

COMPANY REGISTRATION NUMBER 02473045

**GOJO INDUSTRIES-EUROPE LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**



# **GOJO INDUSTRIES-EUROPE LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

| <b>Contents</b>                                | <b>Page</b> |
|--|-------------|
| Officers and professional advisers             | 1           |
| Strategic report                               | 2 - 4       |
| Directors' report                              | 5 - 8       |
| Independent auditor's report                   | 9 - 12      |
| Consolidated statement of comprehensive income | 13          |
| Consolidated statement of financial position   | 14          |
| Company statement of financial position        | 15          |
| Consolidated statement of changes in equity    | 16          |
| Company statement of changes in equity         | 17          |
| Consolidated statement of cash flows           | 18          |
| Accounting policies                            | 19 - 24     |
| Notes to the financial statements              | 25 - 42     |

# **GOJO INDUSTRIES-EUROPE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **The Board of directors**

Mr J Cavanaugh  
Mr T Dye  
Mrs C Jaros  
Ms M Kanfer Rolnick  
Mr C Wakefield  
Mr E Zimmer

### **Secretary**

Mr J Cavanaugh

### **Business address**

Unit 5 & 6  
Stratus Park  
Brinklow  
Milton Keynes  
MK10 0DA

### **Registered office**

Unit 5 & 6  
Stratus Park  
Brinklow  
Milton Keynes  
MK10 0DA

### **Auditor**

RSM UK Audit LLP  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

# GOJO INDUSTRIES-EUROPE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors present their strategic report and financial statements for the group for the year ended 31 December 2021.

#### REVIEW OF BUSINESS

Group turnover decreased by £54.5m year over year due to distributors working through excess inventory purchased prior year as well as the market remaining closed due to variants of Covid-19. The decrease in turnover was affected by approximately £1.6m due to foreign exchange losses resulting from a stronger GBP vs EUR. The group has continued to focus on developing existing distributor relationships and investing in new markets, territories, and distribution channels. Gross profit margins decreased by 7.9% year over year due to increases in raw material expenditure.

During the prior year, the group made decision to discontinue the reformulation of capitalised biocide family formula costs because the products no longer supported the future strategy of the group. The directors carried out an impairment review as a result which resulted in an impairment loss of £1,949k for the prior financial period. The Directors have determined that no further impairment charges are required against these assets during the current year.

During the prior year, one of the group's subsidiary companies based in France suffered a fire at one of its warehouses which destroyed c39% of building resulting in an impairment charge of £1,121k for the prior financial period. The group has filed an insurance claim in the prior year and will recover amounts equal to the repair costs. At 31 December 2021, the company had received proceeds totalling €300,000. Subsequent to 31 December 2021, an additional €500,000 was received by the group.

The group's EBITDA (as defined below) decreased to (£2,322k) in 2021 from £12,846k in 2020 due to the decrease in turnover and increase in raw materials and distribution expenses and operating expenses as a % of sales by 11.1% compared with 2020.

The net assets of the group decreased approximately 1,228% due to the lower turnover, reduction in accounts receivable and payable and movement of exchange rates which effects a significant proportion of the balances including cash. EUR cash balance for 2021 was negatively impacted by approximately £490k due to foreign exchange rates.

The Board reviews the performance of the business using both financial and non-financial Key Performance Indicators.

#### Non-financial

- Headcount retention or additions: The group has been able to maintain stable headcount year over year in Manufacturing, Distribution and Sales/Marketing due to productivity improvements within manufacturing processes.
- Expansion into new geographic markets: The group is in the process of rolling E-Commerce out in UK, Spain and France – the group are monitoring the number of hits its website receives as well as the number of searches for PURELL® (a brand of GOJO).

#### Financial

- Turnover from year to year for the group showed 49.0% decrease; this is due distribution working through inventory and market remaining closed due to variants of Covid-19.
- Operating expenses were 44.0% and 34.0% of sales for 2021 and 2020, respectively, which represents an increase of 10.0%.
- EBITDA (earnings before interest, tax, depreciation and amortisation).

|                           | 2021             | 2020             |
|---------------------------|------------------|------------------|
| Operating (loss)/profit   | (£5,665,898)     | £ 9,450,234      |
| Depreciation/amortisation | <u>3,343,417</u> | <u>3,396,239</u> |
| EBITDA                    | (£2,322,481)     | £12,846,473      |

# GOJO INDUSTRIES-EUROPE LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### PRINCIPAL RISKS AND UNCERTAINTIES

The directors have undertaken a review of the principal risks and uncertainties facing the business and feel that the business plans implemented by management mitigate these risks to an acceptable level.

#### Currency Risk

Given the business' expanding profile throughout Continental Europe this exposes the group to a much greater currency risk with the fluctuations in exchange rate between Sterling and Euro. The business monitors the currency market closely. The group did not engage in any hedging activity during 2021.

#### Regulatory Risk

Many of the group's products are subject to various regulatory and registration requirements across Europe that are becoming increasingly stringent. With this ever-changing regulatory landscape, there is a risk that certain products become unavailable for sale in the future if continued compliance is not adhered to. In order to combat this risk, the group employs the services of both in house experts and third-party contractors to ensure that the business remains compliant with any regulatory requirements that may affect the products.

#### Brexit Risk

As Brexit has proven to cause delays and extra costs for both company and distributors, the company is investigating new ways to trade within the EU market. The company has applied as a Non-Resident business in Republic of Ireland to utilise the return goods relief scheme and possible direct shipments from France. In prior year, the holding of EU product registrations was successfully transferred to GOJO Luxembourg entity.

#### Liquidity Risk

Given the European business' working capital profile, liquidity is a risk to the business. The business monitors this closely and reviews sources of available funding regularly. Support is also available from the parent company based in the US, if required.

#### Price Risk

The company as well as group operate in competitive markets and are often faced with pricing challenges. The group continues to look at ways to reduce cost of products whether through material cost reductions, gains in production efficiencies or stock keeping unit (SKU) rationalisation in order to maintain our market share.

#### Credit Risk

The group continues to monitor outstanding customer accounts and has put controls in place to ensure payments are received in a timely manner. Establishing appropriate credit limits and payment terms has helped maintain less than 0.5% of turnover as bad debts over the last couple of years.

#### Cash Flow Risk

Given the need to remain competitive, the group needs to continue to invest in new manufacturing lines and plant improvements, resulting in a cash flow risk for the business. The group has support from the US parent, if needed.

# GOJO INDUSTRIES-EUROPE LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### FUTURE DEVELOPMENTS

A significant focus area of the business in 2022 will be to further integrate the GJF Holding SAS group of companies into the GOJO family as well as providing hand hygiene solutions to distributors/end users to enable companies to reopen and keep customers safe. Particular emphasis will be given to how the business can best leverage its assets, in terms of brands, products, people, expertise and manufacturing in order to build a stronger combined European business. Due to the Covid-19 pandemic, the PURELL® brand has begun to be a recognised and sought-after brand in the European market.

In the marketplace, the business will continue to progress specific country by country strategies and at the same time will look to take advantage of existing relationships and potential opportunities with global customers to penetrate the European market further.

After the reporting date on 23rd March 2022, the European leadership team announced the need to right-size and upgrade the manufacturing and distribution assets inherited when we acquired LPK in 2014. As a result, management have decided to consolidate the European operations into an expanded and modernised version and exit the Mitry and Alby facilities. This transition is expected to be complete in 2023. The updated and expanded Croissy facility will enable us to operate more efficiently and effectively while also supporting the growth of our PURELL® and GOJO® branded business in Europe. Some team members will be moving from the Mitry facility to the Croissy facility because of their proximity, skills, and our production needs, while others will be leaving the business.

Signed on behalf of the directors



MR C WAKEFIELD

Approved by the directors on 04-Aug-2022

# **GOJO INDUSTRIES-EUROPE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

The directors present their report and the financial statements of the group for the year ended 31 December 2021.

### **PRINCIPAL ACTIVITIES**

The principal activities of the group and company are the manufacture and distribution of hygiene solutions.

### **RESULTS AND DIVIDENDS**

The results for the year, after taxation, amounted to a loss of £8,205,098 (2020: profit of £6,496,160). The directors have not recommended a dividend.

### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr J Cavanaugh  
Mr T Dye  
Mrs C Jaros  
Ms M Kanfer Rolnick  
Mr C Wakefield  
Mr E Zimmer

### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors of GOJO Industries – Europe Limited, both individually and together, have acted in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2021.

The Directors have considered the following:

- The long-term decisions on the strategy of the group to ensure future growth of enterprise by reviewing monthly results against budget, forecast and adjusting operations as needed.
- Annual performance and development of each employee. Employees are provided with appropriate training to grow both professionally and personally.
- Directors provide customers with tools needed for future growth that is beneficial to both.
- Supplier are paid according to terms.
- The manufacturing as well as formulas are continued to be reviewed to ensure they meet both regulatory requirements and reduce the amount of waste.

### **GOING CONCERN**

These financial statements have been prepared on a going concern basis. The directors have received written assurance from the parent company of its continuing financial support for the foreseeable future. Along with the written assurance from the parent company, forecasts and annual budgets are prepared and reviewed by the directors.

During the first quarter of 2022, directors and management made the decision to consolidate manufacturing from three to one facility in France to allow future growth of the company. The restructuring will be funded within France by selling facility no longer needed as well as sale or sale lease-back of main manufacturing facility.

The directors therefore consider the going concern basis is appropriate and the financial statements do not contain the effect of any adjustments that may be necessary should the financial support referred to be withdrawn.

# **GOJO INDUSTRIES-EUROPE LIMITED**

## **DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing each of the group and company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **RESEARCH AND DEVELOPMENT**

The main research and development activities of the group relate to the need to reformulate products in order to meet changing regulatory requirements.

### **DISABLED EMPLOYEES**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **EMPLOYEE INVOLVEMENT**

During the year, the policy of providing employees with information about the Company and group has continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the business' performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's performance management programme.

### **STRATEGIC REPORT**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the group has chosen to include information required under schedule 7 of the Large and Medium-sized Companies and group (Accounts and Reports) Regulations 2008 within its Strategic Report on pages 2 to 4. It has done so in respect of financial risk management objectives and policies and future developments.

### **OVERSEAS BRANCHES**

The company has an unincorporated branch in Portugal.



# GOJO INDUSTRIES-EUROPE LIMITED

## DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### STREAMLINED ENERGY AND CARBON REPORTING

| UK Greenhouse gas emissions and energy use data for the year: |              |              |
|---|--------------|--------------|
|   | 2021         | 2020         |
| Energy consumption used to calculate emissions (kWh)          | 85,081       | 68,056       |
| Energy consumption breakdown (kWh)                            |              |              |
| • Gas,  | 27,404       | 19,178       |
| • Electricity,  | 11,865       | 12,407       |
| • Transport fuel  | 45,812       | 36,471       |
| <u>Scope 1: emissions in metric tonnes CO2e</u>               |              |              |
| Gas consumption   | 5.02         | 3.53         |
| Owned transport – medium cars                                 | 37.31        | 30.52        |
| <u>Total scope 1</u>  | 42.33        | 34.05        |
| <u>Scope 2: emissions in metric tonnes CO2e</u>               |              |              |
| Purchased electricity   | 2.49         | 2.89         |
| <u>Scope 3: emissions in metric tonnes CO2e</u>               |              |              |
| Business travel in employee owned vehicles                    | 8.51         | 5.95         |
| <b>Total gross emissions in metric tonnes CO2e</b>            | <b>53.33</b> | <b>42.89</b> |
| <b>Intensity ratio</b>  |              |              |
| Tonnes CO2e per employee                                      | 1.30         | 1.05         |

#### Quantification and Reporting Methodology:

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee.

#### Measures taken to improve energy efficiency

We have asked all employees to turn off lights when room is not in use, no longer allowing company cars to have > 140 CO2, using electronic storage oppose to printed copies and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

#### AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

# GOJO INDUSTRIES-EUROPE LIMITED

## DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed on behalf of the directors



MR C WAKEFIELD

Approved by the directors on 04-Aug-2022

# **GOJO INDUSTRIES-EUROPE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOJO INDUSTRIES-EUROPE LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **Opinion**

We have audited the financial statements of GOJO Industries-Europe Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and parent company statement of financial position, consolidated and parent company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including 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 state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# GOJO INDUSTRIES-EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOJO INDUSTRIES-EUROPE LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 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 the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 by the parent company, 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 6 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.

### 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.

# GOJO INDUSTRIES-EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOJO INDUSTRIES-EUROPE LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provision calculations.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and product regulations. We have reviewed work performed by component auditors, including inquiries of management as to whether the group is in compliance with these laws and regulations.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

# GOJO INDUSTRIES-EUROPE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOJO INDUSTRIES-EUROPE LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 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.

*David Olsson*

David Olsson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

05/08/22 .....

# GOJO INDUSTRIES-EUROPE LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Notes | 2021<br>£                 | 2020<br>£               |
|--|-------|---------------------------|-------------------------|
| Turnover   | 2     | 56,678,874                | 111,179,674             |
| Cost of sales  |       | <u>(37,673,154)</u>       | <u>(65,200,078)</u>     |
| <b>Gross profit</b>  |       | 19,005,720                | 45,979,596              |
| Administrative expenses  |       | (17,580,031)              | (28,564,896)            |
| Distribution costs   |       | (7,381,010)               | (9,206,360)             |
| Other operating income   | 2     | <u>289,423</u>            | <u>1,241,894</u>        |
| <b>Operating (loss)/profit</b>   |       | (5,665,898)               | 9,450,234               |
| Interest payable and similar expenses  | 3     | (109,054)                 | (263,886)               |
| Interest payable to group undertakings   | 3     | <u>(499,626)</u>          | <u>(504,752)</u>        |
| <b>(Loss)/profit before taxation</b>   | 4     | (6,274,578)               | 8,681,596               |
| Taxation   | 7     | <u>(308,066)</u>          | <u>(2,050,840)</u>      |
| <b>(Loss)/profit after taxation<br/>and (loss)/profit for the financial year</b> |       | <u>(6,582,644)</u>        | <u>6,630,756</u>        |
| <b>Other comprehensive income</b>  |       |                           |                         |
| Currency translation differences   |       | <u>(1,622,454)</u>        | <u>(134,596)</u>        |
| <b>Total comprehensive (loss)/income for the year</b>                            |       | <u><u>(8,205,098)</u></u> | <u><u>6,496,160</u></u> |

In the current year, administration expenses and distribution costs have been disaggregated on the face of the Statement of Comprehensive Income. In the prior year, these amounts were aggregated on the face of the Statement of Comprehensive Income within operating expenses with a breakdown provided in the notes. The prior year presentation has been amended to show administration expenses and distribution costs on the face of the Statement of Comprehensive Income.

**GOJO INDUSTRIES-EUROPE LIMITED**  
Registered Number 02473045  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

|   | Notes | 2021<br>£    | 2020<br>£    |
|---|-------|--------------|--------------|
| <b>Fixed assets</b>                                     |       |              |              |
| Goodwill  | 8     | 2,912,646    | 3,662,589    |
| Other intangible assets                                 | 9     | 1,188,015    | 1,408,810    |
| Total intangible assets                                 |       | 4,100,661    | 5,071,399    |
| Tangible assets   | 10    | 14,803,613   | 16,830,134   |
|   |       | 18,904,274   | 21,901,533   |
| <b>Current assets</b>                                   |       |              |              |
| Stocks  | 12    | 22,020,967   | 20,802,763   |
| Debtors due within one year                             | 13    | 6,759,641    | 12,641,086   |
| Cash at bank and in hand                                |       | 1,665,419    | 11,798,970   |
|   |       | 30,446,027   | 45,242,819   |
| <b>Current liabilities</b>                              |       |              |              |
| Creditors: amounts falling due within one year          | 14    | (26,598,395) | (34,206,061) |
| <b>Net current assets</b>                               |       | 3,847,632    | 11,036,758   |
| <b>Total assets less current liabilities</b>            |       | 22,751,906   | 32,938,291   |
| Creditors: amounts falling due after more than one year | 15    | (20,526,611) | (22,476,632) |
| Provisions for liabilities                              | 17    | (1,517,804)  | (1,549,070)  |
| <b>Net assets</b>                                       |       | 707,491      | 8,912,589    |
| <b>Capital and reserves</b>                             |       |              |              |
| Called-up equity share capital                          | 19    | 12,840,004   | 12,840,004   |
| Profit and loss account                                 | 20    | (12,132,513) | (3,927,415)  |
| <b>Total equity</b>                                     |       | 707,491      | 8,912,589    |

The financial statements on pages 13 to 42 were approved by the directors and authorised for issue on 04-Aug-2022....., and are signed on their behalf by:



MR C WAKEFIELD  
Director



# GOJO INDUSTRIES-EUROPE LIMITED

Registered Number 02473045

## COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

|   | Notes | 2021<br>£          | 2020<br>£          |
|---|-------|--------------------|--------------------|
| <b>Fixed assets</b>                                     |       |                    |                    |
| Intangible assets                                       | 9     | 414,184            | 444,599            |
| Tangible assets   | 10    | 92,470             | 102,023            |
| Investments   | 11    | <u>13,930,796</u>  | <u>13,930,796</u>  |
|   |       | <u>14,437,450</u>  | <u>14,477,418</u>  |
| <b>Current assets</b>                                   |       |                    |                    |
| Stocks  | 12    | 6,029,038          | 7,178,284          |
| Debtors due within one year                             | 13    | 2,012,176          | 2,952,367          |
| Debtors due after one year                              | 13    | 22,104,675         | 23,026,280         |
| Cash at bank  |       | <u>490,116</u>     | <u>884,895</u>     |
|   |       | <u>30,636,005</u>  | <u>34,041,826</u>  |
| <b>Current liabilities</b>                              |       |                    |                    |
| Creditors: amounts falling due within one year          | 14    | <u>(7,078,849)</u> | <u>(9,805,273)</u> |
| <b>Net current assets</b>                               |       | <u>23,557,156</u>  | <u>24,236,553</u>  |
| <b>Total assets less current liabilities</b>            |       | <u>37,994,606</u>  | <u>38,713,971</u>  |
| Creditors: amounts falling due after more than one year | 15    | (19,997,836)       | (20,882,409)       |
| <b>Net assets</b>                                       |       | <u>17,996,770</u>  | <u>17,831,562</u>  |
| <b>Capital and reserves</b>                             |       |                    |                    |
| Called-up equity share capital                          | 19    | 12,840,004         | 12,840,004         |
| Profit and loss account                                 | 20    | <u>5,156,766</u>   | <u>4,991,558</u>   |
| <b>Total equity</b>                                     |       | <u>17,996,770</u>  | <u>17,831,562</u>  |

The Company's profit for the year and total comprehensive income for the year were £121,734 (2020: £530,457) and £165,208 (2020: £517,403), respectively.

The financial statements on pages 13 to 42 were approved by the directors and authorised for issue on 04-Aug-2022, and are signed on their behalf by:



MR C WAKEFIELD  
Director

# GOJO INDUSTRIES-EUROPE LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Share<br>capital<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£           |
|--|-----------------------|------------------------------------|----------------------|
| <b>Balance at 1 January 2020</b>               | <u>12,840,004</u>     | <u>(10,423,575)</u>                | <u>2,416,429</u>     |
| Profit for the year                            | -                     | 6,630,756                          | 6,630,756            |
| Other comprehensive income:                    |                       |                                    |                      |
| Currency translation difference                | -                     | (134,596)                          | (134,596)            |
| <b>Total comprehensive income for the year</b> | <u>-</u>              | <u>6,496,160</u>                   | <u>6,496,160</u>     |
| <br><b>Balance at 31 December 2020</b>         | <br><u>12,840,004</u> | <br><u>(3,927,415)</u>             | <br><u>8,912,589</u> |
| <br>Loss for the year                          | <br>-                 | <br>(6,582,644)                    | <br>(6,582,644)      |
| Other comprehensive income:                    |                       |                                    |                      |
| Currency translation difference                | -                     | (1,622,454)                        | (1,622,454)          |
| <b>Total comprehensive loss for the year</b>   | <u>-</u>              | <u>(8,205,098)</u>                 | <u>(8,205,098)</u>   |
| <br><b>Balance at 31 December 2021</b>         | <br><u>12,840,004</u> | <br><u>(12,132,513)</u>            | <br><u>707,491</u>   |

# GOJO INDUSTRIES-EUROPE LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Share<br>capital<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>£        |
|--|-----------------------|------------------------------------|-------------------|
| <b>Balance at 1 January 2020</b>               | <u>12,840,004</u>     | <u>4,474,155</u>                   | <u>17,314,159</u> |
| Profit for the year                            | -                     | 530,457                            | 530,457           |
| Other comprehensive income:                    |                       |                                    |                   |
| Currency translation difference                | -                     | (13,054)                           | (13,054)          |
| <b>Total comprehensive income for the year</b> | <u>-</u>              | <u>517,403</u>                     | <u>517,403</u>    |
| <b>Balance at 31 December 2020</b>             | <u>12,840,004</u>     | <u>4,991,558</u>                   | <u>17,831,562</u> |
| Profit for the year                            | -                     | 121,734                            | 121,734           |
| Other comprehensive income:                    |                       |                                    |                   |
| Currency translation difference                | -                     | 43,474                             | 43,474            |
| <b>Total comprehensive income for the year</b> | <u>-</u>              | <u>165,208</u>                     | <u>165,208</u>    |
| <b>Balance at 31 December 2021</b>             | <u>12,840,004</u>     | <u>5,156,766</u>                   | <u>17,996,770</u> |

# GOJO INDUSTRIES-EUROPE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

|   | Notes | 2021<br>£               | 2020<br>£                |
|---|-------|-------------------------|--------------------------|
| <b>Operating activities</b>   |       |                         |                          |
| Cash (used in)/generated from operations                              | 26    | (3,237,836)             | 19,529,702               |
| Income taxes paid   |       | <u>(750,609)</u>        | <u>(1,418,597)</u>       |
| <b>Net cash (used in)/generated from operating activities</b>         |       | <b>(3,988,445)</b>      | <b>18,111,105</b>        |
| <b>Investing activities</b>   |       |                         |                          |
| Payments to acquire intangible fixed assets                           |       | (59,500)                | (388,992)                |
| Payments to acquire tangible fixed assets                             |       | <u>(1,657,375)</u>      | <u>(2,099,563)</u>       |
| <b>Net cash used in investing activities</b>                          |       | <b>(1,716,875)</b>      | <b>(2,488,555)</b>       |
| <b>Financing activities</b>   |       |                         |                          |
| Interest paid   |       | (109,054)               | (156,596)                |
| Repayments of bank loans  |       | (1,175,203)             | (3,815,741)              |
| Movement on other borrowings  |       | <u>(1,779,511)</u>      | <u>1,065,306</u>         |
| <b>Net cash used in financing activities</b>                          |       | <b>(3,063,768)</b>      | <b>(2,907,031)</b>       |
| <b>Net change in cash and cash equivalents</b>                        |       | <b>(8,769,088)</b>      | <b>12,715,519</b>        |
| Cash and cash equivalents at beginning of year                        |       | 11,798,970              | (338,289)                |
| Effect of foreign exchange rate changes                               |       | <u>(1,715,945)</u>      | <u>(578,260)</u>         |
| Cash and cash equivalents at end of year                              |       | <u><u>1,266,780</u></u> | <u><u>11,798,970</u></u> |
| <b>Relating to:</b>   |       |                         |                          |
| Bank balances included in cash at bank and in hand                    |       | 1,665,419               | 11,798,970               |
| Overdrafts included in creditors: amounts falling due within one year | 14    | <u>(398,639)</u>        | -                        |
| Cash and cash equivalents   |       | <u><u>1,266,780</u></u> | <u><u>11,798,970</u></u> |

# GOJO INDUSTRIES-EUROPE LIMITED

## ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### General information

Gojo Industries-Europe Limited ("the company") is a private company limited by shares domiciled and incorporated in England.

The address of the company's registered office and principal place of business is Unit 5 & 6 Stratus Park, Brinklow, Milton Keynes, MK10 0DA.

The group consists of Gojo Industries-Europe Limited and all of its subsidiaries (note 11).

The company and group's principal activities and nature of operations are disclosed in the Strategic and Directors' Reports.

### Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts are rounded to the nearest £1.

### Reduced disclosures

The individual company financial statements of Gojo Industries-Europe Limited are included in these consolidated financial statements and in accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for each category of financial instrument.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

### Basis of consolidation

The consolidated financial statements incorporate those of Gojo Industries-Europe Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# GOJO INDUSTRIES-EUROPE LIMITED

## ACCOUNTING POLICIES (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

#### Going concern

These financial statements have been prepared on a going concern basis. The directors have received written assurance from the parent company of its continuing financial support for the foreseeable future. Along with the written assurance from the parent company, forecasts and annual budgets are prepared and reviewed by the directors.

During the first quarter of 2022, directors and management made the decision to consolidate manufacturing from three to one facility in France to allow future growth of the company. The restructuring will be funded within France by selling facility no longer needed as well as sale or sale lease-back of main manufacturing facility.

The directors therefore consider the going concern basis is appropriate and the financial statements do not contain the effect of any adjustments that may be necessary should the financial support referred to be withdrawn.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised on the sale of goods when the goods are delivered or legal title has passed to the customer.

#### Other operating income

Income from royalties are accounted for on an accruals basis.

#### Intangible fixed assets - goodwill

Goodwill is capitalised and written off evenly over its useful economic life. The directors have reviewed the French market place with regards to regulatory compliance and competition and determined the useful economic life of goodwill is 10 years, which represents the period over which the goodwill is expected to give rise to economic benefits.

#### Intangible fixed assets – other than goodwill

Intangible assets, purchased other than in a business combination, are recognised when future economic benefits are probable and the cost or value of the asset can be reliably measured.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

|          |               |
|----------|---------------|
| Patents  | 5 to 20 years |
| Licences | 3 years       |
| Software | 3 to 15 years |

# GOJO INDUSTRIES-EUROPE LIMITED

## ACCOUNTING POLICIES (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

Intangible assets are written off evenly over these periods as in the opinion of the directors this represents the period over which the intangible assets are expected to give rise to economic benefit.

#### Research and development

The development costs recognised as part of the historic business combination relate to work on the re-formulation of products for the purposes of changing regulatory requirements. At present the new regulatory requirements have not come into force and as such the intangible asset is not in use and therefore not being amortised at present. Amortisation commences when the asset is ready for its intended use.

All other research and development expenditure is expensed as incurred.

#### Research and development expenditure credit

Where research and development expenditure meets the required criteria specified by the local taxation authority to qualify as 'qualifying research and development' expenditure and therefore entitles the company to a credit ('RDEC') then this amount is credited against research and development expenditure in the Statement of Comprehensive Income.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

|                              |                             |
|------------------------------|-----------------------------|
| Freehold Property            | 20 years straight line      |
| Plant, Machinery & Equipment | 3 to 10 years straight line |

Assets in the course of construction are carried at cost, less any identified impairment loss. Depreciation commences when the assets are ready for their intended use.

#### Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that an intangible or tangible fixed asset may be impaired. If such indications exist, the group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in profit or loss.

#### Fixed asset investments

In the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### Stocks

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items and includes an apportionment for duty and freight.

At each reporting date the directors assess whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# GOJO INDUSTRIES-EUROPE LIMITED

## ACCOUNTING POLICIES (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

Dispenser costs are included within stock at cost until such time as they are issued to customers, whereupon the cost is charged in full to the profit and loss account.

#### **Operating lease agreements**

Rentals applicable to leases where substantially all of the risks and rewards of ownership remain with the lessor are operating leases and are charged to profit and loss on a straight-line basis over the lease term.

#### **Employee benefits**

The cost of short-term employee benefits are recognised as a liability and an expense as incurred. The cost of any unused holiday entitlement is recognised in the period which the employees' services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement and other long-term benefits**

##### **Defined contribution plan**

The group operates defined contribution pension schemes for the benefit of its employees. The assets of the schemes are held separately from those of the group in independently administered funds. Contributions payable are charged to profit and loss in the year they are payable.

##### **Defined benefit severance plan**

The group operates an unfunded defined benefit severance plan for some of its past employees. Please refer to note 24 for further detail. Benefits are accruing for some members and these are recognised as current service cost within profit or loss. The interest cost arising on the liabilities is also recognised within profit or loss.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.



# GOJO INDUSTRIES-EUROPE LIMITED

## ACCOUNTING POLICIES (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All such translation differences are taken to profit or loss.

Assets and liabilities of overseas subsidiaries and branches (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated each month at the average rate for that month as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

#### Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

Trade debtors, amounts owed by group undertakings repayable on demand and other debtors are 'basic financial instruments'. They are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Loans to group undertakings are 'basic financial instruments'. The debtor is initially measured at transaction price and subsequently measured at amortised cost using the effective interest method. Interest income is recognised on the basis of the effective interest method and is included in interest receivable and similar income.

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimate future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# **GOJO INDUSTRIES-EUROPE LIMITED**

## **ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

### **Financial liabilities**

Trade creditors, accruals and amounts due to group undertakings which are repayable on demand are 'basic financial instruments'. They are initially measured at transaction price and subsequently measured at amortised cost.

### **Borrowings**

Borrowings which include other loans, bank loans, invoice discounting facilities and long-term financing from group undertakings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

### **Derecognition of financial liabilities**

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1. Critical accounting estimates and areas of judgement

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.

#### *Critical accounting estimates and assumptions.*

The group/company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the defined benefit severance scheme depends on a number of factors that are determined using a variety of assumptions. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying value of the defined benefit severance scheme liability. At the reporting date the carrying value of the provision recognised in respect of this pension scheme was £1,436,115 (2020: £1,485,598).

On the acquisition of the GJF Holding group, that occurred in January 2014, the assets and liabilities acquired were recognised at their fair value. This resulted in a £12,538,283 uplift in the value of tangible fixed assets on acquisition. In determining this fair value on acquisition the directors used estimates and assumptions based on the resale markets for both real estate and specialised machinery and equipment.

#### *Critical areas of judgement*

The directors considered the useful economic life of goodwill and concluded that the useful economic life is limited to 10 years, which represents the period over which the goodwill is expected to give rise to economic benefits. At the reporting date the carrying value of goodwill was £2,912,646 (2020: £3,662,589). Amortisation of £584,182 (2020: £604,984) was recognised in the year.

During the prior year the Directors determined that there were indicators of impairment in relation to the capitalised development costs associated with the reformulation of products for the purposes of changing regulatory requirements. Determination of the recoverable amount requires a calculation of the asset's value in use and its fair value. During the prior year, an impairment charge of £1,949,060 was recognised in respect of these assets. The Directors have determined that no further impairment charges are required against these assets during the current year. At the reporting date, the carrying value of development costs was £440,679 (2020: £462,097).

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2. Turnover

An analysis of the group's turnover by class of business is as follows:

|               | 2021<br>£  | 2020<br>£   |
|---------------|------------|-------------|
| Sale of goods | 56,678,874 | 111,179,674 |

An analysis of the geographical location of the group's turnover is as follows:

|                | 2021<br>£         | 2020<br>£          |
|----------------|-------------------|--------------------|
| United Kingdom | 14,177,560        | 22,676,216         |
| European Union | 42,501,314        | 88,503,458         |
|                | <u>56,678,874</u> | <u>111,179,674</u> |

An analysis of other operating income is as follows:

|                    | 2021<br>£      | 2020<br>£        |
|--------------------|----------------|------------------|
| Insurance proceeds | -              | 1,120,871        |
| Other income       | 289,423        | 121,023          |
|                    | <u>289,423</u> | <u>1,241,894</u> |

The insurance proceeds of £nil (2020: £1,120,871) are in connection with a fire that destroyed one of the group's properties situated in France (refer to note 10).

### 3. Interest payable and similar expenses

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Interest arising on financial liabilities measured at amortised cost: |                |                |
| Bank loans and overdrafts   | 109,054        | 263,886        |
| Interest payable to group undertakings                                | 499,626        | 504,752        |
|   | <u>608,680</u> | <u>768,638</u> |

### 4. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging/(crediting):

|   | 2021<br>£   | 2020<br>£ |
|---|-------------|-----------|
| Amortisation of intangible fixed assets (note 9)    | 239,651     | 149,154   |
| Amortisation of goodwill (note 8)                   | 584,182     | 604,984   |
| Depreciation of tangible fixed assets (note 10)     | 2,519,584   | 2,642,101 |
| Research and development expenditure written off    | 343,775     | 394,341   |
| Loss on disposal of tangible assets                 | 13,853      | 6,126     |
| Exchange (gains)/losses                             | (1,570,061) | 1,120,871 |
| Impairment of intangible fixed assets (note 9)      | -           | 1,949,060 |
| Impairment of tangible fixed assets (note 10)       | -           | 1,409,891 |
| Operating lease rentals                             | 1,357,155   | 1,550,442 |
| Stock impairment losses recognised in cost of sales | 1,793,807   | 1,925,391 |
| Trade receivables impairment losses recognised      | 14,991      | 8,600     |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. (Loss)/profit before taxation (continued)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | £              | £              |
| Audit services - statutory audit of parent and consolidated accounts | 46,450         | 42,250         |
| Audit services – statutory audit of associates of the company        | 118,660        | 112,650        |
| Tax services   | 15,200         | 14,650         |
| Other non-audit services   | 31,100         | 20,660         |
|  | <u>211,410</u> | <u>190,210</u> |

### 5. Particulars of employees

The average number of staff employed (including Directors) by the group and company during the financial year amounted to:

|                             | Group      |            | Company   |           |
|-----------------------------|------------|------------|-----------|-----------|
|                             | 2021       | 2020       | 2021      | 2020      |
|                             | No         | No         | No        | No        |
| Sales and marketing         | 73         | 66         | 26        | 26        |
| Manufacturing and warehouse | 238        | 246        | 8         | 8         |
| Administration              | 74         | 74         | 7         | 7         |
|                             | <u>385</u> | <u>386</u> | <u>41</u> | <u>41</u> |

The aggregate payroll costs of the above were:

|                       | Group             |                   | Company          |                  |
|-----------------------|-------------------|-------------------|------------------|------------------|
|                       | 2021              | 2020              | 2021             | 2020             |
|                       | £                 | £                 | £                | £                |
| Wages and salaries    | 12,756,546        | 15,592,248        | 1,922,704        | 2,235,147        |
| Social security costs | 3,287,757         | 4,426,923         | 234,674          | 200,754          |
| Other pension costs   | 1,762,267         | 2,201,495         | 133,433          | 99,735           |
|                       | <u>17,806,570</u> | <u>22,220,666</u> | <u>2,290,811</u> | <u>2,535,636</u> |

### 6. Directors' remuneration

|   | 2021           | 2020          |
|---|----------------|---------------|
|   | £              | £             |
| Remuneration for qualifying services                          | 191,036        | 58,180        |
| Company contributions to defined benefit contribution schemes | 8,490          | 1,989         |
|   | <u>199,526</u> | <u>60,169</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020: 1).

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. Directors' remuneration (continued)

Certain directors of the group are remunerated by fellow group undertakings. The level of qualifying services to the group was negligible compared to their main roles. There were no management charges from these parent undertakings for the directors' services and the directors had determined that remuneration for qualifying services was £nil.

### 7. Taxation

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| <b>Current tax:</b>   |           |           |
| <b>UK taxation</b>  |           |           |
| UK Corporation tax based on the results for the year at 19% (2020: 19%) | 44,314    | 96,568    |
|   | 44,314    | 96,568    |
| Adjustments in respect of prior periods                                 | 19,875    | -         |
|   | 19,875    | -         |
| <b>Foreign tax</b>  |           |           |
| Current tax on income for the year                                      | 222,710   | 1,873,484 |
|   | 222,710   | 1,873,484 |
| <b>Total current tax</b>  | 286,899   | 1,970,052 |
| <b>Deferred tax:</b>  |           |           |
| Origination and reversal of timing difference                           | 21,167    | 80,788    |
| <b>Total deferred tax</b>   | 21,167    | 80,788    |
| <b>Total tax charge</b>   | 308,066   | 2,050,840 |

#### Factors affecting current tax charge

The tax assessed on the loss for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%).

|   | 2021<br>£   | 2020<br>£ |
|---|-------------|-----------|
| (Loss)/profit before taxation                               | (6,274,578) | 8,681,596 |
| (Loss)/profit multiplied by rate of tax                     | (1,192,170) | 1,649,503 |
| Expenses not deductible for tax                             | 7,294       | 2,724     |
| Income not taxable  | (551)       | (4,315)   |
| Adjustments to tax charge in respect of previous periods    | 19,875      | -         |
| Effect of subsidiaries operating in other tax jurisdictions | 1,471,372   | 407,842   |
| Sundry tax adjusting items                                  | 2,246       | (4,914)   |
| <b>Total tax charge</b>                                     | 308,066     | 2,050,840 |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 8. Intangible fixed assets - Goodwill

#### Group

| Cost                         | £                |
|------------------------------|------------------|
| At 1 January 2021            | 6,104,314        |
| Foreign currency translation | <u>(279,022)</u> |
| At 31 December 2021          | <u>5,825,292</u> |
| <br>Amortisation             |                  |
| At 1 January 2021            | 2,441,725        |
| Charge for the year          | 584,182          |
| Foreign currency translation | <u>(113,261)</u> |
| At 31 December 2021          | <u>2,912,646</u> |
| <br>Carrying amount          |                  |
| At 31 December 2021          | <u>2,912,646</u> |
| <br>At 31 December 2020      | <u>3,662,589</u> |

The amortisation charge for the year is recognised in profit and loss for the year and included within administrative expenses.

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. Intangible fixed assets - other

| Group                              | Development<br>Costs<br>£ | Patents/<br>Licences<br>£ | Software<br>£    | Total<br>£       |
|------------------------------------|---------------------------|---------------------------|------------------|------------------|
| <b>Cost</b>                        |                           |                           |                  |                  |
| At 1 January 2021                  | 2,411,157                 | 453,081                   | 1,075,179        | 3,939,417        |
| Additions                          | -                         | -                         | 59,500           | 59,500           |
| Foreign currency translation       | (110,508)                 | (20,710)                  | (23,060)         | (154,278)        |
| At 31 December 2021                | <u>2,300,649</u>          | <u>432,371</u>            | <u>1,111,619</u> | <u>3,844,639</u> |
| <b>Amortisation and impairment</b> |                           |                           |                  |                  |
| At 1 January 2021                  | 1,949,060                 | 276,382                   | 305,165          | 2,530,607        |
| Charge for the year                | -                         | 74,950                    | 164,701          | 239,651          |
| Foreign currency translation       | (89,090)                  | (12,806)                  | (11,738)         | (113,634)        |
| At 31 December 2021                | <u>1,859,970</u>          | <u>338,526</u>            | <u>458,128</u>   | <u>2,656,624</u> |
| <b>Carrying amount</b>             |                           |                           |                  |                  |
| At 31 December 2021                | <u>440,679</u>            | <u>93,845</u>             | <u>653,491</u>   | <u>1,188,015</u> |
| At 31 December 2020                | <u>462,097</u>            | <u>176,699</u>            | <u>770,015</u>   | <u>1,408,810</u> |

Included in the carrying value of development costs are costs in respect of work on the reformulation of products for the purposes of changing regulatory requirements. At the prior year end, there were indicators of impairment following a discontinuation of the reformulation of some of these products. The directors carried out an impairment review which resulted in an impairment loss of £1,949,060 for the prior financial period. The Directors have determined that no further impairment charges are required against these assets during the current year. At present the new regulatory requirements have not come into force and work is continuing. Amortisation of this asset will commence when the asset is ready for its intended use.



# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. Intangible fixed assets - other (continued)

| Company                      | Software<br>£  | Total<br>£     |
|------------------------------|----------------|----------------|
| <b>Cost</b>                  |                |                |
| At 1 January 2021            | 614,655        | 614,655        |
| Additions                    | 8,579          | 8,579          |
| Foreign currency translation | (286)          | (286)          |
| At 31 December 2021          | <u>622,948</u> | <u>622,948</u> |
| <b>Amortisation</b>          |                |                |
| At 1 January 2021            | 170,056        | 170,056        |
| Charge for the year          | 38,994         | 38,994         |
| Foreign currency translation | (286)          | (286)          |
| At 31 December 2021          | <u>208,764</u> | <u>208,764</u> |
| <b>Carrying amount</b>       |                |                |
| At 31 December 2021          | <u>414,184</u> | <u>414,184</u> |
| At 31 December 2020          | <u>444,599</u> | <u>444,599</u> |

Included within group and company intangible assets is a single software asset with a carrying amount of £414,184 (2020: £444,599).

The group and company amortisation charge for the year is recognised in profit and loss for the year and included within administrative expenses.

The group and company had no contractual commitments for the acquisition of intangible assets at the year-end (2020: nil).

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10. Tangible fixed assets

#### Group

|                                    | Land &<br>Buildings | Assets<br>Under<br>Construction | Plant,<br>Machinery &<br>Equipment | Total             |
|------------------------------------|---------------------|---------------------------------|------------------------------------|-------------------|
|                                    | £                   | £                               | £                                  | £                 |
| <b>Cost</b>                        |                     |                                 |                                    |                   |
| At 1 January 2021                  | 14,888,052          | 285,539                         | 24,061,902                         | 39,235,493        |
| Additions                          | -                   | 32,749                          | 1,624,626                          | 1,657,375         |
| Transfers                          | -                   | (265,310)                       | 265,310                            | -                 |
| Disposals                          | -                   | -                               | (187,142)                          | (187,142)         |
| Foreign currency translation       | (884,652)           | (20,229)                        | (1,638,832)                        | (2,543,713)       |
| At 31 December 2021                | <u>14,003,400</u>   | <u>32,749</u>                   | <u>24,125,864</u>                  | <u>38,162,013</u> |
| <b>Depreciation and impairment</b> |                     |                                 |                                    |                   |
| At 1 January 2021                  | 3,820,670           | -                               | 18,584,689                         | 22,405,359        |
| Charge for the year                | 368,102             | -                               | 2,151,482                          | 2,519,584         |
| On disposals                       | -                   | -                               | (173,289)                          | (173,289)         |
| Foreign currency translation       | (173,827)           | -                               | (1,219,427)                        | (1,393,254)       |
| At 31 December 2021                | <u>4,014,945</u>    | <u>-</u>                        | <u>19,343,455</u>                  | <u>23,358,400</u> |
| <b>Carrying amount</b>             |                     |                                 |                                    |                   |
| At 31 December 2021                | <u>9,988,455</u>    | <u>32,749</u>                   | <u>4,782,409</u>                   | <u>14,803,613</u> |
| At 31 December 2020                | <u>11,067,382</u>   | <u>285,539</u>                  | <u>5,477,213</u>                   | <u>16,830,134</u> |

The Group has pledged land and buildings, having a net book value of £1,488,198 (2020: £1,635,286) to secure its bank loans (note 16).

In the prior year, the impairment loss of £1,120,871 on land and buildings arose in connection with a fire that destroyed one of the one of the group's properties situated in France and has been charged to administrative expenses.

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10. Tangible fixed assets (continued)

| Company                      | Plant,<br>Machinery &<br>Equipment<br>£ | Total<br>£     |
|------------------------------|---|----------------|
| <b>Cost</b>                  |   |                |
| At 1 January 2021            | 919,744                                 | 919,744        |
| Additions                    | 18,000                                  | 18,000         |
| Foreign currency translation | (3,340)                                 | (3,340)        |
| At 31 December 2021          | <u>934,404</u>                          | <u>934,404</u> |
| <b>Depreciation</b>          |   |                |
| At 1 January 2021            | 817,721                                 | 817,721        |
| Charge for the year          | 27,553                                  | 27,553         |
| Foreign currency translation | (3,340)                                 | (3,340)        |
| At 31 December 2021          | <u>841,934</u>                          | <u>841,934</u> |
| <b>Carrying amount</b>       |   |                |
| At 31 December 2021          | <u>92,470</u>                           | <u>92,470</u>  |
| At 31 December 2020          | <u>102,023</u>                          | <u>102,023</u> |

### 11. Investments in subsidiary undertakings

| Company                                | Shares in<br>subsidiary<br>undertakings<br>£ |
|--|--|
| <b>Cost</b>                            |  |
| At 1 January 2021 and 31 December 2021 | <u>13,930,796</u>                            |
| <b>Carrying amount</b>                 |  |
| At 31 December 2021                    | <u>13,930,796</u>                            |
| At 31 December 2020                    | <u>13,930,796</u>                            |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11. Investments in subsidiary undertakings (continued)

The company's subsidiary undertakings are:

| Subsidiary undertakings                 | Registered office | % of voting rights and shares held | Nature of business                      |
|---|-------------------|------------------------------------|---|
| <b>Ordinary shares held directly:</b>   |                   |                                    |   |
| Gojo Iberia Espania SL                  | 1                 | 100%                               | Sale and manufacture of hygiene systems |
| Gojo Luxembourg SARL                    | 2                 | 100%                               | Holding company                         |
| <b>Ordinary shares held indirectly:</b> |                   |                                    |   |
| GJF Holding SAS                         | 3                 | 100%                               | Sale and manufacture of hygiene systems |
| Laboratories Prodene Klint              | 3                 | 100%                               | Sale and manufacture of hygiene systems |
| IRM                                     | 3                 | 100%                               | Sale and manufacture of hygiene systems |
| Prodene GmbH                            | 3                 | 96%                                | Sale of hygiene systems                 |
| GOJO Switzerland SARL                   | 4                 | 100%                               | Holding registrations                   |

The registered office addresses of the above subsidiaries are as follows:

1. C/O Lawyers and Accountants, C/Gabriel Lobo 32, Bajo, 28002 - Madrid, Spain.
2. 163, Rue du Kiem, L-8030 Strassen, Luxembourg.
3. 8 Rue Leon Jouhaux, Croissy Beaubourg, France.
4. c/o RSM (GVa) SA, 11 Rue de Faubourg-de-Cruseilles, 227 Carouge, Switzerland.

### 12. Stocks

|                                     | Group             |                   | Company          |                  |
|-------------------------------------|-------------------|-------------------|------------------|------------------|
|                                     | 2021              | 2020              | 2021             | 2020             |
|                                     | £                 | £                 | £                | £                |
| Raw materials and consumables       | 3,653,304         | 4,110,228         | -                | -                |
| Work in progress                    | 1,827,019         | 1,537,170         | 113,030          | 149,759          |
| Finished goods and goods for resale | 16,540,644        | 15,155,365        | 5,916,008        | 7,028,525        |
|                                     | <u>22,020,967</u> | <u>20,802,763</u> | <u>6,029,038</u> | <u>7,178,284</u> |

The difference between the carrying value of stock and its replacement value is not material.

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. Debtors

|  | Group            |                   | Company           |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | 2021             | 2020              | 2021              | 2020              |
| Amounts falling due within one year          | £                | £                 | £                 | £                 |
| Trade debtors                                | 3,016,326        | 7,786,621         | 897,359           | 1,494,985         |
| Amounts owed by group undertakings           | -                | -                 | 600,657           | 1,033,779         |
| VAT recoverable                              | 1,465,475        | 2,091,062         | -                 | -                 |
| Corporation tax                              | 47,157           | -                 | 47,157            | -                 |
| Other debtors                                | 1,040,453        | 1,352,439         | 100,000           | 100,000           |
| Prepayments and accrued income               | 1,190,230        | 1,410,964         | 367,003           | 323,603           |
|  | <u>6,759,641</u> | <u>12,641,086</u> | <u>2,012,176</u>  | <u>2,952,367</u>  |
|  |                  |                   |                   |                   |
|  | Group            |                   | Company           |                   |
|  | 2021             | 2020              | 2021              | 2020              |
| Amounts falling due after more than one year | £                | £                 | £                 | £                 |
| Amounts owed by group undertakings           | -                | -                 | 22,104,675        | 23,026,280        |
|  | <u>-</u>         | <u>-</u>          | <u>22,104,675</u> | <u>23,026,280</u> |

### 14. Creditors: Amounts falling due within one year

|                                     | Group             |                   | Company          |                  |
|-------------------------------------|-------------------|-------------------|------------------|------------------|
|                                     | 2021              | 2020              | 2021             | 2020             |
|                                     | £                 | £                 | £                | £                |
| Bank loans and overdrafts (note 16) | 1,293,916         | 1,228,652         | -                | -                |
| Trade creditors                     | 4,465,981         | 10,813,008        | 221,593          | 139,924          |
| Amounts owed to group undertakings  | 12,897,127        | 9,111,488         | 4,376,850        | 5,233,556        |
| Corporation tax                     | 278,993           | 739,753           | -                | 689              |
| Other taxation and social security  | 1,520,476         | 2,489,597         | 73,240           | 295,969          |
| Other creditors (note 16)           | 1,768,567         | 3,548,078         | 1,768,567        | 3,548,078        |
| Accruals and deferred income        | 4,373,335         | 6,275,485         | 638,599          | 587,057          |
|                                     | <u>26,598,395</u> | <u>34,206,061</u> | <u>7,078,849</u> | <u>9,805,273</u> |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15. Creditors: Amounts falling due after more than one year

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2021              | 2020              | 2021              | 2020              |
|  | £                 | £                 | £                 | £                 |
| Bank loans and overdrafts (note 16)          | 434,766           | 1,423,524         | -                 | -                 |
| Amounts owed to group undertakings (note 16) | 19,997,836        | 20,882,409        | 19,997,836        | 20,882,409        |
| Accruals and deferred income                 | 94,009            | 170,699           | -                 | -                 |
|  | <u>20,526,611</u> | <u>22,476,632</u> | <u>19,997,836</u> | <u>20,882,409</u> |

Included in creditors are:

Amounts repayable other than by instalments falling due after more than 5 years

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2021             | 2020             | 2021             | 2020             |
|                                    | £                | £                | £                | £                |
| Amounts owed to group undertakings | <u>1,908,558</u> | <u>4,035,277</u> | <u>1,908,558</u> | <u>4,035,277</u> |

### 16. Borrowings

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2021              | 2020              | 2021              | 2020              |
|  | £                 | £                 | £                 | £                 |
| Creditors: amounts falling due within one year:          |                   |                   |                   |                   |
| Bank overdrafts  | 398,639           | -                 | -                 | -                 |
| Bank loans   | 895,277           | 1,228,652         | -                 | -                 |
| Other creditors  | <u>1,768,567</u>  | <u>3,548,078</u>  | <u>1,768,567</u>  | <u>3,548,078</u>  |
|  | <u>3,062,483</u>  | <u>4,776,730</u>  | <u>1,768,567</u>  | <u>3,548,078</u>  |
| Creditors: amounts falling due after more than one year: |                   |                   |                   |                   |
| Bank loans   | 434,766           | 1,423,524         | -                 | -                 |
| Amounts owed to group undertakings                       | <u>19,997,836</u> | <u>20,882,409</u> | <u>19,997,836</u> | <u>20,882,409</u> |
|  | <u>20,432,602</u> | <u>22,305,933</u> | <u>19,997,836</u> | <u>20,882,409</u> |
| Total  | <u>23,495,085</u> | <u>27,082,663</u> | <u>21,766,403</u> | <u>24,430,487</u> |

Bank overdrafts are annual facilities which are unsecured and repayable on demand. The interest rate on bank overdrafts in place in the year ranged between 1.22%-2.89%.

Borrowings are denominated and repaid in Euros and US dollars and have contractual interest rates that are fixed and variable.

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16. Borrowings (continued)

#### Bank borrowings

Bank borrowings include amounts repayable by instalments on the following basis:

|                            | Group            |                  | Company  |          |
|----------------------------|------------------|------------------|----------|----------|
|                            | 2021             | 2020             | 2021     | 2020     |
|                            | £                | £                | £        | £        |
| Less than one year         | 895,277          | 1,228,652        | -        | -        |
| Between two and five years | 434,766          | 1,423,524        | -        | -        |
|                            | <u>1,330,043</u> | <u>2,652,176</u> | <u>-</u> | <u>-</u> |

Bank borrowings of £1,330,043 (2020: £2,652,176) bear average fixed rate coupons of between 0.4% and 2.64% per annum (2020: 0.3% and 2.64% per annum).

Bank borrowings of £336,253 (2020: £718,720) are secured against certain assets held within freehold land and buildings.

#### Other creditors

Other creditors includes an amount of £1,768,567 (2020: £3,548,078) advanced to the group and company in respect of its invoice discounting and stock drawdown arrangement, which is secured by way of a fixed and floating charge over all of the group's assets.

#### Amounts owed to group undertakings

Amounts owed to group undertakings bear fixed rate coupons of 2.5%. A balance of £16,131,784 (2020: £16,847,132) is due for repayment in full on 1 January 2024, £1,957,494 (2020: £2,043,177) is due for repayment in full on 1 January 2026 and a further £1,908,558 (2020: £1,992,100) is due for repayment in full on 1 January 2027.

### 17. Provisions for liabilities

#### Group

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | £                | £                |
| Deferred tax (note 18)                   | 81,689           | 63,472           |
| Defined benefit severance plan (note 24) | <u>1,436,115</u> | <u>1,485,598</u> |
|  | <u>1,517,804</u> | <u>1,549,070</u> |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 18. Deferred tax

##### Group

|  | Deferred<br>taxation<br>£ |
|--|---------------------------|
| Deferred tax asset at 1 January 2021       | (63,472)                  |
| Charge to profit or loss                   | (21,167)                  |
| Foreign currency translation               | 2,950                     |
| Deferred tax liability at 31 December 2021 | <u>(81,689)</u>           |

Provision for deferred tax has been made as follows:

|                                  | 2021<br>£       | 2020            |
|----------------------------------|-----------------|-----------------|
| Deferred tax liabilities         | (1,075,770)     | (1,259,895)     |
| Deferred tax assets              | 994,081         | 1,196,422       |
| Net position at 31 December 2021 | <u>(81,689)</u> | <u>(63,472)</u> |

The major deferred tax liabilities and assets recognised by the group are:

##### Deferred tax liabilities:

|  | 2021<br>£          | 2020<br>£          |
|--|--------------------|--------------------|
| Assets measured at fair value on acquisition | (1,069,638)        | (1,259,895)        |
| Other timing differences                     | (6,132)            | -                  |
|  | <u>(1,075,770)</u> | <u>(1,259,895)</u> |

The deferred tax liability is expected to unwind as the relevant assets are reduced either by depreciation or disposal.

|                                | 2021<br>£      | 2020<br>£        |
|--------------------------------|----------------|------------------|
| Deferred tax assets:           |                |                  |
| Severance benefit obligation   | 359,029        | 371,696          |
| Fixed asset timing differences | 635,052        | 602,362          |
| Other timing differences       | -              | 222,364          |
|                                | <u>994,081</u> | <u>1,196,422</u> |

#### 19. Share capital

##### Allotted, issued and fully paid:

|                                       | 2021<br>£         | 2020<br>£         |
|---------------------------------------|-------------------|-------------------|
| 12,840,004 Ordinary shares of £1 each | <u>12,840,004</u> | <u>12,840,004</u> |

##### Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.



# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20. Reserves

#### Group and company

#### Profit and loss account

This reserve represents cumulative profit and loss net of distributions to owners.

### 21. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows.

#### Group

|                     | 2021<br>£        | 2020<br>£        |
|---------------------|------------------|------------------|
| Amounts due:        |                  |                  |
| Within 1 year       | 1,074,780        | 1,322,582        |
| Within 2 to 5 years | 1,307,273        | 2,100,601        |
|                     | <u>2,382,053</u> | <u>3,432,183</u> |

#### Company

|                     | 2021<br>£        | 2020<br>£        |
|---------------------|------------------|------------------|
| Amounts due:        |                  |                  |
| Within 1 year       | 483,522          | 488,494          |
| Within 2 to 5 years | 823,274          | 1,262,409        |
|                     | <u>1,306,796</u> | <u>1,750,903</u> |

### 22. Contingent assets

During the prior year, the group filed an insurance claim in respect of a fire damaged warehouse located at a subsidiary company based in France. The proceeds of the insurance claim are uncertain and vary depending on the level of repairs carried out by the group. The directors' have estimated that proceeds could vary between €1,200,000 and €1,800,000 in total. At the reporting date, the company had received proceeds totalling €300,000. Subsequent to the reporting date, an additional €500,000 was received by the group. At the comparative reporting date, the group has recognised income from the claim of £1,120,871 equal to the net book value of the damaged asset written off in the year. No further income in relation to this claim has been recognised in these financial statements as the directors are unable to assess any further amounts due with any certainty at the date of signing these financial statements.

### 23. Remuneration of key management personnel

The total remuneration of the directors and the management team (who are considered to be the key management personnel of the group) was £1,708,068 (2020: £2,440,127) including employer's national insurance contributions of £304,628 (2020: £586,137).

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 24. Retirement benefits

##### Defined contribution schemes

|   | Group     |           | Company |        |
|---|-----------|-----------|---------|--------|
|   | 2021      | 2020      | 2021    | 2020   |
|   | £         | £         | £       | £      |
| Charge to profit or loss in respect of defined contribution schemes | 1,762,267 | 2,201,495 | 133,433 | 99,735 |

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the reporting date, no contributions were payable by the group or company to the fund (2020: £nil).

##### Defined benefit severance plan

| Group   | 2021      | 2020      |
|---|-----------|-----------|
|   | £         | £         |
| Unfunded defined benefit severance plan provision | 1,436,115 | 1,485,598 |

The group is committed to providing defined benefit severance payments to some of the past and present employees of the group on their retirement.

The severance benefits are wholly unfunded. The obligation is therefore funded from the group's reserves rather than from a separately administered plan.

The principal assumptions used to value the scheme liabilities are as follows:

|  | 2021  | 2020  |
|--|-------|-------|
|  | %     | %     |
| Discount rate at 31 December           | 0.790 | 0.330 |
| Rate of increase in severance benefits | 1.0   | 1.0   |

The change in the present value of the defined benefit obligation was:

|   | 2021      |
|---|-----------|
|   | £         |
| Deferred benefit obligation at 1 January  | 1,485,598 |
| Benefits paid                             | (23,763)  |
| Current service cost                      | 31,002    |
| Interest cost                             | 11,226    |
| Loss on foreign exchange                  | (67,948)  |
| Defined benefit obligation at 31 December | 1,436,115 |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25. Ultimate parent company

The ultimate and immediate parent company is Gojo Industries, Inc., a company incorporated in the USA.

The group accounts of this company represent the largest and smallest group for which consolidated accounts are prepared, and are publicly available.

The parent company's registered office address is One Gojo Plaza, Suite 500, Akron, Ohio 44311.

The directors do not consider there to be a single ultimate controlling party.

### 26. Reconciliation of loss after tax to net cash generated from operations

|  | Group       |             |
|--|-------------|-------------|
|  | 2021        | 2020        |
|  | £           | £           |
| (Loss)/profit after tax                                      | (6,582,644) | 6,630,756   |
| Adjustments for:   |             |             |
| Depreciation of tangible fixed assets                        | 2,519,584   | 2,642,101   |
| Impairment losses on tangible fixed assets                   | -           | 1,120,871   |
| Amortisation of intangible fixed assets (including goodwill) | 823,833     | 754,138     |
| Impairment losses on intangible fixed assets                 | -           | 1,949,060   |
| (Decrease)/increase in provisions                            | (49,483)    | 28,516      |
| Loss on disposal of tangible fixed assets                    | 13,853      | 6,126       |
| Interest payable   | 608,680     | 768,638     |
| Taxation   | 308,066     | 2,050,840   |
| Operating cash flow before movements in working capital      | (2,358,111) | 15,951,046  |
| Increase in stock  | (1,849,078) | (3,932,686) |
| Decrease/(increase) in trade and other debtors               | 5,440,952   | (717,830)   |
| (Decrease)/increase in trade and other creditors             | (4,471,599) | 8,229,172   |
| Cash generated from operations                               | (3,237,836) | 19,529,702  |

### Reconciliation of changes in net debt

|                           | Group        |             |           |           |              |
|---------------------------|--------------|-------------|-----------|-----------|--------------|
|                           | At 1         |             | Non-cash  | Exchange  | At 31        |
|                           | January      | Cash flows  | movements | rate      | December     |
|                           | 2021         |             |           |           | 2021         |
|                           | £            | £           | £         | £         | £            |
| Cash at bank and in hand  | 11,798,970   | (9,654,053) | -         | (479,498) | 1,665,419    |
|                           | 11,798,970   | (9,654,053) | -         | (479,498) | 1,665,419    |
| Borrowings                |              |             |           |           |              |
| Amounts due within 1 year | (4,776,730)  | 2,555,155   | (909,895) | 68,987    | (3,062,483)  |
| Amounts due after 1 year  | (22,305,933) | -           | 410,269   | 1,463,062 | (20,432,602) |
|                           | (27,082,663) | 2,555,155   | (499,626) | 1,532,049 | (23,495,085) |
| Total net debt            | (15,283,693) | (7,098,898) | (499,626) | 1,052,551 | (21,829,666) |

# GOJO INDUSTRIES-EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 27. Events after the reporting date

During the year, the European leadership team completed strategy work that commenced prior to the pandemic. The focus of this work was to determine strategies which would help aid a more sustainable, profitable growth.

Subsequently, after the reporting date on 23rd March 2022, the European leadership team announced the need to right-size and upgrade the manufacturing and distribution assets inherited when we acquired LPK in 2014. As a result, management have decided to consolidate the European operations into an expanded and modernised version and exit the Mitry and Alby facilities. This transition is expected to be complete in 2023. The updated and expanded Croissy facility will enable us to operate more efficiently and effectively while also supporting the growth of our PURELL® and GOJO® branded business in Europe. Some team members will be moving from the Mitry facility to the Croissy facility because of their proximity, skills, and our production needs, while others will be leaving the business.