	<b>(4.1)</b>

Unrecognised deferred tax assets relating to trading losses carried forward amount to €34.4m (2019: €35.0m), which at the UK rate for deferred tax of 19% (2019: 17%), results in unrecognised deferred tax of €6.5m (2019: €5.9m). The deferred tax assets will unwind against the profits of the individual entities across Europe (guaranteed via the Groups' transfer pricing policy), with the preference being to utilise brought forward net operating losses before entering any form of group relief.

**21. DIVIDENDS AND APPROPRIATIONS**

During the period ended 03 July 2020, the Group paid dividends from distributable reserves to its parent totalling €nil (2019: €117.6m).

**22. SHARE CAPITAL**

	2020	2019 (18 Months)
	€'m	€'m
Allotted, called up and fully paid ordinary shares of £1 each	-	-

On 27 September 2018, based upon a plan approved by S.C. Johnson, the group repaid share capital of €175.2m (£156.7m) to its shareholder. This transaction resulted in the cancellation of 156,697,707 of the 156,697,807 ordinary shares of £1.00 (€1.12) each that were originally authorised, allotted and issued at par during prior years.

23. NOTES TO THE CASH FLOW STATEMENT

	2020	2019 (18 Months)
	€'m	€'m
<b>(Loss)/gain for the financial period:</b>	(2.3)	238.5
Adjustments for:		
Tax on profit on ordinary activities	2.3	(1.4)
Net interest expense	2.6	2.3
Gain on disposal of subsidiary undertakings	-	(241.3)
<b>Operating profit/(loss)</b>	<b>2.6</b>	<b>(1.9)</b>
Amortisation and impairment of intangible assets	1.0	2.8
Depreciation of tangible assets	3.0	3.6
Working capital movements (excluding currency translation adjustments):	-	-
-decrease/(increase) in inventories	(2.3)	22.4
-decrease/(increase) in debtors	6.9	19.5
-(decrease)/increase in payables	2.3	(61.4)
-(decrease)/increase in provisions	0.2	-
-working capital impact of disposal of subsidiary	-	95.2
<b>Cash generated from operating activities</b>	<b>13.7</b>	<b>80.2</b>

24. NET SURPLUS/(DEBT)

The group's analysis of net debt is as follows:

	At 03 July 2020	At 30 June 2019 (18 Months)
	€'m	€'m
Cash at bank and in hand	11.4	4.9
<b>Cash and cash equivalents</b>	<b>11.4</b>	<b>4.9</b>
Loans owed from related parties	24.8	24.5
<b>Total Debt Receivable</b>	<b>24.8</b>	<b>24.5</b>
<b>Net Surplus</b>	<b>36.2</b>	<b>29.4</b>

## 25. SHARE BASED PAYMENTS

In connection with the sale of the Group that occurred on January 16, 2019, the Board assigned the plan to be the obligation of the Group Holding Company (People Against Dirty Holdings Limited). In addition, the Board approved the full acceleration of all outstanding and unvested options and terminated the plan as of the sale date of the Group to S.C. Johnson.

## 26. COMMITMENTS UNDER OPERATING LEASES

At 03 July 2020 and 30 June 2019 respectively, the Group had commitments under non-cancellable operating leases as follows:

	2020	2019
	€'m	€'m
<b>Not later than one year</b>		
Land and Buildings	0.7	-
Plant and machinery	0.1	0.1
<b>Later than one year and not later than five years</b>		
Land and Buildings	1.3	1.8
Plant and machinery	0.2	0.4
	<b>2.3</b>	<b>2.3</b>

At 03 July 2020, the group had capital commitments of €0.6m (2019: €1.6m). The capital commitments are largely attributed to the development of a new production line.

## 27. RELATED PARTY DISCLOSURES

At 3<sup>rd</sup> July, the Group had related party transactions and balances with related parties as follows:

	2020			2019		
	Debtor/ (Creditor)	Interest payable/ (receivable)	Purchases/ (turnover)	Debtor/ (Creditor)	Interest Payable/ (receivable)	Purchases/ (turnover)
	€'m	€'m	€'m	€'m	€'m	€'m
Johnson Netherlands Coöperatief UA II	-	-	-	0.9	(1.2)	-
SCJ NL Holdings B.V.	24.8	(0.2)	-	23.6	(0.1)	-
S.C. Johnson & Son Sdn. Bhd (Malaysia)	0.9	-	(1.7)	0.7	-	(0.7)
Method Products PBC	(2.0)	-	6.8	(0.2)	-	0.9
Method Products UK Ltd	7.5	-	(31.9)	5.6	-	(17.1)
S. C Johnson & Son, Inc.	0.1	-	(0.1)	-	-	-
<b>Total</b>	<b>31.3</b>	<b>(0.2)</b>	<b>(26.9)</b>	<b>30.6</b>	<b>(1.3)</b>	<b>(16.9)</b>

SC. Johnson & Son, Inc. is the ultimate parent of the Group effective 16 January 2018. Johnson Netherlands Coöperatief UA II is the Group's immediate parent. SCJ NL Holdings B.V. is the immediate parent of the Johnson Netherlands Coöperatief UA II. S.C. Johnson & Son Sdn. Bhd, Method Products PBC and Method Products Limited are subsidiaries of the Group's ultimate parent.

Until 17 January 2018, Method Products PBC and Method Products Limited were wholly owned subsidiaries of the Group and transactions between these entities and the Group were eliminated in consolidation. Subsequent to 17 January 2018, all transactions with these entities are treated as related party. See note 10 for further discussion of the disposal of these entities.

The terms of the loans receivable from SC Johnson Netherlands Coöperatief UA II and SCJ NL Holdings B.V. are set out in note 16. Net interest income derived from these loans for the period ended 03 July 2020 is €0.2m (2019: €1.3m). Other intercompany balances are short term in nature.

During the period ending 03 July 2020, Method Products PBC charged the Group € 2.8m (2019: €2.5m) for management fees, net royalties of €2.6m (2019: €0.7m) and other trade purchases of € 1.4m (2019: € Nil).

During the period ending 03 July 2020, the Group had trade turnover of €23.0m (2019: €15.9m) with Method Product UK Ltd and charged management fees of €8.9m (2019: €6.1m).

### Terms and conditions of transactions with related parties

Sales and purchases between related parties are made on an arm's length basis. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of the invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the period ended 03 July 2020, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2019: nil).

**28. FINANCIAL INSTRUMENTS**

	2020 €'m	2019 €'m
<b>Financial assets measured at amortised cost</b>		
Cash at bank and in hand	11.4	4.9
Trade receivables	17.5	23.2
Amounts due from related parties	37.7	40.1
Other Debtors	0.2	0.4
	<b>66.8</b>	<b>68.6</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	12.8	10.3
Amounts owed to related parties	7.3	9.5
Accruals	12.7	11.4
Other creditors	-	-
	<b>32.8</b>	<b>31.2</b>

At 03 July 2020 the notional principal amount of outstanding foreign exchange forward contracts totalled € 9,000,000 (2019: €3,000,000), which all expire by 17 December 2020. At 03 July 2020 the foreign exchange forward contracts had an aggregate fair value receivable of €248,258 (2019: €80,286) and is included in debtors/(creditors) due within one year respectively. Realised losses of €397,933 (2019: loss €171,250) on settlement of contracts entered into and settled during the period ended 03 July 2020 have been recognised in the consolidated statement of comprehensive income as an increase of foreign exchange loss.

The Group determined the fair value of its foreign exchange forward valuations by the use of mark-to-market valuations based on observable market data as at the close of business on 03 July 2020.

**29. CONTINGENT LIABILITIES AND GUARENTEES**

The Group has no contingent liabilities or guarantees as at 03 July 2020.

**30. POST BALANCE SHEET EVENTS**

On 24<sup>th</sup> September 2020, Ecover Co-ordination centre and People Against Holdings Limited issued a dividend of €13.33m and €31.12m respectively.

Ecover announced the recall of bottles of Ecover Zero Non Bio Laundry Liquid 1.5 litres with two specific batch codes in January 2021 due to a safety concern. The affected bottles contained potassium hydroxide at hazardous levels that can cause the bottle to leak. Contact with the liquid could also result in harm to skin and eyes. The business is still assessing the financial impact with the priority being the recovery of affected bottles from retailers and consumers.

**31. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES**

At 3 July 2020, the Group was a wholly owned by S.C. Johnson, Netherlands II Cooperatief U.A., a company incorporated in the Netherlands. SC Johnson & Son, Inc., incorporated in the USA is the ultimate parent undertaking and will be the smallest and largest group of undertakings to consolidate these financial statements. S.C. Johnson, Netherlands II Cooperatief U.A. purchased all of the equity shares of the Group holding company on 16 January 2018.

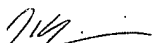
PEOPLE AGAINST DIRTY HOLDINGS LIMITED  
PARENT COMPANY BALANCE SHEET  
AS AT JULY 03, 2020

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	Notes	Company 03 July 2020 £'m	Company 30 June 2019 £'m
<b>Non-current assets</b>			
Intangible assets	4	12.9	13.5
Investment in subsidiary Undertakings	5	47.8	47.8
Debtors: Amounts falling due after more than one year	6	-	15.6
		<b>60.7</b>	<b>76.9</b>
<b>Current Assets</b>			
Debtors: amounts falling due within one year	7	37.7	18.0
Cash at bank and in hand		2.3	-
		<b>40.0</b>	<b>18.0</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(37.1)</b>	<b>(26.3)</b>
<b>Net current liabilities</b>		<b>2.9</b>	<b>(8.3)</b>
<b>NET ASSETS</b>		<b>63.6</b>	<b>68.6</b>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Retained earnings		63.6	68.6
<b>TOTAL EQUITY</b>		<b>63.6</b>	<b>68.6</b>

People Against Dirty Holdings Limited has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's (loss)/profit after tax was (£5.0m) (2019: £198.3m).

Approved by the board of directors and authorised for issue by:

  
\_\_\_\_\_  
Jeff Bezzo – Director

31.03.21  
Date

PEOPLE AGAINST DIRTY HOLDINGS LIMITED  
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED JULY 03, 2020

PAGE 48  
**Total Equity**

	<b>Called up Share capital</b>	<b>Retained Earnings</b>	
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
<b>Balance as at 31 December 2017</b>	<b>156.7</b>	<b>(26.1)</b>	<b>130.6</b>
Income for the period	-	198.3	198.3
Total comprehensive income for the period	-	198.3	198.3
Repayment of share capital	(156.7)	-	(156.7)
Dividends paid to shareholder	-	(103.6)	(103.6)
Total transactions with owners, recognised directly in equity	(156.7)	(103.6)	(260.3)
<b>Balance as at 30 June 2019</b>	<b>-</b>	<b>68.6</b>	<b>68.6</b>
Loss for the period	-	(5.0)	(5.0)
Total comprehensive loss for the period	-	(5.0)	(5.0)
<b>Balance as at 3 July 2020</b>	<b>-</b>	<b>63.6</b>	<b>63.6</b>



## 1. ACCOUNTING POLICIES

### 1.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards (FRS 102) on a going concern basis and the Companies Act 2006. The policies have been consistently applied for the accounting period ending 03 July 2020 and 30 June 2019. The financial statements are presented in Pounds Sterling, that being the presentational and functional currency of the Company, and all values are rounded to the nearest million except where indicated.

Refer to the Group's Note 1 general information about the company. Accounting policies which are consistent between group and parent have only been included in Note 1 of the consolidated financial statements.

- The Company has taken advantage of the following exemptions in accordance with Section 1.12: Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Requirements of Section 11 (financial instruments);
- Requirements of Section 26 (share-based payments);
- Requirement of Section 33 (related party disclosures); and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied consistently:

### 1.2. INVESTMENTS

Investments in subsidiaries are stated at cost less provision for impairment.

### 1.3. IMPAIRMENT OF INVESTMENTS

The investments are reviewed for impairments where circumstances indicate the carrying value may not be recoverable.

### 1.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below:

#### Impairment of investments

The Group is required to test whether investments have suffered any impairment. The recoverable amounts of the CGUs have been determined based on value-in-use estimations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the CGU and the estimation in deriving the applicable discount rate.

## 2. DIRECTORS' REMUNERATION

Details of Directors' remuneration, including that of the highest paid Director, are set out in note 7 to the consolidated financial statements.

## 3. AUDITORS' REMUNERATION

Refer to Note 4 of the consolidated group financial statements where Auditors Remuneration is disclosed.

The notes on pages 49 to 54 form an integral part of these financial statements

PEOPLE AGAINST DIRTY HOLDINGS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) PAGE 50

4. INTANGIBLE ASSETS

	Trademarks and licences £'m
<b>Cost</b>	
As at 01 July 2019	15.5
<b>As at 03 July 2020</b>	<b>15.5</b>
<b>Amortisation</b>	
As at 01 July 2019	2.0
Charge for the year	0.6
<b>At 03 July 2020</b>	<b>2.6</b>
Net book value	
<b>At 03 July 2020</b>	<b>12.9</b>
<b>At 30 June 2019</b>	<b>13.5</b>

PEOPLE AGAINST DIRTY HOLDINGS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) PAGE 51

5. INVESTMENTS

	£'m
<b>At cost less impairment</b>	
<b>At 31 December 2017</b>	<b>72.1</b>
Change in investments during 18 months ended 30 June 2019	
-Reversal of investment in subsidiary from forgiveness of payable*	(12.6)
-Impairment of investment in ECC	(11.7)
<b>As at 30 June 2019</b>	<b>47.8</b>
<b>At 03 July 2020</b>	<b>47.8</b>

\*In 2017, the Company assumed the liability related to stock-based compensation of a subsidiary's employees, treated as an investment in subsidiary. The subsidiary was disposed of in the prior period and the liability was forgiven; thus, the investment was reversed.

SUBSIDIARY UNDERTAKINGS

All of the subsidiaries have been included in the consolidated financial statements. A list of the subsidiaries held during the period is set out below:

Name	Country of incorporation	Nature of Business	Holding – Ordinary Shares
Ecover Asia Limited	Hong Kong	Regional HQ	100%
Ecover Belgium NV	Belgium	Sales	100%
Ecover Co-ordination Centre NV	Belgium	Regional HQ	100%
Ecover Deutschland GmbH	Germany	Sales	100%
Ecover France SAS	France	Sales	100%
Ecover India Limited	India	Dormant	100%
Ecover UK Limited	UK	Sales	100%
EPC NV	Belgium	Manufacturing	100%
Ecover Research & Consultancy NV ("ERC")	Belgium	Property Holding	100%
Held AG	Switzerland	Sales	100%
PAD Japan KK*	Japan	Sales	100%
People Against Dirty Pty Ltd*	Australia	Sales	100%
People Against Dirty UK Limited	UK	Regional HQ	100%

\*liquidated during FY2020

**PEOPLE AGAINST DIRTY HOLDINGS LIMITED**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) PAGE 52

**5. INVESTMENTS (CONTINUED)**

The registered addresses of subsidiary entities are as follows:

<b>Name</b>	<b>Registered addresses</b>
Ecover UK Limited	1 Eton Street, Richmond, London TW9 1EF
People Against Dirty UK Limited	1 Eton Street, Richmond, London TW9 1EF
Held AG	Aumattweg 66, 3613 Steffisburg, Switzerland
Ecover India Limited	N2 Lower Ground Floor, Malviya Nagar, New Delhi - 11017, India
Ecover Asia Limited	Room 204, 20/F Centre Point, 181-185 Gloucester Rd, Wanchai, Hong Kong
Ecover Deutschland GmbH	Stammheimer Straße 41, 70435 Stuttgart, Germany
Ecover France SAS	Parc Paysager d'Activités de Landacres, Boulevard de Strasbourg, F - 62360 Hesdin l'Abbe, France
Ecover Belgium NV	Steenovenstraat 1A, 2390 Malle, Belgium
Ecover Co-ordination Centre NV	Steenovenstraat 1A, 2390 Malle, Belgium
People Against Dirty Pty Ltd	Level 4, 420 Street Kilda Rd Melbourne VIC 3004
PAD Japan KK	1-16-13-2f Ebisa Minomi Skibuyaka, Tokyo 150-0022
EPC NV	Industrieweg 3, 2390 Malle, Belgium
Ecover Research & Consultancy NV ("ERC")	Industrieweg 3, 2390 Malle, Belgium

**6. DEBTORS AMOUNTS RECEIVABLE IN MORE THAN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
<b>Debtors receivable in more than one year</b>		
Loans to subsidiaries of ultimate parent company	-	15.6
	-	<b>15.6</b>

**7. DEBTORS AMOUNTS RECEIVABLE IN LESS THAN ONE YEAR**

	2020	2019
	£'m	£'m
<b>Debtors receivable in less than one year</b>		
Short term receivables from subsidiary companies	21.5	14.0
Loans to subsidiaries of ultimate parent company	15.8	-
Short term receivables from subsidiaries of ultimate parent company	0.4	4.0
	<b>37.7</b>	<b>18.0</b>

Loans are provided to subsidiaries and subsidiaries of Group companies as follows:

Counterparty	2020	2019	Interest rate	Terms
	£'m	£'m		
Johnson Netherlands Cooperatief UA	0.8m	0.8	0.9138% per annum	The note bears interest at a rate of 0.9138% per annum and matures on 5 November 2020, with automatic 4-month extensions upon each maturity date. Accrued interest is compounded upon maturity and added to the balance of the note payable.
SCJ NL Holdings B.V	15.0	14.8	1.2223% per annum	The note bears interest at a rate of 1.2223% per annum and matures on 21 November 2020, with automatic 4-month extensions upon each maturity date. Accrued interest is compounded upon maturity and added to the balance of the note payable.

**8. CREDITORS PAYABLE IN LESS THAN ONE YEAR**

	2020	2019
	£'m	£'m
<b>Creditors payable in less than one year</b>		
Short term payables to group companies	34.7	24.6
Short term payables from subsidiaries of ultimate parent company	1.6	0.2
Accruals	0.2	-
VAT Payable	0.6	1.5
	<b>37.1</b>	<b>26.3</b>

# PEOPLE AGAINST DIRTY HOLDINGS LIMITED

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED) PAGE 54

## 9. SHARE CAPITAL

Share Capital	£'000
At 01 January 2018	156,698
At 30 June 2019	0.0
Repayment of share capital	-
At 03 July 2020	0.0

On September 27, 2018, based upon a plan approved by S.C. Johnson, PAD Holdings repaid share capital of £156.7m to its shareholder. This transaction resulted in the cancellation of 156,697,707 of the 156,697,807 ordinary shares of £1.00 each that were originally authorised, allotted and issued at par during prior years. There is a single class of share capital (see also Group note 22).

## 10. FINANCIAL INSTRUMENTS

	2020 £'m	2019 £'m
<b>Financial assets measured at amortised cost</b>		
Cash at bank and in hand	2.3	-
Amounts owed by related parties	37.7	33.6
	<b>40.0</b>	<b>33.6</b>
<b>Financial liabilities measured at amortised cost</b>		
Amounts owed to related parties	36.3	24.8
Other Creditors	0.8	1.5
	<b>37.1</b>	<b>26.3</b>

## 11. DEFERRED TAX

Tax losses not recognised for deferred tax are £30.1m (2019: £30.8m) which at the future tax rate of 19% (PY: 17%) leads to an unrecognised deferred tax asset of £5.7m (2019: £5.2m).

## 12. POST BALANCE SHEET EVENTS

Refer to Note 30 of the consolidated group financial statements where Post Balance Sheet Events is disclosed.