



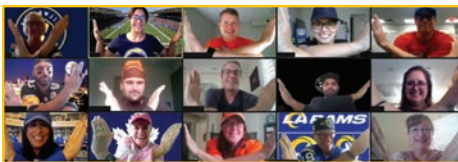
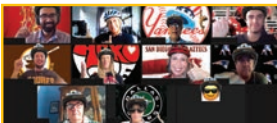
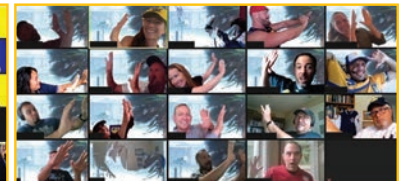
One World. One Company. One Tribe.

2020 ANNUAL REPORT



Despite the challenges in 2020
our tribe was, and continues to be,
committed to these tenets:

STABILIZE
SECURE
RESET
THRIVE



Garry's Message

G'day fellow stockholders,

ONE WORLD. ONE COMPANY. ONE TRIBE. This has long been a mantra for WD-40 Company, but never has it been truer than it was in 2020, a year that humanity will never forget. This unprecedented year is one that brought many unexpected challenges that we weathered together and one which will likely be remembered as the most challenging fiscal year in the history of the Company. As we reflect upon this year, it's important for us to ask ourselves, what did we learn during this time, and how has it impacted us?

While on many levels we can hope that we never have to repeat such a year, in some ways, these challenges have brought out the best in our tribe and our Company. True character is often revealed during a crisis, and our tribe members around the world together demonstrated that we are exactly who we think we are—a global, connected tribe whose members will not hesitate to go above and beyond to live our values by supporting each other, our customers, our end-users, our partners, and our stockholders. The disruption from the global COVID-19 pandemic caused us to rethink our processes, increase our digital IQ, perfect our virtual communication, and draw on our collective resilience. As a result, we are stronger today than we were a year ago.

STABILIZE, SECURE, RESET, AND THRIVE

In the worst economic collapse since the Great Depression, our tribe worked tirelessly together across regions, functions, and time zones to respond to this year's unique challenges caused by the pandemic, many of which none of us had ever faced before. Our first order of business was to **stabilize** and **secure** the business. This first stage required reviewing our circumstances, financial position, resources, and priorities to agree on how we would prevail under constantly shifting conditions. Our priority was the safety and well-being our tribe members and their families.

Once we were able to stabilize and secure our business, our focus quickly expanded to **resetting** under the new realities of the world. Our global leaders collaborated to ensure cohesive and consistent responses to the weekly, even daily changes in conditions. Our supply chain professionals

around the world had to adjust rapidly to volume declines, and then a short time later they had to turn around and create capacity for skyrocketing demand. Our tribe members had to adapt to working in an entirely virtual world.

Our last stage, **thrive**, involved applying what we had learned during these unprecedented times and asking ourselves what lessons have we learned? What do we need to do differently or better? Where does our focus need to be?

THE FUTURE REMAINS CLEAR

Many things—the essential ones—haven't changed. Our values are our foundation. We are continuing to stay the course and stay focused, with our vision still squarely in sight. We continue to believe that we are traveling down a road that will lead us to consolidated net sales of approximately \$700 million. When we originally shared this probably wrong and roughly right revenue target with you, we had a reasonable basis for our belief as to when we might arrive at that destination. However, when the pandemic hit, we were diverted off the road and put into a parking lot. While we've been parked, we have taken considerable time to stabilize, secure, and reset our business so that we can thrive in the future. Our growth aspirations continue to be to drive consolidated net sales to approximately \$700 million. However, because of the uncertain global economy—and the traffic jams we expect to encounter in the future due to the pandemic—the timing as to when we will arrive at our destination remains less clear to us.

I have never been prouder to be the leader of the WD-40 Company tribe. Our continued progress this year against all odds has proven once again that we are truly one world, one company, one tribe.



Garry Ridge
Chairman and Chief Executive Officer

Steve's Message

DEAR FELLOW STOCKHOLDERS,

Fiscal year 2020 was an unprecedented year marked by the resilience of our brands, our business model, and our tribe. As Dr. Rebecca Homkes, a lecturer at London Business School, has stated, "One of the essential distinguishers of a high-growth company is learning velocity: companies that learn faster, grow faster." Fiscal year 2020 was certainly a year where we had to learn fast. We had to learn to use virtual tools to be productive and connected, we had to learn to be agile with our supply chains around the world, and we had to learn to pivot frequently as required in response to an unpredictable pandemic.

As a global business that sells products in more than 176 countries and territories around the world, each of our locations was impacted differently by the pandemic and therefore our sales results varied greatly between geographies. For the full fiscal year 2020, we delivered revenue of \$408.5 million, down just 4% compared to last fiscal year.

We saw starkly contrasting results in markets around the world. In geographies where retail operations remained open and where we were able to leverage our strong digital presence, we saw sales growth. However, in markets with strict movement restrictions in place or less developed e-commerce adoption, our sales were challenged.

We had a solid year in the Americas, delivering 3% revenue growth primarily driven by solid sales in the United States and Canada. Much this growth came from a phenomenon we experienced in the last quarter of our fiscal year which we refer to as "isolation renovation." It seems that the more time people spend isolated in their homes due to the pandemic, the more time and money they spend making home improvements.

We were somewhat challenged in EMEA and revenue was down 3% overall in the fiscal year. Though we saw a strong rebound in sales in our EMEA direct markets in the last quarter of our fiscal year and sales in these markets increased 2% year over year, sales in the distributor markets in EMEA were significantly impacted by the pandemic and decreased 13% this year.

In Asia-Pacific we experienced extreme disruptions from the pandemic and revenue was down 25% in the fiscal year. This decline was driven by disruptions in our Asia distributor markets and in China where extended closures, lockdowns, and restrictions required by local governmental authorities to combat the pandemic negatively impacted our ability to sell in many channels and geographies. Our shining star in Asia-Pacific was Australia where we delivered 6% revenue growth in the fiscal year driven by isolation renovation trends down under as well as strong demand for homecare and cleaning products due to the pandemic.

Since we know that companies that learn faster will grow faster, we spent a considerable amount of time this year developing what we call our "Must-Win Battles." These are the primary tactics that will enable us to deliver against our revenue growth aspirations.

MUST-WIN BATTLE #1: GEOGRAPHIC EXPANSION

Our largest opportunity, and first global Must-Win Battle, is the geographic expansion of the blue and yellow can with the little red top. WD-40® Multi-Use Product is one of the most recognizable brands in the world and we are proud that our products live in the hearts and minds of end-users everywhere. We estimate the potential long-term growth opportunity for WD-40 Multi-Use Product to be over \$1 billion. In support of this Must-Win Battle we launched

our newest direct market in Mexico during fiscal year 2020, in the midst of a pandemic, and sales increased 10% compared to sales in the country last year. We will remain focused on our top 20 geographic growth opportunities in order to continue to drive us toward this sizable opportunity.

MUST-WIN BATTLE #2: PREMIUMIZATION

The evolution of the blue and yellow can with the little red top began 15 years ago. We listen to our end-users. People in focus groups and ethnographies told us that losing the straw that comes with each can of WD-40 Multi-Use Product was a major pain point for them. To solve this problem, we introduced WD-40 Smart Straw®, a new delivery system that permanently attaches the red straw to the can. It is our most successful innovation and has paved the way for other premium products like WD-40 EZ-REACH® and Smart Straw Next Generation. Premiumization of our products creates opportunities for revenue growth and gross margin expansion. Our objective is to grow Smart Straw penetration to 60% of WD-40 Multi-Use Product global sales.

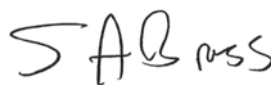
MUST-WIN BATTLE #3: WD-40 SPECIALIST®

We debuted the global rebrand of WD-40 Specialist® in fiscal year 2020. Now, for the first time ever, WD-40 Specialist is fully leveraging our most iconic asset, the blue and yellow can with the little red top. This alignment will help drive future revenue growth and leverage brand equity in the future. We believe that WD-40 Specialist represents a \$100 million annual revenue opportunity. WD-40 Specialist contributed \$36.8 million in sales during fiscal year 2020, up 4% from last year. This continues to move us towards our revenue target for this initiative.

MUST-WIN BATTLE #4: DIGITAL COMMERCE

This was the year that a global health crisis would transform how people shop. In fiscal year 2020, we continued our heightened focus in the areas of digital and e-commerce. We expanded our low cost, high performing website model to more than 90 countries around the world and our social media and other digital marketing efforts put our brands in front of more people online than ever before. This helped to drive e-commerce sales growth of approximately 58%, including strong growth across all three trade blocs. We expect e-commerce will become an even more significant growth channel for us in the future.

As we look toward opportunities on the horizon, we intend to maintain our laser-like focus on our Must-Win Battles moving into fiscal year 2021 and beyond.



Steve Brass
President and Chief Operating Officer

Jay's Message

DEAR FELLOW STOCKHOLDERS,

We generated net sales of \$408.5 million for the fiscal year, a decrease of 4% compared to the previous fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on our consolidated net sales for fiscal year 2020. On a constant currency basis, net sales would have declined just 2% over the previous fiscal year.

Although top-line growth was challenged this fiscal year due to disruptions related to the pandemic caused by COVID-19, our disciplined and focused approach to managing our global business put us in an enviable position as we moved through the stages required to stabilize, secure, and reset our business during this highly unusual year.

Our net income for fiscal year 2020 was \$60.7 million, an increase of 9% compared to last year. This allowed us to deliver diluted earnings per share of \$4.40, compared to \$4.02 in the prior fiscal year. Net income and diluted earnings per share were both up significantly in fiscal year 2020 because our net income and diluted earnings per share were unfavorably impacted in the prior year due to a reserve for an uncertain tax position which we recorded in the fourth quarter of fiscal year 2019 in the amount of \$8.7 million.

OUR 55/30/25 BUSINESS MODEL

Our discipline and diligence around our 55/30/25 business model remain a top priority for us. The model targets a gross margin of 55% of net sales, a cost of doing business of 30% of net sales, and an EBITDA of 25% of net sales.

In fiscal year 2020, our gross margin fell slightly to 54.6% compared to 54.9% last year. Although our cost of doing business percentage remained constant at 34% of net sales compared to last year, we do expect to see improvements to this measure over time as our revenues

grow. Finally, our last measure, EBITDA, was also constant at 21% of net sales compared to last year.

CREATING VALUE

The company's financial condition and liquidity remains strong. During fiscal year 2020, we took numerous steps to further strengthen our balance sheet as we moved through the stages required to stabilize, secure, and reset our business as a result of the pandemic. At the end of fiscal year 2020, our balance sheet remained solid, with \$56.5 million in cash and cash equivalents and a modest, manageable level of debt.

When the pandemic began, we elected to suspend the stock purchases we were making under our share buy-back plan in order to conserve our cash while we monitored the long-term impacts of the health crisis. That share buy-back plan expired at the end of August 2020. We don't anticipate seeking board approval for additional share repurchases until we begin to see a reduced level of uncertainty regarding the pandemic's impact. However, we continue to return capital to our shareholders through regular dividends. In the second quarter of fiscal year 2020, we raised our quarterly dividend to \$0.67 per share, resulting in an annualized dividend of \$2.68.

In closing, I would like to thank our stockholders for their continued confidence in WD-40 Company. We look forward to continuing to increase the value of the Company for all our stakeholders.



Jay Rembolt
Vice President, Finance, Treasurer and Chief Financial Officer

FY 2020 RESULTS

15%

RETURN ON SALES¹

¹ Calculated as net income for fiscal year 2020 divided by net sales for 2020.

17%

RETURN ON ASSETS²

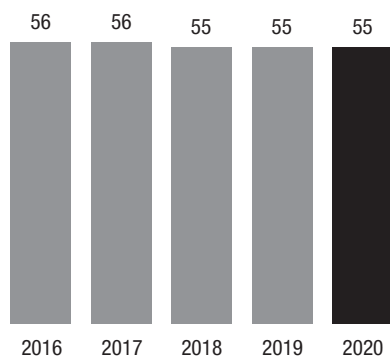
² Calculated as net income for fiscal year 2020 divided by total assets at August 31, 2020.

32%

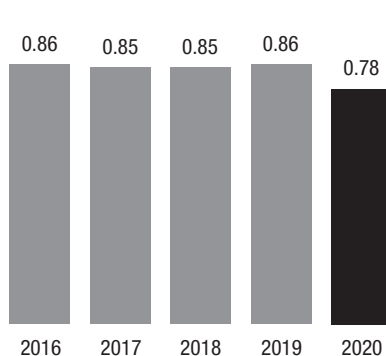
RETURN ON INVESTED CAPITAL³

³ Calculated as net operating profit after tax divided by average total assets less cash and cash equivalents, short-term investments and non-interest bearing liabilities.

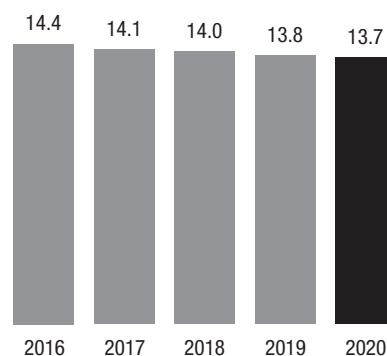
Gross Margin
(percent)



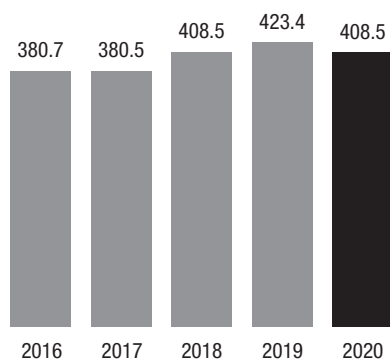
Sales Per Employee
(in millions)



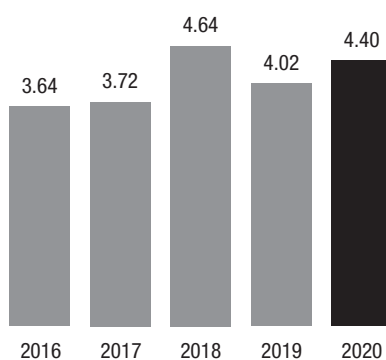
Weighted Average Shares Outstanding
(in millions)



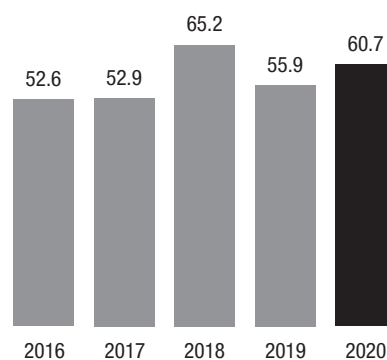
Net Sales
(in millions)



Earnings Per Share
(in dollars)



Net Income
(in millions)



PERFORMANCE GRAPH

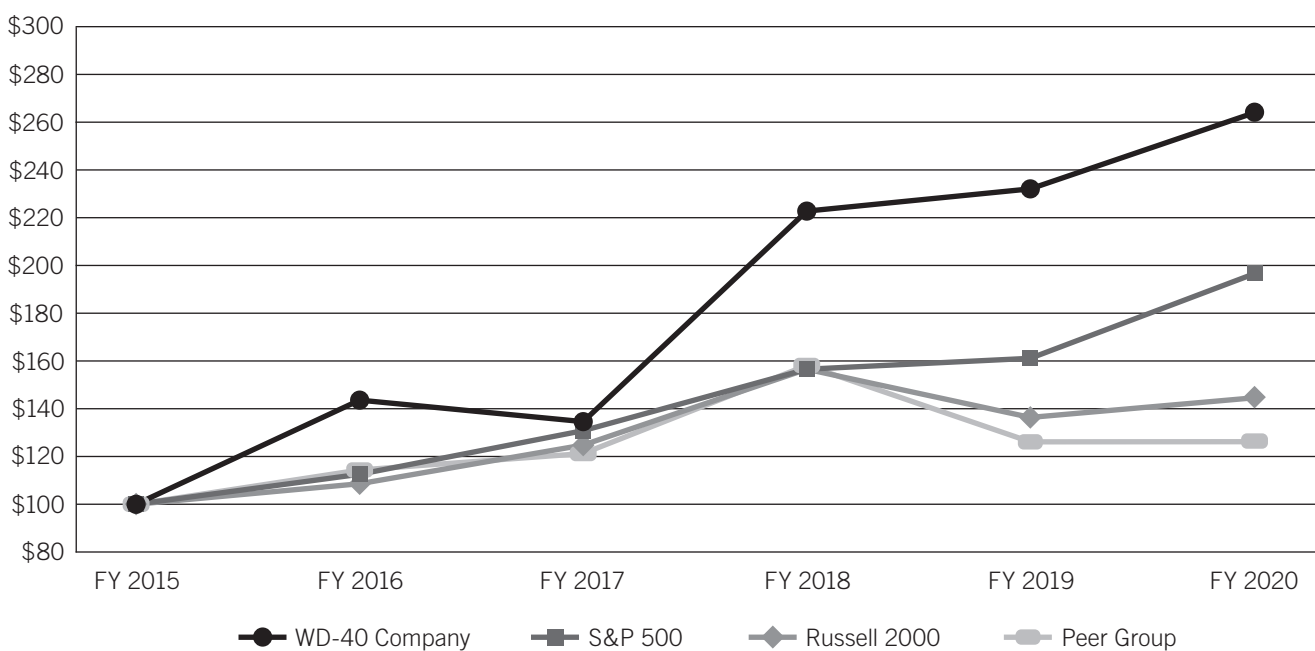
The following graph compares the cumulative total stockholder return on the Company's Common Shares to the yearly weighted cumulative return of a peer group of companies, the Standard & Poor's 500 Composite Index ("S&P 500") and the Russell 2000 Composite Stock Index for the five fiscal years ending August 31, 2020.

The Company uses the same peer group for the Company's five-year performance graph as the peer group of companies used by the Compensation Committee for purposes of benchmarking executive compensation.

During fiscal year 2020, two companies included in the peer group used by the Compensation Committee for fiscal year 2020 compensation decisions, Cambrex Corporation and Innophos Holdings, Inc. were acquired by another company. As a result, these two companies were included in the peer group used by the Compensation Committee for fiscal year 2020 compensation benchmarking, but they are not included in the graph below.

The below comparison assumes \$100 was invested on August 31, 2015 in the Company's Common Shares and in each of the indices and assumes reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among WD-40 Company, the S&P 500 Index, the Russell 2000 Index, and a Peer Group



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
WD-40 Company	100.00	143.60	134.59	222.76	232.07	263.90
S&P 500	100.00	112.55	130.82	156.55	161.12	196.47
Russell 2000	100.00	108.59	124.79	156.54	136.36	144.57
Peer Group ⁽¹⁾	100.00	114.35	121.23	158.13	126.13	126.19

*\$100 invested on 8/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending August 31.

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(1) WD-40 Company's peer group Index is comprised of the following 15 companies:

- American Vanguard Corporation
- Hawkins, Inc.
- Quaker Chemical Corporation
- Balchem Corporation
- Ingevity Corporation
- Rayonier Advanced Materials, Inc.
- Chase Corporation
- Innospec Inc.
- Sensient Technologies Corporation
- Dorman Products
- Landec Corporation
- Stoneridge Inc.
- Flotek Industries Inc.
- Prestige Healthcare, Inc
- USANA Health Sciences, Inc.



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WD-40 Company Corporate Information

WD-40 COMPANY
9715 Businesspark Avenue
San Diego, California 92131

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

The 2020 Annual Meeting of Stockholders of WD-40 Company will be held via a live audio webcast at the following virtual location and for the following purposes:

When: Tuesday, December 8, 2020, at 10:00 a.m. Pacific Standard Time

Place: www.meetingcenter.io/283620136

Items of Business:

1. To elect a Board of Directors for the ensuing year and until their successors are elected and qualified;
2. To hold an advisory vote to approve executive compensation;
3. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2021; and
4. To vote on a shareholder proposal as described in the accompanying Proxy Statement if properly presented at the meeting; and
5. To consider and act upon such other business as may properly come before the meeting.

Who Can Vote: Only the stockholders of record at the close of business on October 12, 2020 are entitled to vote at the meeting.

Attending the Virtual Annual Meeting As a result of the public health impact of the COVID-19 pandemic and to prioritize the health and well-being of meeting participants, this year's annual meeting will be conducted virtually via a live audio webcast, accessible at www.meetingcenter.io/283620136.

Please see "How can I participate in the virtual annual meeting?" beginning on page 3 for information about how to attend and participate in the virtual annual meeting, vote, view the list of stockholders of record and submit questions pertinent to the meeting.

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

www.meetingcenter.io/283620136

VIA THE INTERNET

Visit the website listed on your proxy card

BY MAIL

Sign, date and return your proxy card in the enclosed envelope

BY TELEPHONE

Call the telephone number on your proxy card

VIA LIVE VIRTUAL MEETING

Attend the Virtual Annual Meeting at www.meetingcenter.io/283620136

By Order of the Board of Directors

Richard T. Clampitt
Corporate Secretary
San Diego, California
October 29, 2020

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PROXY STATEMENT SUMMARY

We provide below highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete Proxy Statement and 2020 Annual Report before you vote.

2020 ANNUAL MEETING OF STOCKHOLDERS

Date and Time:

December 8, 2020, at 10:00 a.m. Pacific Standard Time

Record Date:

October 12, 2020

Place:

www.meetingcenter.io/283620136

Meeting Webcast:

Available on the Company's investor relations website at <http://investor.wd40company.com> beginning at 10:00 a.m. Pacific Standard Time on December 8, 2020

CORPORATE GOVERNANCE

Our Corporate Governance Policies Reflect Best Practices

- Annual election of all directors with majority voting requirement
- Governance guidelines for independent director leadership and best governance practices
- Annual performance evaluations for board, committees and individual directors
- All non-employee directors are independent
- Executive sessions of independent directors held at each regularly scheduled board meeting
- Annual consideration of succession planning for the board, the CEO, and senior management
- Company policy prohibits pledging and hedging of WD-40 Company stock by directors
- All equity grants received by directors must be held until board service is ended

VOTING MATTERS AND BOARD RECOMMENDATIONS

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EXECUTIVE COMPENSATION PHILOSOPHY AND FRAMEWORK

Compensation Objectives

The Company's executive compensation program is designed to achieve five primary objectives:

1. Attract, motivate, reward and retain high performing executives;
2. Align the interests and compensation of executives with the value created for stockholders;
3. Create a sense of motivation among executives to achieve both short- and long-term Company objectives;
4. Create a direct, meaningful link between business and team performance and individual accomplishment and rewards; and
5. Ensure our compensation programs are appropriately competitive in the relevant labor markets.

Our Executive Compensation Programs Incorporate Strong Governance Features

- No Employment Agreements with Executive Officers
- Executive Officers are Subject to Stock Ownership Guidelines
- No Supplemental Executive Retirement Plans for Executive Officers
- Executives are Prohibited from Hedging or Pledging Company Stock
- Long-Term Incentive Awards are Subject to Double-Trigger Vesting upon Change of Control
- No Backdating or Re-pricing of Equity Awards
- Annual and Long-Term Incentive Programs Provide a Balanced Mix of Goals for Profitability and Total Stockholder Return Performance
- Financial Goals for Performance Awards Never Reset

Say-on-Pay Voting

Since 2011, the Company's Board of Directors has authorized annual advisory votes for the stockholders to consider and approve the compensation of the Company's Named Executive Officers ("NEOs") as disclosed in the Company's Proxy Statement ("Say-On-Pay" votes).

In 2011, and again at the Company's 2017 Annual Meeting of Stockholders, the Company's stockholders were asked to express their preference as to the frequency of Say-on-Pay votes. In each instance, the Company's stockholders expressed a preference to have Say-on-Pay votes every year.

The Say-on-Pay votes approving NEO compensation for 2011 through 2019 have been approved in each year by more than 95% of the votes cast.

Please see the Compensation Discussion and Analysis section of this Proxy Statement for a detailed description of our executive compensation.

GENERAL INFORMATION

Q: Why am I receiving these proxy materials?

A: This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of WD-40 Company for use at its Annual Meeting of Stockholders to be held on Tuesday, December 8, 2020, and at any postponements or adjournments thereof. This Proxy Statement and enclosed form of proxy are first sent to stockholders on or about October 29, 2020.

At the meeting, the stockholders of WD-40 Company will consider and vote upon (i) the election of the Board of Directors for the ensuing year; (ii) an advisory vote to approve executive compensation; (iii) the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2021; and (iv) a shareholder proposal if properly presented at the meeting. Detailed information concerning these matters is set forth below. Management knows of no other business to come before the meeting.

Q: When and where will the annual meeting be held?

A: As a result of the public health impact of the COVID-19 pandemic and to prioritize the health and well-being of meeting participants, this year's annual meeting will be a virtual meeting of stockholders conducted exclusively via a live audio webcast, accessible at www.meetingcenter.io/283620136. Although no physical in-person meeting will be held, we designed the format of this year's virtual annual meeting to ensure that our stockholders of record who attend the virtual annual meeting will be afforded similar rights and opportunities to participate as they would at an in-person meeting.

The virtual annual meeting will begin promptly at 10:00 a.m., Pacific Standard Time, on Tuesday, December 8, 2020. Online access to the audio webcast will open 15 minutes prior to the start of the annual meeting. Stockholders are encouraged to access the annual meeting prior to the start time and allow ample time to log into the audio webcast and test their computer systems.

Q: How can I participate in the virtual annual meeting?

A: Stockholders are encouraged to vote and submit proxies in advance of the meeting by internet, telephone or mail as early as possible to avoid COVID-19 related processing delays. Anyone may enter the meeting as a guest in listen-only mode, but only stockholders as of the record date and holders of valid proxies are entitled to vote or ask questions at the live meeting. To participate in the annual meeting, you will need to review the information included on your notice, on your proxy card or on the instructions that accompanied your proxy materials.

Stockholders of Record

If you are a registered stockholder (that is, if you hold your shares through our transfer agent, Computershare), you do not need to register to attend the virtual annual meeting. You can participate in the virtual annual meeting by accessing www.meetingcenter.io/283620136. Enter the control number provided by Computershare. The password for the meeting is WDFC2020. If you cannot locate your notice of internet availability or proxy card but would still like to attend the annual meeting, you can join as a guest by selecting "I am a Guest." Guest attendees will not be allowed to vote or submit questions at the annual meeting.

Beneficial Owners

If you hold your shares through an intermediary, such as a bank or broker, you must register in advance to participate in the virtual annual meeting. If you would like to attend the meeting and do not want to ask questions or vote you do not have to complete the steps outlined below. You can join the meeting as a guest by selecting "I am a Guest." Guest attendees will not be allowed to vote or submit questions at the annual meeting. If you would like to vote or ask questions at the annual meeting you will need to register online in advance. To register to participate in the virtual annual meeting you must submit proof of your proxy power (legal proxy) reflecting your WD-40 Company (WDFC) holdings along with your name and email address to Computershare. Requests for registration must be labeled as "Legal Proxy" and be received no later than 4:00 p.m., Central Time, on December 3, 2020, using one of the following methods:

- Email: Forward the email from your broker, or attach an image of your legal proxy, to legalproxy@computershare.com.
- Mail: Send a copy of the email or correspondence from your broker, or include your legal proxy, to WD-40 Company Legal Proxy, P.O. Box 43001, Providence, RI 02940-3001

Upon receipt of your valid legal proxy, Computershare will provide you with a control number by email. Once provided, you can attend and participate in the virtual annual meeting by accessing www.meetingcenter.io/283620136. Enter the control number provided by Computershare. The password for the meeting is WDFC2020.

Whether or not you plan to attend the meeting, we urge you to vote and submit your proxy using the methods described the Notice of Internet Availability of Proxy Materials we have sent to you, or by following the instructions at www.envisionreports.com/WDFC.

Our virtual meeting procedures are intended to authenticate stockholders' identities, allow stockholders to give their voting instructions, confirm that stockholders' instructions have been recorded properly, and comport with applicable legal requirements.

Q: What constitutes a quorum in order to hold and transact business at the Annual Meeting?

A: The close of business on October 12, 2020 is the record date for stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders of WD-40 Company. On October 12, 2020, WD-40 Company had outstanding 13,664,786 shares of \$.001 par value common stock. Stockholders of record entitled to vote at the meeting will have one vote for each share so held on the matters to be voted upon. If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a "broker non-vote." A majority of the outstanding shares will constitute a quorum at the meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes are shares that are held of record by a bank or broker as to which the bank or broker has not received instructions from the beneficial owner as to how the shares are to be voted.

Q: If I hold my shares through a broker, how do I vote?

A: If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. If you hold your shares through a broker, it is important that you cast your vote if you want it to count in the election of directors, in the advisory vote to approve executive compensation, for ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2021, and on the shareholder proposal. Your broker will only be permitted to exercise its discretionary authority to vote on your behalf as to the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2021. You may have received a notice from the Company entitled "Important Notice Regarding the Availability of Proxy Materials Stockholder Meeting to Be Held on December 8, 2020" with voting instructions or you may have received these proxy materials with separate voting instructions. Follow the instructions to vote or to request further voting instructions as set forth on the materials you have received. For more information on this topic, see the Securities and Exchange Commission ("SEC") Spotlight on Proxy Matters – The Mechanics of Voting at https://www.sec.gov/spotlight/proxymatters/voting_mechanics.shtml.

Q: How will my vote be cast if I provide instructions or return my proxy and can I revoke my proxy?

A: If the enclosed form of proxy is properly executed and returned, the shares represented thereby will be voted in accordance with the instructions specified thereon. If no specified instruction is given with respect to a particular matter on your form of proxy, your shares will be voted by the proxy holder as set forth on the form of proxy. A proxy may be revoked by attendance at the meeting or by filing a proxy bearing a later date with the Secretary of the Company.

Q: How are the proxies solicited and what is the cost?

A: The cost of soliciting proxies will be borne by the Company. Solicitations other than by mail may be made by telephone or in person by employees of the Company for which the expense will be nominal.

PRINCIPAL SECURITY HOLDERS

The following table sets forth information concerning those persons known to the Company to be the beneficial owners of more than 5% of the common stock of the Company:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership October 12, 2020	Percent of Class
Blackrock, Inc. 55 East 52 nd Street New York, NY 10055	2,056,348 ¹	15.05%
Vanguard Group, Inc. P.O. Box 2600 Valley Forge, PA 19482	1,579,730 ²	11.56%
Neuberger Berman Group LLC 1290 Avenue of the Americas New York, NY 10104	908,618 ³	6.65%
APG Asset Management N.V. 1082 MS Amsterdam, P7 00000	769,447 ⁴	5.63%

¹ As of June 30, 2020, BlackRock, Inc. (“BlackRock”) filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of a total of 2,056,348 shares managed by thirteen BlackRock investment management subsidiaries. BlackRock disclaims investment discretion with respect to all shares reported as beneficially owned by its investment management subsidiaries. BlackRock Fund Advisors holds sole investment discretion and sole voting authority with respect to 1,480,466 shares. BlackRock Institutional Trust Company, N.A. reported sole investment discretion and sole voting authority with respect to 408,352 shares and sole investment discretion and no voting authority with respect to 13,190 shares. Sole investment discretion and sole voting authority with respect to shares is reported for the following BlackRock subsidiaries: BlackRock Investment Management, LLC as to 69,440 shares; BlackRock Advisors LLC as to 35,765 shares; BlackRock Asset Management Ireland Limited as to 20,708 shares; and six other BlackRock subsidiaries as to a total of 8,411 shares. BlackRock Financial Management, Inc. reported sole investment discretion and sole voting authority with respect to 4,478 shares and sole investment discretion and no voting authority with respect to 4,709 shares. BlackRock Investment Management (UK) Limited reported sole investment discretion and sole voting authority with respect to 3,222 shares and sole investment discretion and no voting authority with respect to 7,607 shares. Beneficial ownership information for BlackRock, Inc. and its investment management subsidiaries as of October 12, 2020 is unavailable.

² As of June 30, 2020, Vanguard Group Inc. (“Vanguard”) filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 1,579,730 shares, including 27,198 shares held by Vanguard Fiduciary Trust Co., 12,471 shares held by Vanguard Global Advisors, LLC, and 5,689 shares held by Vanguard Investments Australia, Ltd. Vanguard reported sole investment discretion and no voting authority with respect to 1,531,355 shares and sole investment discretion and sole voting authority with respect to 3,017 shares. Vanguard Fiduciary Trust Co. reported shared investment discretion and shared voting authority with respect to all 27,198 shares and Vanguard Investments Australia, Ltd. reported shared investment and shared voting authority with respect to all 5,689 shares. Beneficial ownership information as of October 12, 2020 is unavailable.

³ As of June 30, 2020, Neuberger Berman Group LLC (“Neuberger”) filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 908,618 shares. Neuberger reported shared investment discretion with respect to all shares, sole voting authority with respect to 900,953 shares and no voting authority with respect to 7,665 shares. Beneficial ownership information as of October 2, 2020 is unavailable.

⁴ As of June 30, 2020, APG Asset Management N.V. (“APG”) filed a report on Form 13F reporting beneficial ownership of 769,447 shares. APG reported shared investment discretion with two additional reporting managers as to all such shares. Beneficial ownership information as of October 12, 2020 is unavailable.

ITEM NO. 1
NOMINEES FOR ELECTION AS DIRECTORS
AND SECURITY OWNERSHIP OF MANAGEMENT

At the Company's Annual Meeting of Stockholders, the ten nominees named below under the heading, *Nominees for Election as Directors*, will be presented for election as directors until the next Annual Meeting of Stockholders and until their successors are elected or appointed. In the event any nominee is unable or declines to serve as a director at the time of the Annual Meeting, any proxy granted to vote for such nominee will be voted for a nominee designated by the present Board of Directors to fill such vacancy.

A nominee for election to the Board of Directors will be elected as a director if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Holders of common stock are not entitled to cumulate their votes in the election of directors. Withheld votes and broker non-votes are not counted as votes in favor of any nominee.

If an incumbent director nominee fails to receive more votes for his or her election as a director than votes against his or her election, the incumbent director will continue to serve as a director until his or her successor is elected or appointed. However, pursuant to governance guidelines adopted by the Board of Directors, such director nominee will be expected to tender his or her resignation to the Corporate Governance Committee of the Board of Directors. The Corporate Governance Committee will promptly consider such resignation and present a recommendation to the Board of Directors concerning the acceptance or rejection of such resignation for formal action to be taken within 90 days following the Annual Meeting of Stockholders.

Article III, Section 3.2 of the Bylaws of the Company, most recently amended and restated on August 15, 2018, provides that the authorized number of directors of the Company shall not be less than seven nor more than twelve until changed by amendment of the Certificate of Incorporation or by a bylaw duly adopted by the stockholders. The exact number of directors is to be fixed from time to time by a resolution duly adopted by the Board of Directors or by the stockholders.

On June 15, 2020, the Board of Directors voted to increase the number of directors from ten to eleven and elected Graciela I. Monteagudo as a director. On June 15, 2020, the Board of Directors also voted to nominate Lara L. Lee as a director to be elected at the 2020 Annual Meeting of Stockholders. Neal E. Schmale is retiring from the Board of Directors as of the date of the Annual Meeting in accordance with the Company's Corporate Governance Guidelines. On October 12, 2020, Daniel E. Pittard provided notice of his intention not to stand for re-election at the Annual Meeting and the Board of Directors voted to reduce the number of directors from eleven to ten effective as of the date of the Annual Meeting.

DIRECTOR INDEPENDENCE

The Board of Directors has determined that each director and nominee other than Garry O. Ridge is an independent director as defined in Rule 5605(a)(2) of the Marketplace Rules of The Nasdaq Stock Market LLC (the "Nasdaq Rules").

Information concerning the independence of directors serving on committees of the Board of Directors is provided below as to each committee.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following tables set forth certain information, including beneficial ownership of the Company's common stock, for the current directors and director nominees, for the executive officers named in the Summary Compensation Table below, and for all directors, director nominees and executive officers as a group:

Director/Nominee	Age	Principal Occupation	Director Since	Amount and Nature of Beneficial Ownership October 12, 2020 ¹	
				Number	Percent of Class
Daniel T. Carter	64	Former CFO, BevMo! Inc.	2016	3,705 ²	*
Melissa Claassen	48	Vice President Finance, Emerging Markets, adidas Group	2015	4,845 ³	*
Eric P. Etchart	64	Former Senior Vice President, The Manitowoc Company	2016	4,136 ⁴	*
Lara L. Lee (nominee director)	57	Former business unit president, Lowe's Companies, Inc.	N/A	-	*
Trevor I. Mihalik	54	Executive Vice President and CFO, Sempra Energy	2019	938 ⁵	*
Graciela I. Monteagudo	54	Former President and CEO of Lala U.S., Inc.	2020	370 ⁶	*
David B. Pendarvis	61	Chief Administrative Officer, Global General Counsel and Corporate Secretary, ResMed Inc.	2017	2,304 ⁷	*
Daniel E. Pittard (retiring director)	70	Former President and CEO, Rubio's Restaurants, Inc.	2016	4,150 ⁸	*
Garry O. Ridge	64	CEO and Chairman of the Board, WD-40 Company	1997	101,202 ⁹	*
Gregory A. Sandfort	65	Lead Independent Director, WD-40 Company; Former CEO, Tractor Supply Company	2011	16,926 ¹⁰	*
Anne G. Saunders	59	Former President, U.S., nakedwines.com	2019	764 ¹¹	*
Neal E. Schmale (retiring director)	74	Former President and COO, Sempra Energy	2001	27,973 ¹²	*

* Less than one (1) percent.

¹ All shares owned directly unless otherwise indicated.

² Mr. Carter has the right to receive 3,705 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

³ Ms. Claassen has the right to receive 4,845 shares upon settlement of vested restricted stock units upon termination of her service as a director of the Company.

⁴ Mr. Etchart has the right to receive 3,136 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

⁵ Mr. Mihalik has the right to receive 636 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

⁶ Ms. Monteagudo has the right to receive 370 shares upon settlement of vested restricted stock units upon termination of her service as a director of the Company.

⁷ Mr. Pendarvis has the right to receive 2,304 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

⁸ Mr. Pittard has the right to receive 2,325 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

⁹ Mr. Ridge has the right to receive 5,884 shares upon settlement of vested restricted stock units upon termination of employment, the right to receive 967 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 4,242 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 8,868 shares within 60 days upon settlement of vested market share units. Mr. Ridge also has voting and investment power over 1,285 shares held under the Company's 401(k) plan.

¹⁰ Mr. Sandfort has the right to receive 11,572 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

¹¹ Ms. Saunders has the right to receive 764 shares upon settlement of vested restricted stock units upon termination of her service as a director of the Company.

¹² Mr. Schmale has the right to receive 17,206 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS (cont'd)

Executive Officer	Age	Principal Occupation	Amount and Nature of Beneficial Ownership October 12, 2020 ¹	
			Number	Percent of Class
Jay W. Rembolt	69	Vice President, Finance, Treasurer and CFO, WD-40 Company	42,101 ²	*
Steven A. Brass	54	President and COO, WD-40 Company	6,541 ³	*
Richard T. Clampitt	65	Vice President, General Counsel and Corporate Secretary, WD-40 Company	8,677 ⁴	*
Patricia Q. Olsem	54	Division President, Americas, WD-40 Company	2,985 ⁵	*
All Directors, Director Nominees and Executive Officers as a Group			254,937 ⁶	1.85%

* Less than one (1) percent.

¹ All shares owned directly unless otherwise indicated.

² Mr. Rembolt has the right to receive 310 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 816 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 1,596 shares within 60 days upon settlement of vested market share units. Mr. Rembolt also has voting and investment power over 6,539 shares held under the Company's 401(k) plan.

³ Mr. Brass has the right to receive 108 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 1,082 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 1,728 shares within 60 days upon settlement of vested market share units.

⁴ Mr. Clampitt has the right to receive 179 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 582 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 1,330 shares within 60 days upon settlement of vested market share units.

⁵ Ms. Olsem has the right to receive 89 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 461 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 518 shares within 60 days upon settlement of vested market share units.

⁶ Total includes the rights of executive officers and directors to receive a total of 60,689 shares upon settlement of vested restricted stock units upon termination of employment or service as a director of the Company, the rights of executive officers to receive 2,371 shares upon settlement of vested deferred performance units upon termination of employment, the rights of executive officers to receive a total of 8,621 shares upon settlement of restricted stock units upon vesting within 60 days, the rights of executive officers to receive a total of 16,765 shares within 60 days upon settlement of vested market share units, and a total of 8,877 shares held by executive officers under the Company's 401(k) plan.

NOMINEES FOR ELECTION AS DIRECTORS

DANIEL T. CARTER – Director

Daniel T. Carter was elected to the Board of Directors in 2016. Mr. Carter served as executive vice president and chief financial officer of BevMo! Inc. from 2009 until June 2016. Mr. Carter served as chief financial officer of Semtek, Inc. from 2008 to 2009; chief financial officer at Charlotte Russe Holding, Inc. from 1998 to 2007; and chief financial officer of Advanced Marketing Services from 1997 to 1998. From 1986 to 1997 he was employed by Price Club and its follow-on entities, serving as senior vice president for PriceCostco and chief financial officer for Price Enterprises. Mr. Carter began his career as an auditor with Ernst & Young, and he is a Certified Public Accountant (inactive). Mr. Carter received his Bachelor of Business Administration degree in accounting from the University of Oklahoma. Mr. Carter is recognized as a NACD Board Leadership Fellow and has earned Harvard's Corporate Director Certificate. Mr. Carter's financial expertise, considerable knowledge of the retail industry and non-profit company board experience provide the Board with a breadth of relevant skills and experience.

Skills and Expertise:

- Former CFO with extensive finance and accounting expertise
- In-depth knowledge of retail industry
- Considerable non-profit board experience

Committees:

- Audit (Chair)
- Finance

MELISSA CLAASSEN – Director

Melissa Claassen was elected to the Board of Directors in 2015. Ms. Claassen is vice president finance, emerging markets – adidas Group. She served as vice president, brand finance at adidas from 2018 to 2019 and as vice president, business unit finance at adidas from 2015 to 2018. Ms. Claassen served as the chief financial officer of Taylor Made – adidas Golf from 2012 to 2015. From 1996 until 2012 Ms. Claassen held positions at various adidas subsidiaries including chief financial officer of adidas Group Hong Kong and Taiwan, controlling director at adidas Group China, head of marketing controlling, senior financial controller, finance manager, SAP team lead, management accountant, and financial accountant. Ms. Claassen's extensive knowledge and expertise in the areas of collaboration, finance, accounting, and international business enhance the Board's management oversight capabilities.

Skills and Expertise:

- International business experience
- Finance and accounting expertise

Committees:

- Finance (Chair)
- Compensation

ERIC P. ETCHART – Director

Eric P. Etchart was elected to the Board of Directors in 2016. Mr. Etchart served as senior vice president of The Manitowoc Company, Inc. from 2007 until his retirement in January 2016. He served as senior vice president, business development, from 2015 to 2016 and as president and general manager of the Manitowoc Crane Group from 2007 to 2015. From 1983 to 2007, Mr. Etchart held various sales, marketing and management positions at subsidiaries and predecessor companies of The Manitowoc Company, Inc. Mr. Etchart is a French national, having held management positions in China, Singapore, Italy, France and the United States. Mr. Etchart is recognized as a NACD Board Leadership Fellow. He presently serves as a director of Graco Inc. and Alamo Group Inc. Mr. Etchart's breadth of international finance, marketing and management experience provides important perspective to the Board. His demonstrated commitment to the highest standards of board leadership strengthens the Board's commitment to good governance.

Skills and Expertise:

- Strong management background in sales, marketing and finance
- International business experience
- Board governance

Committees:

- Corporate Governance (Chair)
- Finance

LARA L. LEE – Director Nominee

Lara L. Lee served as president of Orchard Supply Hardware, a subsidiary of Lowe’s Companies, Inc., from 2016 to 2018 and as senior vice president of Lowe’s from 2013 to 2018. From 2011 to 2013 she served as chief innovation and operating officer for Continuum, a global consultancy. She was also a partner at an innovation firm, Jump Associates, from 2007 to 2010. Ms. Lee’s prior experience included fifteen years at Harley-Davidson Motor Company as vice president, business unit leader, and in various European and Asian strategy and business development roles, and three years as a financial analyst at Otis Elevator Company based in Singapore. She began her career with Ernst & Whinney (now Ernst & Young) in Washington, D.C. and Singapore. Ms. Lee’s diverse international and management experience, including expertise in strategic marketing and innovation, will provide the Board with valuable insights.

Skills and Expertise:

- Strategic marketing expertise, including digital, e-commerce and channel marketing
- Diverse experience in innovation across industries and international markets
- Extensive international business and brand development experience

Committees:

- To be determined upon election to the Board

TREVOR I. MIHALIK – Director

Trevor I. Mihalik was elected to the Board of Directors in 2019. Mr. Mihalik has served as executive vice president and chief financial officer of Sempra Energy since May 2018. Mr. Mihalik was senior vice president controller and chief accounting officer of Sempra Energy from 2014 until 2018 and controller and chief accounting officer from 2012 to 2014. Prior to Sempra Energy, Mr. Mihalik held roles as senior vice president – finance for Iberdrola Renewables and vice president and CFO for Chevron Natural Gas. Mr. Mihalik’s current experience as director of SDG&E and SoCalGas as well as past experience as chairman of the board of Luz del Sur and Chilquinta Energia and as a director of Infraestructura Energética Nova S.A.B. de C.V., and his extensive senior management experience with Fortune 500 companies offers the Board valuable judgment and management perspective.

Skills and Expertise:

- Seasoned finance executive with accounting and public company financial reporting expertise
- Directorship experience for oversight of business management and strategic planning
- Significant transactions experience

Committees:

- Audit
- Corporate Governance

GRACIELA I. MONTEAGUDO – Director

Graciela I. Monteagudo was elected to the Board of Directors on June 15, 2020. Ms. Monteagudo served as president and CEO of Lala U.S., Inc. from 2017 to 2018. From 2015 to 2017 she served as president, Americas and global marketing for Mead Johnson Nutrition and from 2012 to 2015 she held various leadership roles at Mead Johnson. From 2008 through 2012, she held various leadership roles at Walmart Mexico, including senior vice president and business unit head for Sam’s Club stores in Mexico. Ms. Monteagudo has dual Mexican and American citizenship and has held senior management positions in both Latin America and the United States. Ms. Monteagudo is recognized as a NACD Board Leadership Fellow and she has been included in the Women Inc. Magazine Most Influential Corporate Directors list. Ms. Monteagudo presently serves as a director of ACCO Brands Corporation. Ms. Monteagudo’s significant leadership experience in Latin America, her extensive global/digital marketing, e-commerce and consumer goods expertise will provide our board with a valuable perspective.

Skills and Expertise:

- Domestic and international business experience, particularly in Latin America
- Consumer products and retail marketing expertise
- Strong global, digital and e-commerce marketing expertise

Committees:

- Audit
- Corporate Governance

DAVID B. PENDARVIS – Director

David B. Pendarvis was elected to the Board of Directors in 2017. Mr. Pendarvis has served as chief administrative officer of ResMed Inc. since 2011. From March through July 2017, he served as interim president, EMEA and Japan of ResMed Inc. He joined ResMed Inc. in 2002 as global general counsel and he has served as secretary since 2003 and he also served as vice president of organizational development from 2005 to 2011. From 2000 until 2002 Mr. Pendarvis was a partner at Gray Cary Ware & Friedenrich (presently, DLA Piper). From 1986 until 2000 he was an associate (1986-1992) and a partner (1993-2000) at Gibson, Dunn & Crutcher, and from 1984 until 1986 he served as a law clerk to United States District Court Judge, J. Lawrence Irving in the United States District Court, San Diego. Mr. Pendarvis served as a director of Sequenom, Inc. from 2009 until its acquisition by Laboratory Corporation of America Holdings in 2016. His legal expertise and experience as general counsel with global responsibilities provides the Board of Directors with valuable perspective for risk oversight.

Skills and Expertise:

- In depth experience in corporate governance, compliance, intellectual property and world-wide legal affairs
- Strong focus on investor relations and corporate communications
- International executive management experience

Committees:

- Compensation
- Finance

GARRY O. RIDGE – CEO

Garry O. Ridge presently serves as CEO and Chair of the Board of Directors. He joined WD-40 Company in 1987 as managing director, WD-40 Company (Australia) Pty. Limited and he was responsible for Company operations throughout the Pacific and Asia. Mr. Ridge transferred to the corporate office in 1994 as director international operations and was elected vice president - international in 1995. He was elected to the position of executive vice president/chief operating officer in 1996. He was elected to the Board of Directors in 1997 and served as president and CEO from 1997 through June 2019. Prior to joining WD-40 Company Mr. Ridge was managing director of Mermax Pacific Pty. Ltd. and held a number of senior management positions with Hawker Pacific Pty. Ltd. (a Hawker Siddeley PLC Group Company) which was a licensee for WD-40® products until 1988. As the CEO of the Company, Mr. Ridge offers the Board an important Company-based perspective. In addition, his particular knowledge of the Company's international markets and industry position provides the Board with valuable insight.

Skills and Expertise:

- CEO of the Company
- Leader with a passion for a strong culture, employee engagement and protecting and maximizing the return on the Company's brand assets
- Particular expertise in driving a global business

GREGORY A. SANDFORT – Lead Independent Director

Gregory A. Sandfort was elected to the Board of Directors in 2011. He was designated as lead independent director on October 12, 2020. Mr. Sandfort served as chief executive officer of Tractor Supply Company from December 2012 until his retirement in February 2020. He held the office of president of Tractor Supply Company from 2009 through 2015. Prior to 2013, Mr. Sandfort served as president and chief operating officer in 2012 and as president and chief merchandising officer from 2009 to 2012. Mr. Sandfort served as executive vice president-chief merchandising officer of Tractor Supply Company from 2007 to 2009. Mr. Sandfort previously served as president and chief operating officer at Michael's Stores, Inc. from 2006 to 2007, and as executive vice president-general merchandise manager at Michaels Stores, Inc. from 2004 to 2006. He is recognized as a NACD Board Leadership Fellow. Mr. Sandfort brings a retail industry perspective to the Board. The Board also values Mr. Sandfort's extensive management experience in the retail industry.

Skills and Expertise:

- Former CEO in a channel that distributes the Company's products
- Brings a retail industry perspective
- Long-standing connection with consumers of the Company's products

Committees:

- Compensation (Chair)
- Finance

ANNE G. SAUNDERS – Director

Anne G. Saunders was elected to the Board of Directors in 2019. Ms. Saunders served as president, U.S. of nakedwines.com from 2016 through 2017. From 2014 through 2016, she was president, U.S. of FTD Companies, Inc., and from 2012 through 2014 she served as president of Redbox Automated Retail, LLC. From 1990 to 2012, Ms. Saunders held various senior executive level positions at Starbucks, Bank of America, Knowledge Universe (now known as KinderCare Education), eSociety and AT&T. Ms. Saunders is a director of Swiss Water Decaffeinated Coffee Inc. and Nautilus, Inc. Ms. Saunders' functional expertise in brand management, leadership and marketing strategy, as well as her extensive public company board experience, provide valuable experience to the Board.

Skills and Expertise:

- Significant consumer and retail markets experience
- Diverse digital and e-commerce marketing expertise
- Product innovation and development experience

Committees:

- Audit
- Corporate Governance

BOARD LEADERSHIP, RISK OVERSIGHT AND COMPENSATION-RELATED RISK

Corporate Governance Guidelines adopted by the Board of Directors provide, under appropriate circumstances, for the designation of the CEO to serve as board chair and for the designation of a lead independent director to assure the most effective board governance when the CEO is also serving as board chair. On December 10, 2019, Mr. Ridge was designated as board chair and Mr. Schmale was designated to serve as lead independent director. On October 12, 2020, in anticipation of Mr. Schmale's retirement from the Board as of the 2020 Annual Meeting of Stockholders, the Board designated Mr. Sandfort to serve as lead independent director.

The Board believes that board oversight of and attention to the Company's current strategic initiatives are best served at this time by having Mr. Ridge provide primary leadership at meetings of the Board, while assuring independent director oversight of management of the Board through the designation of a lead director. The Board's determination as to whether having the CEO serve as board chair is in the best interests of the Company is subject to annual review.

The lead director has the following responsibilities and authority:

- To preside at meetings of the Board when the CEO is not present;
- To serve as leader of the independent directors and as a liaison between the CEO and the independent directors;
- To coordinate feedback to the CEO regarding issues discussed in executive sessions;
- To consult with the CEO and the Corporate Secretary regarding meeting materials and other information sent to the Board;
- To review Board meeting agendas in consultation with the CEO;
- To meet periodically with the Board committee chairs to discuss their respective work plans;
- To approve meeting schedules to assure that there is sufficient time for Board consideration of all agenda items;
- To call meetings of the independent directors.

Risk oversight is undertaken by the Board of Directors as a whole, but various Board Committees are charged with responsibility to review and report on business and management risks included within the purview of each Committee's responsibilities. The Compensation Committee considers risks associated with the Company's compensation policies and practices, with particular focus on the cash incentive compensation and equity awards offered to the Company's executive officers. The Audit Committee considers risks associated with financial reporting and internal control, including ethics and compliance program risks. The Audit Committee also reviews the appropriateness of the Company's insurance programs. The Finance Committee considers risks associated with the Company's financial management and investment activities, acquisition-related risks and Employee Retirement Income Security Act of 1974 plan oversight. The Board and the Committees receive periodic reports from management employees having responsibility for the management of particular areas of risk, including risks related to systems integrity and disaster recovery of primary information technology systems, and supply chain risks associated with disruptive events. The CEO is responsible for overall risk management and provides input to the Board of Directors with respect to the Company's enterprise risk management program and is responsive to the Board in carrying out its risk oversight role.

With respect to compensation-related risk, the Company's management has undertaken an annual assessment of the Company's compensation policies and practices and strategic business initiatives to determine whether any of these policies or practices, as well as any compensation plan design features, including those applicable to the executive officers, are reasonably likely to have a material adverse effect on the Company. Based on this review, management has concluded that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. This conclusion is based primarily on the fact that the incentives underlying the Company's compensation plan design features provide a balance between increased profitability and longer-term stockholder returns. Management has discussed these findings with the Compensation Committee.

BOARD OF DIRECTORS MEETINGS, COMMITTEES AND ANNUAL MEETING ATTENDANCE

The Board of Directors is charged by the stockholders with managing or directing the management of the business affairs and exercising the corporate power of the Company. The Board of Directors relies on the following standing committees to assist in carrying out the Board of Directors' responsibilities: the Audit Committee, the Compensation Committee, the Corporate Governance Committee, and the Finance Committee. Each of the committees has a written charter approved by the Board of Directors and such charters can be found on WD-40 Company's website at <http://investor.wd40company.com> within the "Corporate Governance" section. There were five meetings of the Board of Directors during the last fiscal year. Each director serving for the full fiscal year attended at least 75 percent of the aggregate of the total number of meetings of the Board and of all committees on which the director served. The Board of Directors holds an annual organizational meeting on the date of the Annual Meeting of Stockholders. All directors are expected to attend the Annual Meeting. At the last Annual Meeting of Stockholders, all of the prior year nominee directors were present.

BOARD OF DIRECTORS COMPENSATION

Director compensation is set by the Board of Directors upon the recommendation of the Corporate Governance Committee. The Corporate Governance Committee conducts an annual review of non-employee director compensation, including consideration of a survey of director compensation for the same peer group of companies used by the Compensation Committee for the assessment of executive compensation. For fiscal year 2020, non-employee directors received compensation for services as directors pursuant to the Directors' Compensation Policy and Election Plan (the "Director Compensation Policy") adopted by the Board of Directors on October 7, 2019. Pursuant to the Director Compensation Policy, non-employee directors received a base annual fee of \$54,000 for services provided from January 1, 2020 through the date of the Company's 2020 Annual Meeting of Stockholders. The lead independent director received an additional annual fee of \$22,000. Non-employee directors received additional cash compensation for service on various Board Committees. The Chair of the Audit Committee received \$16,000 and each other member of the Audit Committee received \$8,000. The Chair of the Compensation Committee received \$10,000 and each other member of the Compensation Committee received \$4,000. Each Chair of the Corporate Governance Committee and the Finance Committee received \$8,000 and each other member of those committees received \$4,000. All such annual fees were paid in March 2020, with the exception of fees paid to Ms. Monteagudo. As a newly elected director, as of June 15, 2020, Ms. Monteagudo received a base annual fee of \$40,500 and the sum of \$4,000 in fees for service on the Audit Committee and the sum of \$2,000 in fees for service on the Corporate Governance Committee through the date of the Company's 2020 Annual Meeting of Stockholders.

At the Company's 2016 Annual Meeting of Stockholders, the Company's stockholders approved the WD-40 Company 2016 Stock Incentive Plan (the "Stock Incentive Plan") to authorize the issuance of stock-based compensation awards to employees as well as to directors and consultants. For services provided for the period from the date of the Company's 2019 Annual Meeting of Stockholders to the next annual meeting, the Director Compensation Policy provided for the grant of restricted stock unit ("RSU") awards having a grant date value of \$70,000 to each non-employee director. Each RSU represents the right to receive one share of the Company's common stock. On December 10, 2019, each non-employee director other than Ms. Monteagudo received a non-elective RSU award covering 359 shares of the Company's common stock. On June 15, 2020, Ms. Monteagudo received an RSU award covering 370 shares of the Company's common stock. Additional information regarding the RSU awards is provided in a footnote to the Director Compensation table below.

Each non-employee director was also permitted to elect to receive an RSU award in lieu of all or a portion of his or her base annual fee for service as a director as specified above. The number of shares of the Company's common stock subject to each such RSU award granted to the non-employee directors equaled the elective portion of his or her base annual fee payable in RSUs divided by the fair market value of the Company's common stock as of the date of grant.

RSU awards granted to non-employee directors pursuant to the Director Compensation Policy are subject to Award Agreements under the Stock Incentive Plan. All RSU awards granted to non-employee directors are fully vested and are settled in shares of the Company's common stock upon termination of the director's service as a director of the Company.

The Company also maintains a Director Contributions Fund from which each incumbent non-employee director has the right, at a specified time each fiscal year, to designate \$6,000 in charitable contributions to be made by the Company to properly qualified (under Internal Revenue Code Section 501(c)(3)) charitable organizations.

DIRECTOR COMPENSATION TABLE - FISCAL YEAR 2020

The following Director Compensation table provides information concerning director compensation earned by each non-employee director for services rendered in fiscal year 2020. Since the annual base fee and fees for service on Committees are payable for services provided to the Company from January 1st of the fiscal year until the next annual meeting of stockholders, such compensation is reported for purposes of the Director Compensation table on a weighted basis. For fiscal year 2020, one third of the reported compensation earned or paid in cash is based on the Director Compensation Policy in effect for calendar year 2019 and two thirds of the reported compensation earned or paid in cash is based on the Director Compensation Policy in effect for calendar year 2020. Amounts earned and reported in the Director Compensation table for Fees Earned or Paid in Cash for the fiscal year for each director are dependent upon the various committees on which each director served as a member or as chair during the fiscal year.

Name	Fees Earned or Paid in		All Other Compensation	Total
	Cash (\$) ¹	Stock Awards (\$) ²		
Daniel T. Carter	\$ 74,000	\$ 69,919	\$ 6,000	\$ 149,919
Melissa Claassen	\$ 66,000	\$ 69,919	\$ 6,000	\$ 141,919
Eric P. Etchart	\$ 66,000	\$ 69,919	\$ 6,000	\$ 141,919
Trevor I. Mihalik	\$ 45,333	\$ 69,919	\$ 6,000	\$ 121,252
Graciela I. Monteagudo	\$ 24,500	\$ 69,949	\$ 6,000	\$ 100,449
David B. Pendarvis	\$ 62,000	\$ 69,919	\$ 6,000	\$ 137,919
Daniel E. Pittard	\$ 66,000	\$ 69,919	\$ 6,000	\$ 141,919
Gregory A. Sandfort	\$ 68,000	\$ 69,919	\$ 6,000	\$ 143,919
Anne G. Saunders	\$ 66,000	\$ 69,919	\$ 6,000	\$ 141,919
Neal E. Schmale	\$ 92,000	\$ 69,919	\$ 6,000	\$ 167,919

¹ For services rendered during fiscal year 2020, directors received RSU awards pursuant to elections made in 2018 (not applicable to Messrs. Mihalik, Pittard and Schmale and Meses. Monteagudo and Saunders) and 2019 (not applicable to Messrs. Carter, Pittard, Schmale and Meses. Monteagudo and Saunders) under the Director Compensation Policy with respect to their services as directors in calendar years 2019 and 2020, respectively, in each case in lieu of all or part of their base annual fees for such calendar year (as described in the narrative preceding the Director Compensation table). The value of such elective RSU awards received by Ms. Claassen and Messrs. Etchart, Pendarvis and Sandfort for services rendered during fiscal year 2020 was \$53,927. The value of elective RSU awards received by Messrs. Carter and Mihalik for services rendered during fiscal year 2020 were \$17,961 and \$35,966, respectively. Messrs. Pittard and Schmale and Ms. Saunders elected to receive all of their base annual fees in cash. The number of shares underlying each director's RSU award is rounded down to the nearest whole share.

² Amounts included in the Stock Awards column represent the grant date fair value for non-elective RSU awards granted to all non-employee directors pursuant to the Director Compensation Policy. On December 10, 2019, each director other than Ms. Monteagudo received a non-elective RSU award covering 359 shares of the Company's common stock. Each RSU award granted on December 10, 2019 has a grant date fair value equal to the closing price of the Company's common stock on that date in the amount of \$194.76 per share multiplied by the number of shares underlying the RSU award. On June 15, 2020 Ms. Monteagudo received a non-elective RSU award covering 370 shares of the Company's common stock having a grant date fair value equal to the closing price of the Company's common stock on that date in the amount of \$189.05 per share multiplied by the number of shares underlying the RSU award. The number of shares underlying each director's RSU award is rounded down to the nearest whole share. Outstanding RSUs held by each director as of October 12, 2020 are reported above in footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*. The RSUs vest immediately upon grant but are settled in stock only upon termination of service as a director. The RSUs provide for the payment of dividend equivalent compensation in amounts equal to dividends declared and paid on the Company's common stock.

³ Amounts represent charitable contributions to be made by the Company in fiscal year 2021 as designated by non-employee directors pursuant to the Company's Director Contribution Fund.

EQUITY HOLDING REQUIREMENT FOR DIRECTORS

All RSU awards to non-employee directors, including both non-elective grants and RSU awards granted pursuant to the annual elections of the directors to receive RSUs in lieu of all or part of their base annual fee, provide for immediate vesting but will not be settled in shares of the Company's common stock until termination of each director's service as a director. The number of shares to be issued to each non-employee director upon termination of service is disclosed in the footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*.

STOCKHOLDER COMMUNICATIONS WITH BOARD OF DIRECTORS

Stockholders may send communications to the Board of Directors by submitting a letter addressed to: WD-40 Company, Corporate Secretary, 9715 Businesspark Avenue, San Diego, CA 92131.

The Board of Directors has instructed the Corporate Secretary to forward such communications to the Board Chair. The Board of Directors has also instructed the Corporate Secretary to review such correspondence and, at the Corporate Secretary's discretion, to not forward correspondence which is deemed of a commercial or frivolous nature or inappropriate for consideration by the Board of Directors. The Corporate Secretary may also forward the stockholder communication within the Company to another department to facilitate an appropriate response.

COMMITTEES (membership as of October 12, 2020)

Director	Audit	Compensation	Corporate Governance	Finance
Daniel T. Carter	Chair			✓
Melissa Claassen		✓		✓
Eric P. Etchart			Chair	✓
Graciela I. Monteagudo	✓		✓	
Trevor I. Mihalik	✓		✓	Chair
David B. Pendarvis		✓		✓
Daniel E. Pittard	✓		✓	
Gregory A. Sandfort		Chair		✓
Anne G. Saunders	✓	✓		
Neal E. Schmale	✓	✓		✓
Number of Meetings Held in Fiscal Year 2020	5	3	5	5

CORPORATE GOVERNANCE COMMITTEE NOMINATION POLICIES AND PROCEDURES

The Corporate Governance Committee is comprised of Eric P. Etchart (Chair), Graciela I. Monteagudo, Trevor I. Mihalik and Daniel E. Pittard. The Corporate Governance Committee also functions as the Company's nominating committee and is comprised exclusively of independent directors as defined in the Nasdaq Rules. The Corporate Governance Committee met five times during the last fiscal year.

The Corporate Governance Committee acts in conjunction with the Board of Directors to ensure that a regular evaluation is conducted of succession plans, performance, independence, and of the qualifications and integrity of the Board of Directors. The Corporate Governance Committee also reviews the applicable skills and characteristics required of nominees for election as directors. The objective is to balance the composition of the Board of Directors to achieve a combination of individuals of different backgrounds and experiences as describe more fully below. The Board of Directors has not established any specific diversity criteria for the selection of nominees other than the general composition criteria noted below. The Corporate Governance Committee also oversees an annual process of self-evaluation conducted by each committee of the Board and for the Board as a whole, which includes a board evaluation, individual self-evaluations and peer evaluations.

In determining whether to recommend a director for re-election, the Corporate Governance Committee considers the director's past attendance at meetings, results of evaluations and the director's participation in and anticipated future contributions to the Board of Directors. A director who will have reached the age of 72 prior to the date of the next annual meeting of stockholders will be expected to retire from the Board. However, the Board may re-nominate any director for up to three additional years if relevant circumstances warrant continued service.

The Corporate Governance Committee reviews new Board of Director nominees through a series of internal discussions, reviewing available information, and interviewing selected candidates. Generally, candidates for nomination to the Board of Directors have been identified and compiled in a database through director networking resources and professional organizations or suggested by individual directors or employees. The Company does not currently employ a search firm or third party in connection with seeking or evaluating candidates.

The Corporate Governance Committee considers director recruitment and succession planning for the Board at each quarterly meeting. This review entails consideration of various factors that the Committee believes to be relevant to assurance that the Board maintains a level of diversity and experience that is appropriate for its oversight and governance responsibilities. In addition to age and the tenure of each director on the WD-40 Company Board, the committee considers the extent of each

director's experience in management and as directors on other public company boards, if applicable, including service on committees and as committee or board chairs. In addition to a baseline expectation that directors and director candidates will share WD-40 Company values and have demonstrated an ability to promote and sustain a strong corporate culture, the Board endeavors to assure that the mix of skills among existing directors is appropriate for the evolving business of the Company. The following list of specific skills are presently included among the areas of expertise and experience that the Committee believes will best serve the Company. The list is updated from time to time and each director's skills in these areas are graded on a scale to assess the level of competence in each area that is available to the Board as a whole.

- Financial Expertise
- Legal Expertise
- Organizational Development Expertise
- Compensation Design Expertise
- Consumer or Retail Market Expertise
- Business-to-Business Sales and Marketing Expertise
- Digital/Internet/E-Commerce Expertise
- Experience in Americas Markets and Cultures (Canada and Latin America)
- Experience in EMEA Markets and Cultures (Europe, India, Middle East and Africa)
- Experience in Asia-Pacific Markets and Cultures (Australia, China and other countries in the Asia region)
- IT or Cybersecurity Expertise
- Logistics and Supply Chain Management Expertise
- Manufacturing Expertise
- Innovation Expertise
- Mergers and Acquisitions Expertise

The Corporate Governance Committee will consider director candidates recommended by security holders under the same criteria as other candidates described above. Nominations may be submitted by letter addressed to: WD-40 Company Corporate Governance Committee, Corporate Secretary, 9715 Businesspark Avenue, San Diego, California 92131. Nominations by security holders must be submitted in accordance with the requirements of the Company's Bylaws, including submission of such nominations within the time required for submission of shareholder proposals as set forth below under the heading, *Shareholder Proposals*.

AUDIT COMMITTEE RELATED PARTY TRANSACTIONS REVIEW AND OVERSIGHT

The Audit Committee is comprised of Daniel T. Carter (Chair), Trevor I. Mihalik, Graciela I. Monteagudo, Daniel E. Pittard, Anne G. Saunders and Neal E. Schmale. Five meetings of the Audit Committee were held during the last fiscal year to review quarterly financial reports, to consider the annual audit and other audit services, to review the audit with the independent registered public accounting firm after its completion and to fulfill other responsibilities provided for in the Audit Committee's Charter. The Board of Directors has determined that Mr. Carter is an "audit committee financial expert" as defined by regulations adopted by the Securities and Exchange Commission. Mr. Carter and each of the other members of the Audit Committee are independent directors as defined in the Nasdaq Rules. Each member of the Audit Committee also satisfies the requirements for service on the Audit Committee as set forth in Rule 5605(c)(2) of the Nasdaq Rules.

The Audit Committee has responsibility for review and oversight of related party transactions for potential conflicts of interest. Related party transactions include any independent business dealings between the Company and related parties who consist of, or are related to, the Company's executive officers, directors, director nominees and holders of more than 5% of the Company's shares. Such transactions include business dealings with parties in which any related party has a material direct or indirect interest. The Audit Committee has adopted a written policy to provide for its review and oversight of related party transactions. Executive officers and directors are required to notify the Secretary of the Company of any proposed or existing related party transactions in which they have an interest. The Secretary and the Audit Committee also rely upon the Company's disclosure controls and procedures adopted pursuant to Exchange Act rules for the purpose of assuring that matters requiring disclosure, including transactions that may involve a related party or may otherwise involve the potential for conflicts of interests, are brought to the attention of management and the Audit Committee on a timely basis. Certain related party transactions do not require Audit Committee review and approval. Such transactions are considered pre-approved. Pre-approved transactions include:

- compensation arrangements approved by the Compensation Committee or the Board of Directors and expense reimbursements consistent with the Company's expense reimbursement policy;
- transactions in which the related party's interest is derived solely from the fact that he or she serves as a director of another corporation that is a party to the transaction;

- transactions in which the related party's interest is derived solely from his or her ownership (combined with the ownership interests of all other related parties) of not more than a 5% beneficial interest (but excluding any interest as a general partner of a partnership) in an entity that is a party to the transaction; and
- transactions available to all employees of the Company generally.

If a related party transaction is proposed or if an existing transaction is identified, the Audit Committee has authority to disapprove, approve or ratify the transaction and to impose such restrictions or other limitations on the transaction as the Committee may consider necessary to best assure that the interests of the Company are protected and that the related party involved is not in a position to receive an improper benefit. In making such determination, the Audit Committee considers such factors as it deems appropriate, including without limitation (i) the benefits to the Company of the transaction; (ii) the commercial reasonableness of the terms of the transaction; (iii) the dollar value of the transaction and its materiality to the Company and to the related party; (iv) the nature and extent of the related party's interest in the transaction; (v) if applicable, the impact of the transaction on a non-employee director's independence; and (vi) the actual or apparent conflict of interest of the related party participating in the transaction.

During the fiscal year ended August 31, 2020, there were no transactions required to be reported pursuant to the requirements of Item 404(a) of Regulation S-K under the Exchange Act that did not require review and approval by the Audit Committee.

FINANCE COMMITTEE

The Finance Committee is comprised of Trevor I. Mihalik (Chair), Daniel T. Carter, Melissa Claassen, Eric P. Etchart, David B. Pendarvis, Gregory A. Sandfort and Neal E. Schmale. Five meetings of the Finance Committee were held during the last fiscal year. The Finance Committee is appointed by the Board for the primary purpose of assisting the Board in overseeing financial matters of importance to the Company, including matters relating to acquisitions, investment policy, capital structure, and dividend policy. The Finance Committee also reviews the Company's annual and long-term financial strategies and objectives.

COMPENSATION COMMITTEE

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is comprised of Gregory A. Sandfort (Chair), Melissa Claassen, David B. Pendarvis, Anne G. Saunders and Neal E. Schmale, all of whom are independent directors as defined under the Nasdaq Rules. The Compensation Committee met three times during the last fiscal year. During the fiscal year ended August 31, 2020, there were no compensation committee interlock relationships with respect to members of the Board of Directors and the Compensation Committee as described in Item 407(e)(4)(iii) of Regulation S-K promulgated under the Exchange Act.

INSIDER TRADING POLICY - PROHIBITED HEDGING TRANSACTIONS

The Company maintains an insider trading policy, including transaction pre-approval requirements, applicable to its officers and directors required to report changes in beneficial ownership of the Company's common stock under Section 16 of the Exchange Act as well as certain other employees who have significant management or financial reporting responsibilities and can be expected to have access to material non-public information concerning the Company. The Company's insider trading policy also requires pre-approval of all trading plans adopted pursuant to Rule 10b5-1 promulgated under the Exchange Act. To avoid the potential for abuse, the Company's policy with respect to such trading plans is that, once adopted, trading plans are not subject to change or cancellation. Any such change or cancellation of an approved trading plan by an executive officer, director or employee covered by the Company's insider trading policy in violation of the policy will result in the Company's refusal to approve future trading plan requests for that person.

The insider trading policy also includes a prohibition on certain hedging and transactions involving the potential for abuse. Pursuant to the insider trading policy, covered officers, directors and employees may not engage in the following transactions involving the Company's publicly traded securities:

- Short sale transactions
- Transactions in publicly traded options or derivatives
- Hedging transactions
- Pledges or margin account borrowing

ENVIRONMENTAL SOCIAL GOVERNANCE REPORT

WD-40 Company believes that taking an integrated approach to environmental, social and governance (“ESG”) issues creates long-term stockholder value.

The Company is committed to operating in a sustainable manner and being a responsible corporate citizen for the benefit of customers, end users, investors, tribe members, the environment and the communities in which we live and work.

While the Company has for decades followed its values – the first and most important one being, “We value doing the right thing” – the Company has not formally catalogued its activities across environmental and social factors.

In fiscal year 2018, the Company established a cross-regional, cross-functional ESG Project Team to formally address environmental and social topics in order to provide recommendations to management. In that year, the ESG Project team completed a comprehensive analysis documenting the Company’s many activities and guiding structures that fall under the umbrella of ESG topics.

In fiscal year 2019, the ESG Project Team completed an ESG Materiality Assessment to identify best practices and to determine the range of importance for ESG topics as viewed by all of our stakeholders. To do so, the ESG Project Team engaged the guidance of Sustainability Partners, led by Drs. Mary and Brian Natrass, well-known and respected experts in sustainability programs for businesses, non-profits and governments.

In fiscal year 2020, the ESG Project Team pursued the objectives of 1) completing a Life Cycle Assessment screening for the Company’s flagship product, WD-40 Multi-Use Product, to identify the largest contributors of the product’s impact on the environment, and 2) completing the first ESG report for the Company.

The Company’s inaugural ESG report has been published contemporaneously with the filing of this Proxy Statement and can be found at <https://www.wd40company.com/our-company/corporate-responsibility/>.

ITEM NO. 2
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Exchange Act, the Company's stockholders are being asked to cast an advisory vote to approve the compensation of the Company's Named Executive Officers ("NEOs") identified in the Compensation Discussion and Analysis section of this Proxy Statement. This vote is commonly referred to as a "Say-on-Pay" vote.

At the Company's 2017 Annual Meeting of Stockholders, the Company's stockholders were asked, by a non-binding advisory vote, to express their preference as to the frequency of future Say-on-Pay votes and the Board of Directors recommended annual Say-on-Pay voting. The Company's stockholders expressed a preference to have Say-on-Pay votes every year.

The following resolution will be presented for approval by the Company's stockholders at the 2020 Annual Meeting of Stockholders:

"RESOLVED, that the stockholders of WD-40 Company (the "Company") hereby approve the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis section of the Company's proxy statement for the 2020 Annual Meeting of Stockholders and in the accompanying compensation tables and narrative disclosures."

The advisory vote to approve executive compensation is a non-binding vote on the compensation of the Company's NEOs. This Proxy Statement contains a description of the compensation provided to the NEOs as required by Item 402 of Regulation S-K promulgated under the Exchange Act.

Stockholders are encouraged to carefully consider the Compensation Discussion and Analysis, accompanying compensation tables and related narrative discussion in this Proxy Statement in considering this advisory vote. The Board of Directors believes that the compensation provided to the Company's NEOs offers a competitive pay package with a proper balance of current and long-term incentives aligned with the interests of the Company's stockholders.

This is an advisory vote and will not affect compensation previously paid or awarded to the NEOs. While a vote disapproving the NEOs' executive compensation will not be binding on the Board of Directors or the Compensation Committee, the Compensation Committee will consider the results of the advisory vote in making future executive compensation decisions.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting of Stockholders is required to approve this advisory vote on executive compensation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" ADOPTION OF THE PROPOSED RESOLUTION FOR APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.

COMPENSATION DISCUSSION AND ANALYSIS

WD-40 Company's Compensation Discussion and Analysis addresses the executive compensation philosophy and the processes and decisions of the Compensation Committee of the Company's Board of Directors (the "Committee") with respect to the compensation of the Company's Named Executive Officers (the "NEOs"). For fiscal year 2020, the Company's NEOs were:

- Garry O. Ridge, our Chief Executive Officer and Chairman of the Board ("CEO");
- Jay W. Rembolt, our Vice President, Finance, Treasurer and Chief Financial Officer ("CFO");
- Steven A. Brass, our President and Chief Operating Officer;
- Richard T. Clampitt, our Vice President, General Counsel and Corporate Secretary; and
- Patricia Q. Olsem, our Division President, Americas.

EXECUTIVE SUMMARY OF EXECUTIVE COMPENSATION DECISIONS AND RESULTS

The compensation structure for the NEOs is comprised of three elements: base salary, retention-related equity compensation and performance-related cash and equity compensation. Through the application of these elements, a significant portion of NEO realized compensation is directly tied to Company performance measured by increased earnings and total stockholder return ("TSR"). Performance-based compensation tied to earnings is based on earnings before interest, income taxes, depreciation (in operating departments) and amortization ("EBITDA"), not earnings per share.

Retention-related equity compensation includes restricted stock unit ("RSU") awards that vest over a period of three years after grant, subject to earlier vesting upon the effective date of retirement under certain conditions. Retention-related equity compensation features are also reflected in our performance-based market share unit ("MSU") awards that may be earned over a market return-based vesting period of three years, subject to pro-rata vesting at the end of the applicable measurement period in the event of earlier retirement under certain conditions.

Performance-related compensation includes (i) an annual cash payment opportunity that is tied to current fiscal year financial results ("Incentive Compensation"); (ii) MSU awards that are tied to a measure of TSR; and (iii) deferred performance unit ("DPU") awards that are tied to current fiscal year financial results that exceed levels required for maximum payment of that portion of the cash Incentive Compensation opportunity that is tied to global EBITDA.

For purposes of measuring performance based on the Company's EBITDA, the Company uses EBITDA before deduction of the stock-based compensation expense for vested DPU awards, if any, and excluding other non-operating income and expense amounts ("Adjusted EBITDA").

FISCAL YEAR 2020 SUPPLEMENTAL CASH COMPENSATION AWARD

For fiscal year 2020, due to the extreme variability of the impact of the COVID-19 pandemic on the Company's local market and regional results, and to recognize the outstanding cross-regional and cross-functional efforts that allowed the Company to manage its business successfully through the year, compensation for all employees, including the NEOs, was supplemented by a separate cash compensation award. Additional cash compensation was paid to each employee to the extent that the regular Incentive Compensation amount determined as described below under the heading, *Performance Incentive Program*, did not provide a baseline level of compensation equal to 25% of the employee's Incentive Compensation opportunity. The Company maintains transparent and well-defined compensation arrangements for all employees, including the NEOs. This unprecedented supplemental cash compensation award has been granted to recognize employee efforts in an extraordinary year in which the regular compensation arrangements resulted in differences in rewards that did not properly reflect the contributions all made to achieve the results of the company as a whole.

The foregoing compensation structure elements are fully described later in this Compensation Discussion and Analysis.

In establishing the framework for overall NEO compensation and in assessing such compensation for each NEO in light of individual and overall Company performance, the Committee considers actual and target levels of compensation with reference to both short-term and long-term performance periods as well as labor market data and peer group executive compensation. The Committee seeks to align individual NEO performance incentives with both short-term and long-term Company objectives. The Committee assesses the effectiveness of the established framework for NEO compensation through a review of each of the principal elements of NEO compensation. The Committee considers measures of Company performance, specifically including regional and global measures based on the Company's Adjusted EBITDA, and also relative Company performance as compared to an established peer group of companies and a comparable market index. Additionally, the Committee also considers the relative achievement of longer term strategic objectives as to which each NEO is accountable. Information regarding NEO strategic objectives is provided in the *Executive Officer Compensation Decisions* section below under the heading, *Base Salary: Process*. The Committee believes that a review of NEO compensation and relative company performance over multi-year periods demonstrates the effectiveness of the Company's established framework for NEO compensation.

THREE YEAR PERFORMANCE-BASED COMPENSATION REVIEW

For fiscal year 2020, the Company's overall financial performance resulted in highly variable achievement of performance measure goals for regional Adjusted EBITDA under the Company's Incentive Compensation program (the "Performance Incentive Program") as described below. Depending on local market impacts resulting from efforts to slow the spread of COVID-19, most local market results for the Company were either quite strong or very poor. Due to this variability, a modest portion of the first level performance measure goal for the Americas region was achieved, a small portion of the first level performance goal for the EMEA region was achieved, and no portion of the first level performance goal for the Asia-Pacific region was achieved. As a result, a small portion of the first level goal for global Adjusted EBITDA was achieved and none of the second level goal for global Adjusted EBITDA was achieved. For fiscal year 2020, each of the NEOs identified for fiscal year 2020 other than Ms. Olsem earned Incentive Compensation equal to approximately 10% of their Incentive Compensation opportunity and Ms. Olsem earned Incentive Compensation equal to approximately 35% of her Incentive Compensation opportunity. Due to the extreme variability of the impacts of the COVID-19 pandemic on the Company's financial results across local markets and the regions, the Company awarded additional cash compensation to all employees, including the NEOs, who did not receive at least 25% of their Incentive Compensation opportunity. As a result, each of the NEOs other than Ms. Olsem (who received more than 25% of her Incentive Compensation opportunity) received a supplemental cash compensation award for fiscal year 2020 in an amount equal to approximately 15% of their Incentive Compensation opportunity. Amounts received by each of the NEOs for fiscal year 2020 as earned Incentive Compensation and for the supplemental cash compensation awards are set forth below under the headings, *Performance Incentive Program* and *Supplemental Cash Compensation Award for Fiscal Year 2020*, respectively.

For fiscal year 2019, the Company's overall financial performance resulted in partial achievement of performance measure goals for regional and global Adjusted EBITDA under the Company's Performance Incentive Program. The maximum first level performance measure goals for the EMEA and Asia-Pacific regions were achieved, but only a modest portion of the first level performance goal for the Americas region was achieved. Due to the strong performance of the EMEA and Asia-Pacific segments and modest achievement of goals for the Americas segment, the maximum first level goal for global Adjusted EBITDA was achieved and approximately 35.6% of the second level for global Adjusted EBITDA was achieved. As a result, for fiscal year 2019, each of the NEOs other than Mr. Brass earned Incentive Compensation equal to 68% of their Incentive Compensation opportunity and Mr. Brass earned Incentive Compensation equal to 26% of his Incentive Compensation opportunity for fiscal year 2019.

For fiscal year 2018, the Company's overall financial performance resulted in partial achievement of performance measure goals for regional and global Adjusted EBITDA under the Company's Performance Incentive Program. The maximum first level performance measure goals for the Americas and Asia-Pacific regions were achieved, but no portion of the first level performance goal for the EMEA region was achieved. Due to the strong performance of the Americas and Asia-Pacific segments, the maximum first level goal for global Adjusted EBITDA was achieved and approximately 26.6% of the second level goal for global Adjusted EBITDA was achieved. As a result, for fiscal year 2018 each of the NEOs identified for fiscal year 2018 disclosures earned Incentive Compensation equal to 63% of their Incentive Compensation opportunity for fiscal year 2018.

For the three fiscal years ended August 31, 2020, the TSR for the Company's shares exceeded, by an absolute percentage point difference, the return for the Russell 2000 Index (the "Index") by 79.2%. As a result, MSUs awarded to the NEOs in October 2017 provided vested shares of the Company's common stock to the NEOs at 200% of the target number of award shares.

For the three fiscal years ended August 31, 2019, the TSR for the Company's shares exceeded, by an absolute percentage point difference, the return for the Index by 22.4%. As a result, MSUs awarded to the NEOs in October 2016 provided vested shares of the Company's common stock to the NEOs, other than Mr. Brass, at 200% of the target number of award shares. Mr. Brass earned 150% of the target number of award shares for the MSUs awarded to him in October 2016.

For the three fiscal years ended August 31, 2018, the TSR for the Company's shares exceeded, by an absolute percentage point difference, the return for the Index by 48.45%. As a result, MSUs awarded in October 2015 to the NEOs identified for fiscal year 2018 disclosures provided vested shares of the Company's common stock to those NEOs, other than Mr. Brass, at the maximum amount of 200% of the target number of award shares. Mr. Brass earned 150% of the target number of award shares for the MSUs awarded to him in October 2015.

FISCAL YEAR 2020 COMPENSATION DECISIONS

Compensation decisions for fiscal year 2020 were made in October 2019 based on individual and Company performance during fiscal year 2019 and a market survey conducted by the Committee's compensation consultant. The position relative to the market median of total compensation for each of the NEOs for fiscal year 2020 is based on peer group and survey data which is discussed below under the heading, *Overall Reasonableness of Compensation*.

The following is a summary of the decisions made by the Committee for NEO compensation for fiscal year 2020:

- For fiscal year 2020, base salaries for the NEOs other than Mr. Brass and Ms. Olsem were increased by 2.0%. The base salary for Mr. Brass was increased by 11.0% in October 2019, and the base salary for Ms. Olsem was increased by 12.5% in October 2019. Base salaries for the NEOs were assessed in relation to labor market information. For fiscal year 2020, consideration was given to the appropriate relative mix of salary, annual Incentive Compensation and equity awards.
- Annual Incentive Compensation is awarded to the NEOs under the Company's Performance Incentive Compensation Plan as described below under the heading *Performance Incentive Program*. For purposes of the Performance Incentive Program, goals for regional and global Adjusted EBITDA were established at the beginning of the fiscal year. The Company's performance as measured against these goals is described in detail below.
- In October 2019, the NEOs received annual RSU awards providing for the issuance of a total of 7,910 shares of the Company's common stock to be earned by continued employment by the Company over a vesting period of three years, subject to earlier vesting upon the effective date of retirement under certain conditions¹. These awards serve a retention purpose together with an incentive to maximize long term stockholder value through share price appreciation.
- In October 2019, the NEOs received MSU awards subject to performance vesting covering a target number of shares of the Company's common stock equal to 7,910 shares. If the Company's TSR over the three-year vesting period matches the median return for the Index, the target number of shares of the Company's common stock would be issued to the NEOs. The actual number of shares to be issued to the NEOs will be from 0% to 200% of the target number of shares depending upon the Company's TSR as compared to the return for the Index². In October 2019, the NEOs received DPU awards that provided an opportunity to receive up to an aggregate maximum of 7,715 additional shares of the Company's common stock upon termination of employment. The DPU awards provided for vesting as of the end of fiscal year 2020 if the Company were to achieve a level of global Adjusted EBITDA for the fiscal year in excess of the maximum goal for global Adjusted EBITDA established for the Performance Incentive Program³. Since the Company's global Adjusted EBITDA for fiscal year 2020 did not exceed the maximum goal for global EBITDA established for the Performance Incentive Program, the DPU awards for fiscal year 2020 did not vest and they have lapsed without value to the NEOs.
- RSU, MSU and DPU award amounts for fiscal year 2020 varied among the NEOs based on labor market compensation practices specific to the region of employment, relative achievement of individual performance measures and goals established for each NEO, as well as Company performance for fiscal year 2019 in areas over which each NEO had direct influence.
- The Company's stockholders have provided advisory votes to approve executive compensation required by Section 14A of the Exchange Act (the "Say-on-Pay" votes) at the Company's annual meeting of stockholders for fiscal years 2017, 2018 and 2019. In each instance, at least 95% of the votes cast in the Say-on-Pay votes approved the compensation of the NEOs as disclosed in the Compensation Discussion and Analysis section of the Company's Proxy Statements for those fiscal years and in the accompanying compensation tables and narrative disclosures. The Committee has considered the results of these advisory Say-on-Pay votes in its decision-making for executive compensation of the NEOs and has concluded that no significant changes in executive compensation decisions and policies are warranted.

GOVERNANCE OF EXECUTIVE OFFICER COMPENSATION PROGRAM

The purpose of the Committee is to establish and administer the compensation arrangements for our CEO and the other executive officers of the Company, including the other NEOs, on behalf of the Board of Directors. The Committee is responsible for developing the Company's overall executive compensation strategy, with support from management and the Committee's independent compensation consulting firm. For fiscal year 2020 compensation decisions, the Committee's compensation consulting firm was Board Advisory, LLC. In March 2020 the Committee selected a new compensation consulting firm, ClearBridge Compensation Group, LLC. The Committee also has responsibilities in connection with administration of the Company's equity compensation plans.

The Committee operates pursuant to a Charter which outlines its responsibilities, including the Committee's responsibilities with respect to performance reviews and approval of annual compensation arrangements for the Company's executive officers. A copy of the Compensation Committee Charter can be found on WD-40 Company's website at <http://investor.wd40company.com> within the "Corporate Governance" section.

¹ For a more complete description of the RSU Awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Restricted Stock Unit Awards*.

² For a more complete description of the MSU Awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Market Share Unit Awards*.

³ For a more complete description of the DPU awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Deferred Performance Unit Awards*.

PROCESS FOR EVALUATING EXECUTIVE OFFICER PERFORMANCE AND COMPENSATION

In accordance with its Charter, the Committee works with the Company's Human Resources function in carrying out its responsibilities. The Vice President of Global Organization Development is management's liaison with the Committee. The Committee's independent compensation consulting firm provides advice and information relating to executive compensation. For fiscal year 2020, the compensation consulting firm assisted the Committee in the evaluation of executive base salary, Incentive Compensation opportunities, equity incentive design and award levels, and the specific pay recommendation for our CEO. The Committee's compensation consulting firm reports directly to the Committee and provides no additional services for management.

EXECUTIVE COMPENSATION PHILOSOPHY AND FRAMEWORK

COMPENSATION OBJECTIVES

The Company's executive compensation program is designed to achieve five primary objectives:

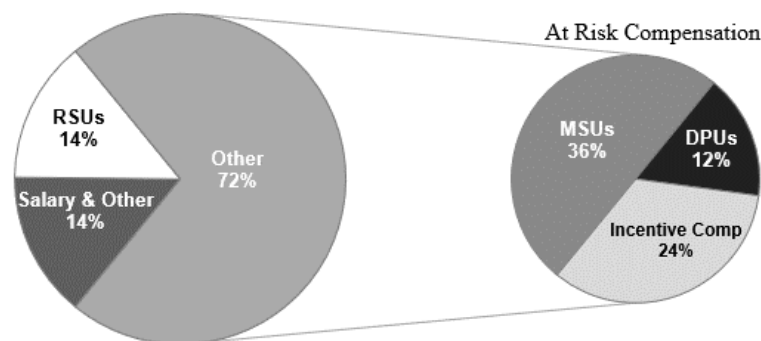
1. Attract, motivate, reward and retain high performing executives;
2. Align the interests and compensation of executives with the value created for stockholders;
3. Create a sense of motivation among executives to achieve both short- and long-term Company objectives;
4. Create a direct, meaningful link between business and team performance and individual accomplishment and rewards; and
5. Ensure our compensation programs are appropriately competitive in the relevant labor markets.

TARGET PAY POSITION/MIX OF PAY

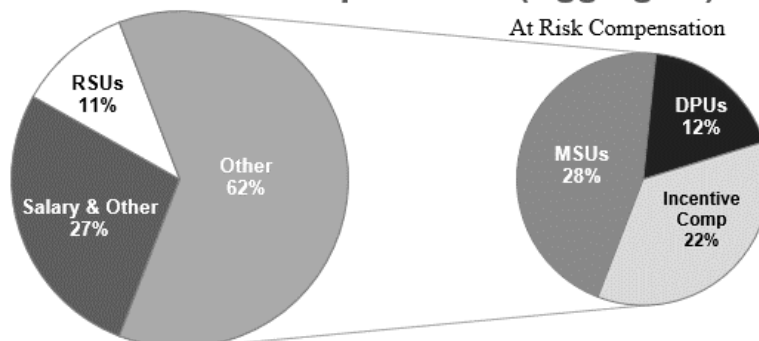
The Company's compensation program consists primarily of base salary, annual cash incentives, and long-term oriented equity awards. Each of these components is discussed in greater detail in the *Executive Officer Compensation Decisions* section below. The Committee has established a target for executive officer total compensation (defined as base salary, plus target Incentive Compensation, plus the value of RSU and MSU equity awards) at the median market level of compensation for each position (details on the use of peer group and survey data to establish the median market level are provided below). Actual pay may vary, based on Company and/or individual performance, length of time within the position, and anticipated contribution. The Committee does not adhere to specific guidelines regarding the percentage of total compensation that should be represented by each compensation component but monitors market competitiveness. A review of total compensation for each NEO relative to the target market percentile is provided in the *Executive Officer Compensation Decisions* section below under the heading, *Overall Reasonableness of Compensation*.

The mix of pay for executive officers is intended to provide significant incentives to drive overall company performance and increased stockholder value. The mix of pay consists of Salary and All Other Compensation amounts as reported in the Summary Compensation Table below, maximum possible values for Stock Awards (RSUs, MSUs and DPUs) as reported in the table in footnote 1 to the Summary Compensation Table, and maximum possible Non-Equity Incentive Plan Compensation (Incentive Compensation) amounts as reported in the Grants of Plan-Based Awards table below. The sum total of these maximum possible compensation amounts for each NEO is referred to as the NEO's "Total Compensation Opportunity." For purposes of the charts below, the Total Compensation Opportunity for the CEO, and for all other NEOs in the aggregate, has been divided among elements of compensation that are considered at risk (MSUs, tied to longer term relative stockholder return, and DPUs and Incentive Compensation, tied to current fiscal year financial performance), and those elements that are not performance-based and not considered at risk (Salary, All Other Compensation and RSUs). Approximately 72% of the CEO's Total Compensation Opportunity for fiscal year 2020 was at risk while approximately 62%, in the aggregate, of the Total Compensation Opportunity for fiscal year 2020 for all of the other NEOs was at risk. As reported in more detail below, for fiscal year 2020, each of the NEOs other than Ms. Olsem earned 25% of their maximum Incentive Compensation amounts (inclusive of the supplemental cash compensation award described above under the heading, *Three Year Performance-Based Compensation Review*, and Ms. Olsem earned approximately 35% of her maximum Incentive Compensation amount, and each NEO earned maximum MSU award values (for the MSU award granted in October 2017), and no portion of their DPU awards.

CEO Compensation



Other NEO Compensation (Aggregate)



COMPENSATION BENCHMARKING

For purposes of its fiscal year 2020 compensation decisions, the Committee examined the executive compensation practices of a peer group of seventeen companies to assess the competitiveness of the Company's executive compensation. Peer group companies were selected from a list of U.S. headquartered companies having revenues and earnings reasonably comparable to the Company and doing business in the specialty chemical industry or within specific consumer products categories. In addition to the peer group data, the Committee considered general industry company survey data provided by Korn Ferry Hay Group, a global management consulting firm. These data sources are applied by the Committee to establish the market median level of compensation for each executive officer position. The companies used in the peer group analysis for fiscal year 2020 compensation decisions were as follows:

- American Vanguard Corporation
- Balchem Corporation
- Cambrex Corporation
- Chase Corporation
- Dorman Products
- Flotek Industries Inc.
- Hawkins, Inc.
- Ingevity Corporation
- Innophos Holdings, Inc.
- Innospec Inc.
- Landec Corporation
- Prestige Healthcare, Inc
- Quaker Chemical Corporation
- Rayonier Advanced Materials, Inc.
- Sensient Technologies Corporation
- Stoneridge Inc.
- USANA Health Sciences, Inc.

EXECUTIVE OFFICER COMPENSATION DECISIONS FOR FISCAL YEAR 2020

BASE SALARY: PROCESS

Base salaries for all executive officers, including the NEOs, are approved by the Committee effective for the beginning of each fiscal year. In setting base salaries, the Committee considers the salary range prepared by its compensation advisor based on each NEO's job responsibilities and the market 50th percentile target pay position. Salary adjustments, if any, are based on factors such as individual performance, position, current pay relative to the market, future anticipated contribution and the Company-wide merit increase budget. Assessment of individual performance follows a rigorous evaluation process, including self-evaluation and the establishment of annual goals for each executive officer and an assessment of the achievement thereof.

Individual performance elements considered in this process included individual and Company performance goals and achievements in such areas as growth, leadership, earnings and governance for Mr. Ridge; governance and risk, compliance, forecasting and financial reporting for Mr. Rembolt; growth, leadership, innovation, brand development, earnings and customer relations for Mr. Brass; brand protection, corporate governance, legal services and risk management, and compliance for Mr. Clampitt; and business unit performance, teamwork, execution and growth for Ms. Olsem.

BASE SALARY: FISCAL YEAR 2020

In October 2019, the Committee reviewed the market competitiveness of executive officer base salaries relative to peer group market data presented by the Committee's compensation advisor. Based on its review of the peer group market data and the general industry company survey data, the Committee approved a 2.0% increase in the CEO's base salary for fiscal year 2020 and increases in base salary ranging from 2.0% to 12.5% for the other NEOs.

PERFORMANCE INCENTIVE PROGRAM

The Company uses its Performance Incentive Program to tie executive officer compensation to the Company's financial performance. All Company employees participate in the same Performance Incentive Program as described below. The Performance Incentive Program is offered to the executive officers pursuant to the WD-40 Company Performance Incentive Compensation Plan most recently approved by the stockholders at the Company's 2017 Annual Meeting of Stockholders.

The Performance Incentive Program provides direct incentives to all Company employees, including executive officers, to affect regional financial performance and, for the Company as a whole, to promote sales at increasing levels of profitability. Specific performance measures tied to regional financial results are used in the Performance Incentive Program formulas as applied to each employee according to his or her particular area of responsibility.

For the NEOs, Incentive Compensation opportunity awards for fiscal year 2020 were based on pre-established goals for the following corporate performance measures: (i) the Company's Adjusted EBITDA computed for each of the Company's relevant financial reporting segments ("Regional EBITDA"); and (ii) Adjusted EBITDA computed on a consolidated basis ("Global EBITDA"). The calculations of attainment of these performance measures for the NEOs are substantially the same as the calculations for all other employees for whom such performance measures were applicable.

For purposes of computing the actual financial results to be measured against the goals established for the Regional EBITDA and Global EBITDA performance measures, the Company may exclude certain expenditures as approved by the Committee. For fiscal year 2020, the Committee approved the exclusion of certain expenses in the amount of approximately \$1,493,000 associated with the Company's investment in IT infrastructure.

The Company's Incentive Compensation Program, as applied to all of its employees, is designed with the intent to fund the Incentive Compensation payout to all employees, including the NEOs, from increased earnings over the prior fiscal year. If the Company does not realize an increase in Global EBITDA over the prior year, it is possible that Ms. Olsem will earn some Incentive Compensation because the performance measure for a portion of the Incentive Compensation opportunity payable to her is based on Regional EBITDA.

Depending upon actual performance results, the Incentive Compensation opportunities for fiscal year 2020 range from 0% up to 200% of base salary for Mr. Ridge, from 0% up to 100% of base salary for Mr. Rembolt, from 0% up to 160% of base salary for Mr. Brass, from 0% up to 90% of base salary for Mr. Clampitt, and from 0% up to 100% of base salary for Ms. Olsem.

The maximum Incentive Compensation potential for employees under the Performance Incentive Program is referred to herein as the employee's "Annual Opportunity." For each of the NEOs, the Performance Incentive Program for fiscal year 2020 provided two performance measure levels ("Levels A and C") for determination of earned Incentive Compensation; each level represented 50% of the Annual Opportunity. The Performance Incentive Program is consistently applied for all employees of the Company except that there are three performance measure levels ("Levels A, B and C") for all employees other than the NEOs and certain other executive officers and management employees. The maximum Incentive Compensation payout for Ms. Olsem required achievement of specified segment goals for Regional EBITDA (Level A) and Company performance that equaled the maximum goal amount for Global EBITDA as described below (Level C). For Messrs. Ridge, Rembolt, Brass and Clampitt (each of whom has global rather than regional responsibilities), the maximum Incentive Compensation payouts required achievement of specified goals for Global EBITDA for each of Levels A and C.

Only two of the three performance measure goals are applied for the NEOs and certain other executive officers and management employees for purposes of calculating earned Incentive Compensation in order to provide an increased incentive to those employees to achieve the maximum level of Global EBITDA results for the benefit of stockholders. Level B performance measure goals for other employees are more directed to achievement of goals tied to areas over which they have more direct

influence. For such other employees, Level A represented 50% of the Annual Opportunity, Level B represented 30% of the Annual Opportunity and Level C represented 20% of the Annual Opportunity.

Target and maximum payout amounts for each of the NEOs for the fiscal year 2020 Performance Incentive Program are disclosed below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2020*.

The following table sets forth the fiscal year 2020 Performance Incentive Program payout weightings and the minimum and maximum goals for the performance measures applicable to each of the NEOs. The minimum and maximum Level A goals for Regional and Global EBITDA were based on earnings before deduction of any Incentive Compensation amounts. The minimum and maximum Level C goals for Global EBITDA were based on earnings after deduction of an estimate of the maximum possible Incentive Compensation amounts for Levels A and B, but before deduction of Incentive Compensation amounts for Level C.

Level	Performance Measure	Garry O. Ridge Jay W. Rembolt Steven A. Brass Richard T. Clampitt		Patricia Q. Olsem	Minimum Goal	Maximum Goal
					FY 2020 (\$ thousands)	FY 2020 (\$ thousands)
A	Regional EBITDA (Americas)	N/A		50%	\$ 56,517	\$ 60,359
A	Global EBITDA	50%		N/A	\$ 88,917	\$ 102,713
C	Global EBITDA	50%		50%	\$ 93,363	\$ 100,954

The following table sets forth the actual fiscal year 2020 performance results and percentage achievement for each of the performance measures under the Performance Incentive Program formulas applicable to the NEOs. Actual earnings results for measurement against the Regional and Global EBITDA goals were adjusted to exclude (a) Incentive Compensation amounts consistent with the manner in which the minimum and maximum performance measure goals are determined as described with reference to the table above and (b) certain Company expenditures as approved by the Committee, as described above.

Level	Performance Measure	Actual	% Achievement
		FY 2020 (\$ thousands)	
A	Regional EBITDA (Americas)	\$ 59,200	69.8%
A	Global EBITDA	\$ 91,793	20.8%
C	Global EBITDA	\$ 86,519	0.0%

Achievement of the maximum goals for Regional EBITDA and Global EBITDA is intended to be attainable through the concerted efforts of all management teams working in their own regions and areas of responsibility and for the Company as a whole.

Based on the Company's fiscal year 2020 performance and the Committee's certification of the relative attainment of each of the performance measures under the Performance Incentive Program, the payouts for our executive officers, including the NEOs, were calculated. On October 12, 2020, the Committee approved payment of the following Incentive Compensation amounts to the NEOs for fiscal year 2020 performance:

Executive Officer	Title	FY 2020 Annual Opportunity (As % of Base Salary)	FY 2020 Incentive Compensation Paid (\$)	FY 2020 Actual Incentive Compensation (As % of Opportunity)
Garry O. Ridge	Chief Executive Officer and Chairman of the Board	200%	\$ 140,647	10%
Jay W. Rembolt	Vice President, Finance, Treasurer and Chief Financial Officer	100%	\$ 34,037	10%
Steven A. Brass	President and Chief Operating Officer	160%	\$ 74,161	10%
Richard T. Clampitt	Vice President, General Counsel and Corporate Secretary	90%	\$ 26,874	10%
Patricia Q. Olsem	Division President, Americas	100%	\$ 104,419	35%

As an example of the operation of the Performance Incentive Program, Ms. Olsem’s Incentive Compensation payout for fiscal year 2020 was computed as follows:

- Incentive Compensation Annual Opportunity = 100% X Eligible Earnings (\$299,091) = \$299,091.
- Level A (Regional EBITDA) = 50% of Annual Opportunity = \$149,546.
— Level A Incentive Compensation = Level A Achievement (69.824%) X Level A Annual Opportunity = \$104,419.
- Level C (Global EBITDA) = 50% of Annual Opportunity = \$149,546.
— Level C Incentive Compensation = Level C Achievement (0%) X Level C Annual Opportunity = \$0.

Ms. Olsem’s aggregate Incentive Compensation payout was the sum of the payouts under Levels A and C of the Performance Incentive Program, or \$104,419.

SUPPLEMENTAL CASH COMPENSATION AWARD FOR FISCAL YEAR 2020

As discussed above under the headings, *Fiscal Year 2020 Supplemental Cash Compensation Award* and *Three Year Performance-Based Compensation Review*, the Company paid a supplemental cash award to all employees, including the NEOs, so that all employees received at least 25% of their Incentive Compensation opportunity. Accordingly, the following supplemental cash compensation amounts were awarded to the NEOs for fiscal year 2020:

<u>Executive Officer</u>	<u>Supplemental Cash Compensation Amount</u>
Garry O. Ridge	\$ 196,718
Jay W. Rembolt	\$ 47,634
Steven A. Brass	\$ 103,727
Richard T. Clampitt	\$ 37,588
Patricia Q. Olsem	-

EQUITY COMPENSATION

Equity compensation is a critical component of the Company’s efforts to attract and retain executives and key employees, encourage employee ownership in the Company, link pay with performance and align the interests of executive officers with those of stockholders. To provide appropriately directed incentives to our executive officers, the Committee has provided awards of time-vesting restricted stock unit (“RSU”) awards as well as performance-vesting market share unit (“MSU”) awards and deferred performance unit (“DPU”) awards. Equity awards for fiscal year 2020 were granted to the NEOs pursuant to the Company’s 2016 Stock Incentive Plan (the “Stock Incentive Plan”) approved by the stockholders at the 2016 Annual Meeting of Stockholders.

The Company’s MSU awards are tied to a measure of total stockholder return (“TSR”) that is determined by reference to a change in the value of the Company’s common stock with reinvestment of dividends. In October 2019, the Committee granted primary equity allocations of RSU and MSU awards for fiscal year 2020. The authorized awards were divided equally between the two types of awards for each NEO. MSU awards provide for vesting after a three-year performance vesting period based on a comparison of the Company’s TSR against the Russell 2000 Index (the “Index”) as described in more detail below. In addition to the RSU and MSU awards, the NEOs also received DPU awards in October 2019. As compared to the retention and long-term performance-based attributes of the RSU and MSU awards, the DPU awards provide a near-term incentive reward for achieving Global EBITDA results for the fiscal year in excess of the amount of Global EBITDA required for maximum payout of Incentive Compensation under Level C of the Performance Incentive Program as described above. DPU awards provide for vesting at the end of the fiscal year for which they are granted. All RSU, MSU and DPU awards are subject to terms and conditions set forth in an applicable award agreement (the “Award Agreement”).

The principal attributes and benefits of the RSU, MSU and DPU awards for executive officers are as follows:

- RSU awards provide for vesting in relatively equal portions over a period of three years from the grant date, subject to earlier vesting upon the effective date of retirement under certain conditions.
- MSU awards provide for performance-based vesting tied to the Company’s TSR over a performance measurement period of three fiscal years beginning with the fiscal year in which the awards are granted and ending on August 31st of the third year.
- DPU awards provide for performance-based vesting tied to the Company’s Global EBITDA achievement for the fiscal year in which the awards are granted in excess of the maximum goal for Global EBITDA under Level C of the Company’s Performance Incentive Program.

- RSU and MSU awards provide for the issuance of shares of the Company’s common stock upon vesting.
- Vested DPU awards provide for the issuance of shares of the Company’s common stock only upon termination of employment. Until issuance of the shares for vested DPU awards, the holders of the vested DPU awards are entitled to receive dividend equivalent payments with respect to their vested DPU awards, payable in cash as and when dividends are declared upon shares of the Company’s common stock.
- A mix of RSU, MSU and DPU awards is appropriate as compared to RSU awards alone or other equity awards, such as stock options, for the following reasons: i) MSU awards granted annually provide a more direct performance-based incentive aligned directly with longer term stockholder interests; ii) RSU awards have a greater perceived value to recipients than stock options; iii) DPU awards offer a reward for exceeding the highest goal for near-term financial results for the Company; iv) RSU, MSU and DPU awards have a less dilutive impact on a share count basis than stock options; and v) the issuance of shares of the Company’s common stock upon vesting of RSUs and MSUs, and the deferred issuance of shares following vesting of DPU awards encourages long-term stock ownership, promotes retention objectives and facilitates the achievement of the Company’s stock ownership guidelines (as described below in the Other Compensation Policies section, under the heading, *Executive Officer Stock Ownership Guidelines*).

The Board recognizes the potentially dilutive impact of equity awards. The Company’s equity award practices are designed to balance the impact of dilution and the Company’s need to remain competitive by recruiting, retaining and providing incentives for high-performing employees.

Restricted Stock Unit Awards

RSU awards provide for the issuance of shares of the Company’s common stock to the award recipient upon vesting provided that the recipient remains employed with the Company through each vesting date except as noted below with respect to vesting upon retirement. Shares of the Company’s common stock equal to the portion of the RSU award that has vested are issued promptly upon the vesting date. RSU awards provide for vesting over a period of three years from the grant date. 34% of the RSU award will vest on the first vesting date and 33% of the RSU award will vest on each of the second and third vesting dates. The vesting date each year is the third business day following the Company’s public release of its annual earnings for the preceding fiscal year, but not later than November 15 of the vesting year.

RSU Award Agreements provide that, for RSU award recipients who retire from the Company after reaching age 65, or for RSU award recipients who retire from the Company after reaching age 55 and have been employed by the Company for at least 10 years, all RSUs will be vested upon the effective date of retirement and shares will be issued within 30 days after the effective date of retirement, except for executive officers whose RSU shares will be issued 6 months after the effective date of retirement.

Payment of required withholding taxes due with respect to the vesting of the RSU awards, if any, will be covered through withholding of shares by the Company. The Company will issue a net number of shares to the recipient for a vested RSU award after withholding shares having a value as of the vesting date, or as of the date of issuance in the case of the issuance of RSU shares following retirement, equal to the required tax withholding obligation.

Market Share Unit Awards

MSU awards provide for performance-based vesting over a performance measurement period of three fiscal years commencing with the fiscal year in which the MSU awards are granted (the “Measurement Period”). Except as noted below with respect to vesting upon retirement, the recipient must remain employed with the Company for vesting purposes until the date on which the Committee certifies achievement of the requisite performance provided for in the MSU Award Agreement. A number of shares of the Company’s common stock equal to an “Applicable Percentage” of the “Target Number” of shares covered by the MSU awards to the NEOs will be issued as of the “Settlement Date.” The Applicable Percentage is determined by reference to the performance vesting provisions of the MSU Award Agreements as described below. The Settlement Date for an MSU award is the third business day following the Company’s public release of its annual earnings for the third fiscal year of the Measurement Period.

MSU Award Agreements provide for monthly pro-rata vesting of MSUs as of the end of the Measurement Period in the event of the earlier termination of the award recipient’s employment due to death, disability, or retirement after reaching age 65, or retirement after reaching age 55 with at least 10 years of employment with the Company. For purposes of calculating the number of MSUs vested and the corresponding number of shares to be issued as of the Settlement Date, the Target Number of shares covered by the MSU awards will be adjusted according to the pro-rata portion of the Measurement Period that has elapsed as of the effective date of termination of employment. The Committee may also exercise its discretion to provide for monthly pro-rata vesting of MSUs awarded to a recipient who resigns or is terminated by the Company for reasons other than good cause.

Payment of required withholding taxes due with respect to the settlement of an MSU award, if any, will be covered through withholding of shares by the Company. The Company will issue a net number of shares to the recipient for a vested MSU award after withholding shares having a value as of the Settlement Date equal to the required tax withholding obligation.

The performance vesting provisions of MSU awards are based on relative TSR for the Company over the Measurement Period as compared to the total return (“Return”) for the Index as reported for total return (with dividends reinvested), as published by Russell Investments. For purposes of computing the relative TSR for the Company as compared to the Return for the Index, dividends paid with respect to the Shares will be treated as having been reinvested as of the ex-dividend date for each declared dividend.

The Applicable Percentage of the Target Number of shares will be determined for each of the NEOs based on the absolute percentage point difference between the TSR for the Company as compared to the Return for the Index (the “Relative TSR”) as set forth in the table below:

Relative TSR (absolute percentage point difference)	Applicable Percentage
> 20%	200%*
20%	200%*
15%	175%*
10%	150%
5%	125%
Equal	100%
-5%	75%
-10%	50%
>-10%	0%

* The MSU award granted to Ms. Olsem in fiscal year 2019 provides for a maximum Applicable Percentage of the Target Number of shares of 150% if the Relative TSR is 10% or greater. Otherwise, the Applicable Percentage for the MSU awards granted to Ms. Olsem will be calculated in the same manner as for the other NEOs.

The Applicable Percentage will be determined on a straight-line sliding scale from the minimum 50% Applicable Percentage achievement level to the maximum 200% Applicable Percentage achievement level (150% for Ms. Olsem for the MSU award granted in fiscal year 2019). For purposes of determining the TSR for the Company and the Return for the Index, the beginning and ending values for each measure will be determined on an average basis over a period of all market trading days within the ninety (90) calendar days prior to the beginning of the fiscal year for the beginning of the Measurement Period and over a period of all market trading days within the ninety (90) calendar days prior to the end of the third fiscal year of the Measurement Period. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent and rounded up from the midpoint. The number of MSU Shares to be issued on the Settlement Date is to be rounded to the nearest whole share and rounded upward from the midpoint.

In the event of a Change in Control (as defined in the Stock Incentive Plan), the Measurement Period will end as of the effective date of the Change in Control and the ending values for calculating the TSR for the Company and the Return for the Index will be determined based on the closing price of the Company’s common stock and the value of the Index, respectively, immediately prior to the effective date of the Change in Control. The Applicable Percentage will be applied to a proportionate amount of the Target Number of MSUs based on the portion of the Measurement Period elapsed as of the effective date of the Change in Control. The recipient NEO will receive RSUs for the portion of the Target Number of MSUs to which the Applicable Percentage is not applied. Those RSUs will time vest, subject to rights under the NEO’s Change of Control Severance Agreement, as of the Settlement Date.

Deferred Performance Unit Awards

DPU awards provide for performance-based vesting over a performance measurement period of the fiscal year in which the DPU awards are granted (the “Measurement Year”). The DPU awards provide for vesting of a number of DPUs equal to an “Applicable Percentage” of the “Maximum Number” of DPUs awarded to the NEOs following conclusion of the Measurement Year (“Vested DPUs”). Except as noted below with respect to vesting upon retirement, the recipient must remain employed with the Company for vesting purposes until August 31 of the Measurement Year. Except as noted below as to non-residents of the United States, the Vested DPUs must be held until termination of employment. Following termination of employment, each Vested DPU will be settled by issuance of one share of the Company’s common stock (a “DPU Share”). The Maximum Number of DPUs refers to the maximum number of DPU Shares that may be issued with respect to a DPU award upon full achievement of the applicable performance goal as described below. The Applicable Percentage is determined by reference to the performance vesting provisions of the DPU Award Agreement as described below. For NEOs who are not residents of the United States, the Compensation Committee has discretion to either defer settlement of each Vested DPU by issuance of a DPU Share following termination of employment or settle each Vested DPU in cash by immediate payment of an amount equal to the closing price of

one share of the Company’s common stock as of the date of the Compensation Committee’s certification of achievement of the performance measure applied in determination of the Applicable Percentage.

Each Vested DPU that is not settled in cash will include the right to receive a dividend equivalent payment in an amount equal to the dividends declared with respect to the Company’s common stock for each Vested DPU. Such dividend equivalent payments are to be paid in cash as ordinary compensation income as and when common stock dividends are paid by the Company, provided, however, that the Company may elect to accumulate such dividend equivalent payments for later payment not less often than annually.

DPU Award Agreements provide for monthly pro-rata vesting of DPUs as of the end of the Measurement Year in the event of the earlier termination of the award recipient’s employment due to death, disability, or retirement after reaching age 65, or retirement after reaching age 55 with at least 10 years of employment with the Company. For purposes of calculating the number of Vested DPUs earned, the Maximum Number of shares covered by the DPU awards will be adjusted according to the pro-rata portion of the Measurement Year that has elapsed as of the effective date of termination of employment.

Vested DPUs not otherwise settled in cash will be settled by issuance of the DPU Shares as of 6 months following termination of employment (the “Settlement Date”). Payment of required withholding taxes due with respect to the settlement of a Vested DPU award, if any, will be covered through withholding of shares by the Company. The Company will issue a net number of shares to the recipient for a Vested DPU award after withholding shares having a value as of the Settlement Date equal to the required tax withholding obligation.

The performance vesting provisions of the DPUs are based on relative achievement within an established performance measure range of the Company’s EBITDA (before deduction of the stock-based compensation expense for the Vested DPUs and excluding other non-operating income and expense amounts (“Adjusted Global EBITDA”) for the Measurement Year.

For fiscal year 2020, the performance vesting provisions for the DPUs were established as set forth in the table below:

Adjusted Global EBITDA ¹	Applicable Percentage
> \$101,109,000	100%
\$101,109,000	100%
\$96,284,000	5%
< \$96,284,000	0%
\$96,030,000*	0%

* Implied zero percentage achievement level.

¹ The calculation of Adjusted Global EBITDA for purposes of the performance vesting provisions of the DPUs accounts for full payment of all Incentive Compensation earned for the fiscal year.

The Applicable Percentage will be determined on a straight-line sliding scale from the implied zero percentage achievement level to the maximum 100% Applicable Percentage achievement level, but the Applicable Percentage shall not be less than 5%. For purposes of determining the Applicable Percentage, the calculated percentage is to be rounded to the nearest tenth of one percent and rounded upward from the midpoint. The number of Vested DPUs is to be rounded to the nearest whole unit and rounded upward from the midpoint.

EQUITY AWARDS – FISCAL YEAR 2020

For fiscal year 2020, equity awards to our executive officers were granted to satisfy goals for executive officer retention, to provide incentives for current and future performance, and to meet objectives for overall levels of compensation and pay mix. RSU, MSU and DPU awards were granted to the NEOs by the Committee in October 2019. All of the equity awards are set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2020*. In establishing award levels for the NEOs for fiscal year 2020, the Committee placed emphasis on long-term retention goals and desired incentives for current and future contributions. The RSU and MSU awards to our CEO were, consistent with past practice, larger than the awards to the other NEOs in recognition of his higher level of responsibility for overall Company performance and based upon market data that supports a higher level of equity compensation for our CEO. The specific RSU award amounts and Target Number of shares covered by MSU awards were determined for each NEO based on an assessment of the NEO’s achievement of individual performance goals as well as Company performance for fiscal year 2019 in areas over which the NEO had particular influence. The DPU award amounts were established by reference to each NEO’s Incentive Compensation opportunity amount based on fiscal year 2019 base salary amounts and fiscal year 2020 maximum percentage opportunity for Incentive Compensation – the share equivalent value of the DPUs awarded to each NEO as of the date of grant equals 50% of the NEO’s maximum Incentive Compensation opportunity amount.

Market Share Unit Award Vesting for Three Fiscal Year Performance Achievement

On October 12, 2020, the Committee certified achievement of the performance measure applicable to MSU awards granted to the NEOs in October 2017. The Committee certified the Company's relative TSR as compared to the Return for the Index for the performance Measurement Period ended August 31, 2020 for purposes of calculating the vested number of shares of the Company's common stock for those MSU awards. The relative TSR as compared to the Return for the Index (as an absolute percentage point difference) over the three fiscal year Measurement Period ending August 31, 2020 was 79.2%. As a result, based on the table above in the description of the MSU awards, the Applicable Percentage of the Target Number of shares underlying the MSU awards granted in October 2017 was 200% for each of the NEOs other than Ms. Olsem, and 150% for Ms. Olsem.

The following table sets forth the Target Number and vested number of shares underlying the MSU awards granted to each NEO in October 2017:

Executive Officer	Target Number	Vested Shares
Garry O. Ridge	4,434	8,868
Jay W. Rembolt	798	1,596
Steven A. Brass	864	1,728
Richard T. Clampitt	665	1,330
Patricia Q. Olsem	345	518

Deferred Performance Unit Award Vesting for Fiscal Year 2020 Performance Achievement

DPU awards granted to the NEOs for fiscal year 2020 lapsed without value to the NEOs. Vesting of the DPUs would have required a level of Adjusted Global EBITDA equal to or greater than \$96,284,000 (the minimum Adjusted Global EBITDA goal for DPU vesting as set forth in the table on the preceding page). Since the actual Adjusted Global EBITDA for fiscal year 2019 was less than \$96,284,000, the DPUs did not vest and they have lapsed.

BENEFITS AND PERQUISITES

As is the case with most Company employees, the NEOs are provided with standard health and welfare benefits, and the opportunity to participate in the WD-40 Company Profit Sharing/401(k) Plan (the "Plan"). The Plan serves to provide our executive officers, including the eligible NEOs, with tax-advantaged retirement savings as an additional component of overall compensation. Employees have the right to invest the Company's contributions to the Plan in shares of the Company's common stock as an alternative to other investment choices available under the Plan.

The Company maintains individual Supplemental Death Benefit Plan agreements for both Mr. Ridge and Mr. Rembolt. The Company's Supplemental Death Benefit Plan agreement obligations are funded by life insurance policies owned by the Company.

The Company also provides leased vehicles or a vehicle allowance to its executive officers. The costs associated with the perquisites and other personal benefits provided to the NEOs are included in the Summary Compensation Table below and they are separately identified for fiscal year 2020 in the footnote disclosure of such perquisites and other personal benefits included with the Summary Compensation Table.

The Committee considers the cost of the foregoing health and welfare benefits and perquisites in connection with its approval of the total compensation for each of our NEOs. All such costs are considered appropriate in support of the Committee's objective of attracting and retaining high quality executive officers because they are common forms of compensation for senior executives and are expected by such executives when they consider competing compensation packages.

POST-EMPLOYMENT OBLIGATIONS

The Company has change of control severance agreements with each of the NEOs. The specific terms of the agreements are described in detail below under the heading, *Change of Control Severance Agreements*. In establishing the terms and conditions for the change of control severance agreements consideration was given to possible inclusion of severance compensation to be paid to the executive officers in the event of their termination of employment without cause (or for good reason) without regard to the existence of a change of control of the Company. No such provisions were included and severance compensation is payable only following a termination of employment without "cause" or for "good reason" within two years following a "change of control" of the Company (as the quoted terms are defined in the severance agreements).

The Committee believes that the change of control severance agreements help ensure the best interests of stockholders by fostering continuous employment of key management personnel. As is the case in many public companies, the possibility of an unsolicited change of control exists. The uncertainty among management that can arise from a possible change of control can result in the untimely departure or distraction of key executive officers. Reasonable change of control severance agreements reinforce continued attention and dedication of executive officers to their assigned duties and support the Committee's objective of retaining high quality executives.

OVERALL REASONABLENESS OF COMPENSATION

The Committee believes that the Company is achieving its compensation objectives and rewards executive officers for driving operational success and stockholder value creation. Based on reviews of tally sheets and a "pay-for-performance" analysis by the Committee, and in light of the Company's compensation objectives, the Committee and the Board of Directors believe that the pay mix and target pay position relative to market for each of the NEOs are reasonable and appropriate. The "pay-for-performance" analysis includes a review of the individual components of executive officer compensation that are tied to Company performance, as measured by identified financial performance metrics as well as the price of the Company's common stock. In particular, the Committee reviews executive officer Incentive Compensation to determine whether it appropriately rewards achievement of specific financial performance goals and does not otherwise provide rewards in the absence of reasonable measures of individual and Company success. Similarly, with respect to equity awards, the Committee considers the effectiveness of such awards in providing a reasonable incentive to the executive officers to increase profits (as measured by Regional and Global EBITDA) and total stockholder return without inappropriately rewarding the executive officers if performance targets are not achieved over the long term.

The following table sets forth the total compensation for each of our NEOs (based on cash compensation received as base salary and earned Incentive Compensation, plus the value of equity awards (other than the DPUs) at their date of grant per share values) for fiscal year 2020, together with the relative position to market mid-point with 100% equaling market median for each NEO:

Executive Officer	Base Salary	Other Earned Compensation ¹	Value of Stock Awards ²	Total Compensation	Present Value of Total Compensation Received as a Percentage of Market Median
Garry O. Ridge	\$ 675,240	\$ 337,365	\$ 1,599,630	\$ 2,612,235	83%
Jay W. Rembolt	\$ 327,011	\$ 81,671	\$ 299,814	\$ 708,496	89%
Steven A. Brass	\$ 446,422	\$ 177,888	\$ 649,908	\$ 1,274,218	84%
Richard T. Clampitt	\$ 286,716	\$ 64,462	\$ 229,795	\$ 580,973	76%
Patricia Q. Olsem	\$ 300,375	\$ 104,419	\$ 259,963	\$ 664,757	80%

¹ Other Earned Compensation includes earned Incentive Compensation plus the supplemental cash compensation awards granted to NEOs as described above under the heading, *Supplemental Cash Compensation Award for Fiscal Year 2020*.

² For purposes of comparing total compensation for fiscal year 2020 to market median compensation levels for each NEO, the Committee included the Value of Stock Awards (RSUs and MSUs) based on the closing price of the Company's common stock on the grant date for those awards. The October 7, 2019 grant date closing price was \$186.22. MSUs are valued based on the target number of shares of the Company's common stock to be issued upon achievement of the applicable performance measure. Information concerning all of the Stock Awards (including DPUs) for fiscal year 2020 is set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2020*.

For fiscal year 2020, total compensation for our NEOs was assessed by the Committee's compensation consulting firm as part of the process for executive compensation decision-making for fiscal year 2021. As noted in the table above, total compensation for the NEOs ranged from 72% to 85% of the market median compensation level for each position as determined by the Committee's compensation consulting firm. The levels of compensation are considered by the Committee to be under, but appropriately in line with, target compensation levels for the NEOs in a year in which the Company's performance was considered by the Committee to be reasonably strong under circumstances of widespread global economic disruption brought on by the global COVID-19 pandemic. These market position comparisons are based on an analysis from the Committee's compensation consultant that incorporates peer group proxy analysis and general industry survey data for current NEO roles.

OTHER COMPENSATION POLICIES

EXCHANGE ACT RULE 10b5-1 TRADING PLANS AND INSIDER TRADING GUIDELINES

A description of the Company's insider trading policies applicable to our executive officers is included above in this Proxy Statement under the heading, *Insider Trading Policy – Prohibited Hedging Transactions*.

EXECUTIVE OFFICER STOCK OWNERSHIP GUIDELINES

The Board of Directors has approved guidelines for executive officer ownership of the Company's common stock. The guidelines specify that each executive officer will be expected to attain, within a period of five years from the later of the date of election of the executive officer or the date of adoption of the guidelines, and to maintain thereafter, equity ownership in the Company valued at not less than one times his or her current base salary for executive officers other than our CEO and CFO, two times the current base salary for our CFO, and five times the current base salary for our CEO. Valuation for purposes of the guidelines is to be determined at the higher of cost or current fair market value for shares of the Company's common stock held outright and shares underlying vested RSUs, MSUs and DPUs then held.

The Board of Directors believes that the stock ownership guidelines serve to improve alignment of the interests of our executive officers and the Company's stockholders. At the present time, all NEOs have exceeded the expected level of stock ownership.

As noted above under the heading *Equity Compensation*, the NEOs receive both time-vesting RSU awards and performance-based vesting MSU and DPU awards. As the RSU and MSU awards vest, shares of the Company's common stock are issued to the NEOs and these shares may then be sold or retained, subject to the stock ownership guidelines described above. Vested DPU awards provide for deferred issuance of shares to the NEOs upon termination of employment. Outstanding unvested RSU and MSU awards held as of August 31, 2020 by the NEOs are set forth in the table below under the heading, *Outstanding Equity Awards at 2020 Fiscal Year End*. All NEOs hold Vested DPUs and Mr. Ridge holds vested RSU awards that must be retained until termination of employment as noted above in the footnotes to the tables under the heading, *Security Ownership of Directors and Executive Officers*.

TAX CONSIDERATIONS

Section 162(m) of the Internal Revenue Code of 1986 (the "Code") limits the deductibility of compensation payable in any tax year to certain covered executive officers. Section 162(m) of the Code generally provides that a company covered by the statute cannot deduct compensation paid to its most highly paid executive officers to the extent that such compensation exceeds \$1 million per officer per taxable year. Under the law prior to the passage of the legislation known as the Tax Cuts and Jobs Act (the "Act") compensation that is "performance-based" within the meaning of the Code did not count toward the \$1 million limit. The performance-based compensation exception to the deductibility limit was repealed by the Act. However, under a transition rule provided for in the Act, the value of vested shares under MSU awards granted prior to November 2, 2017 is still expected to qualify for deductibility under the performance-based compensation exception.

While the Compensation Committee will always seek to maximize the deductibility of compensation paid to the Company's executive officers, the Committee provides total compensation to the executive officers in line with competitive practice, the Company's compensation philosophy, and the interests of stockholders. Therefore, the Company presently pays some compensation to its executive officers that may not be deductible under Section 162(m) and it is anticipated that the Company will continue to do so.

ACCOUNTING CONSIDERATIONS

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718") for our stock-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including restricted stock awards and performance-based awards, based on the grant date fair value of these awards. Depending upon the type of performance conditions applicable to performance-based awards, ASC Topic 718 may require the recording of compensation expense over the service period for the award (usually, the vesting period) based on the grant date value (such as for our MSUs) or compensation expense may be recorded based on the expected probability of vesting over the vesting period, subject to adjustment as such probability may vary from period to period (such as for our DPUs). This calculation is performed for accounting purposes and amounts reported in the compensation tables below are based on the compensation expense expected to be recorded over the vesting periods for the awards, determined as of the grant date for the awards. In the case of our MSUs, the grant date values fix the compensation expense to be recorded over the vesting period. These amounts are reported in the tables below even though our executive officers may realize more or less value from their MSU awards depending upon the actual level of achievement of the applicable performance measure. In the case of our DPUs, no value is included in the Summary Compensation Table or in the table under the heading, *Grants of Plan-Based Awards – Fiscal Year 2020*, because ASC Topic 718 requires that we assess the probability of vesting of the DPUs as of the grant date. As of the grant date, we did not consider it probable that the DPUs would become vested even though it was possible that our executive officers would receive Vested DPUs as of the end of the fiscal year

COMPENSATION COMMITTEE REPORT

The Compensation Committee of WD-40 Company's Board of Directors has reviewed and discussed with management of the Company the Compensation Discussion and Analysis included in this Proxy Statement and the Company's annual report on Form 10-K for the year ended August 31, 2020, and, based upon that review and discussion, recommended to the board that it be so included.

Compensation Committee

Gregory A. Sandfort (Chair)

Melissa Claassen

David B. Pendarvis

Anne G. Saunders

Neal E. Schmale

EXECUTIVE COMPENSATION

None of our executive officers has an employment agreement or other arrangement, whether written or unwritten, providing for a term of employment or compensation for services rendered other than under specific plans or programs described herein.

For fiscal year 2020, our executive officers received compensation benefits for services rendered in fiscal year 2020 as more fully described and reported in the Compensation Discussion and Analysis section of this Proxy Statement and in the compensation tables below. As a relative share of reported total compensation for fiscal year 2020, annual salary, bonus (the supplemental cash award described in the Compensation Discussion and Analysis section), and earned Incentive Compensation was 35% of total compensation for our CEO and from 43% to 51% of total compensation for the other NEOs.

SUMMARY COMPENSATION TABLE

The following table shows information for the three fiscal years ended August 31, 2020, August 31, 2019, and August 31, 2018, concerning the compensation of our CEO, our CFO and the three most highly compensated executive officers other than the CEO and CFO as of the end of fiscal year 2020 (collectively, the “Named Executive Officers” or “NEOs”):

Name and Principal Position	Year	Salary	Bonus	Stock Awards ¹	Non-Equity Incentive Plan Compensation ²	All Other Compensation ³	Total
Garry O. Ridge	2020	\$ 675,240	\$ 196,718	\$ 1,775,853	\$ 140,647	\$ 119,403	\$ 2,907,861
Chief Executive Officer	2019	662,000	-	1,405,209	897,285	115,347	3,079,841
and Chairman of the Board	2018	648,840	-	975,657	698,111	107,384	2,429,992
Jay W. Rembolt	2020	\$ 327,011	\$ 47,634	\$ 332,844	\$ 34,037	\$ 101,178	\$ 842,704
Vice President, Finance,	2019	320,599	-	297,297	217,275	98,645	933,816
Treasurer and Chief Financial Officer	2018	314,313	-	175,592	198,874	91,064	779,843
Steven A. Brass	2020	\$ 446,422	\$ 103,727	\$ 721,505	\$ 74,161	\$ 96,810	\$ 1,442,625
President and Chief Operating Officer	2019	365,937	-	216,024	95,272	92,651	769,884
	2018	312,476	-	190,114	197,365	85,181	785,136
Richard T. Clampitt	2020	\$ 286,716	\$ 37,588	\$ 255,111	\$ 26,874	\$ 86,638	\$ 692,927
Vice President, General Counsel	2019	281,094	-	161,842	152,401	83,058	678,395
and Corporate Secretary	2018	275,582	-	146,327	139,060	75,632	636,601
Patricia Q. Olsem ⁴	2020	\$ 300,375	\$ -	\$ 288,602	\$ 104,419	\$ 96,630	\$ 790,026
Division President, Americas	2019	249,533	-	105,589	19,304	87,825	\$ 462,251

¹ Stock Awards other than DPUs for fiscal years 2020, 2019 and 2018 are reported at their grant date fair values. Grant date fair value assumptions and related information is set forth in Note 15, Stock-based Compensation, to the Company’s financial statements included in the Company’s annual report on Form 10-K filed on October 21, 2020. Stock Awards consisting of MSUs awarded in fiscal years 2020, 2019, and 2018 are included based on the value of 100% of the target number of shares of the Company’s common stock to be issued upon achievement of the applicable performance measure. Stock Awards consisting of DPUs awarded in fiscal years 2020, 2019 and 2018 are reported as having no value under applicable disclosure rules and ASC Topic 718 due to the lack of any expected probability of vesting of the DPUs as of the grant date, as discussed above in the Compensation Discussion and Analysis section under the heading, *Accounting Considerations*. For achievement of the highest level of the applicable performance measure for the MSUs, the NEOs, other than Ms. Olsem for awards granted in fiscal year 2019, will receive 200% of the target number of shares. For achievement of the highest level of the applicable performance measure for the MSUs awarded to Ms. Olsem in fiscal year 2019, she will receive 150% of the target number of shares. For achievement of the highest level of the applicable performance measure for the DPUs, NEOs would receive Vested DPUs covering the maximum number of shares reported for purposes of the table under the heading, *Grants of Plan-Based Awards – Fiscal Year 2020* and as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

SUMMARY COMPENSATION TABLE (footnote 1 continued)

The following table sets forth the amounts that would have been included for the Stock Awards for fiscal years 2020, 2019 and 2018 for each of the NEOs if the grant date fair values for the MSUs had been based on the maximum number of shares to be received and if the value of the DPUs were included at their grant date fair values based on the maximum number of shares covered by the DPUs:

Executive Officer	Year	RSUs	MSUs (Maximum)	DPUs (Maximum)	Total Stock Awards
Garry O. Ridge	2020	\$ 776,364	\$ 1,998,979	\$ 652,585	\$ 3,427,928
	2019	630,133	1,550,151	639,395	2,819,679
	2018	480,424	990,467	535,878	2,006,769
Jay W. Rembolt	2020	\$ 145,512	\$ 374,663	\$ 157,913	\$ 678,088
	2019	133,316	327,961	154,757	616,034
	2018	86,463	178,257	151,369	416,089
Steven A. Brass	2020	\$ 315,426	\$ 812,158	\$ 317,112	\$ 1,444,696
	2019	96,871	238,306	153,955	489,132
	2018	93,614	193,000	142,739	429,353
Richard T. Clampitt	2020	\$ 111,529	\$ 287,164	\$ 124,678	\$ 523,371
	2019	72,574	178,535	108,570	359,679
	2018	72,053	148,548	96,487	317,088
Patricia Q. Olsem	2020	\$ 126,170	\$ 324,863	\$ 131,472	\$ 582,505
	2019	52,853	79,182	53,724	185,759

² Amounts reported as Non-Equity Incentive Plan Compensation represent Incentive Compensation payouts under the Company's Performance Incentive Program as described in the narrative preceding the Summary Compensation Table and in the Compensation Discussion and Analysis section of this Proxy Statement. Threshold, target and maximum payouts for each of the NEOs for fiscal year 2020 are set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2020*.

³ All Other Compensation for each of the NEOs includes the following items: (i) employer profit sharing and matching contributions to the Company's 401(k) Profit Sharing Plan for each of the NEOs ("Retirement Benefits"); (ii) dividend equivalent amounts paid to Mr. Ridge with respect to RSUs held by him that are vested and that will not be settled in shares until termination of employment and dividend equivalent amounts paid to each of the NEOs with respect to Vested DPUs that will not be settled in shares until termination of employment ("Dividend Equivalents"); (iii) the value of supplemental life insurance benefits received by Messrs. Ridge and Rembolt described below under the heading, *Supplemental Death Benefit Plans and Supplemental Insurance Benefits* ("Death Benefits"); (iv) perquisites and benefits received by each of the NEOs include group life, medical, dental, vision, wellness and other insurance benefits ("Welfare Benefits"); and (v) vehicle allowance costs which include lease or depreciation expense, fuel, maintenance and insurance costs for each of the NEOs ("Vehicle Allowance").

The following table sets forth the separate amounts included in All Other Compensation for fiscal year 2020 for each of the NEOs:

Executive Officer	Retirement Benefits	Dividend Equivalents	Death Benefits	Welfare Benefits	Vehicle Allowance	Total All Other Compensation
Garry O. Ridge	\$ 47,223	\$ 17,950	\$ 6,131	\$ 34,933	\$ 13,166	\$ 119,403
Jay W. Rembolt	\$ 47,223	\$ 812	\$ 6,115	\$ 33,202	\$ 13,826	\$ 101,178
Steven A. Brass	\$ 47,223	\$ 283	\$ -	\$ 31,730	\$ 17,574	\$ 96,810
Richard T. Clampitt	\$ 47,223	\$ 469	\$ -	\$ 20,600	\$ 18,346	\$ 86,638
Patricia Q. Olsem	\$ 47,223	\$ 233	\$ -	\$ 32,577	\$ 16,597	\$ 96,630

⁴ No compensation information is provided for Ms. Olsem for fiscal year 2018 because she was first designated as an executive officer in fiscal year 2019.

GRANTS OF PLAN-BASED AWARDS - FISCAL YEAR 2020

In December 2016, the Company's stockholders approved the WD-40 Company 2016 Stock Incentive Plan to authorize the issuance of stock-based compensation awards to employees, directors and consultants. In addition to base salary and the Performance Incentive Compensation, for fiscal year 2020 the executive officers were granted RSU, MSU and DPU awards under the Company's 2016 Stock Incentive Plan. Descriptions of the RSU, MSU and DPU awards are provided above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

Information concerning the grant of RSU, MSU and DPU awards to the NEOs is provided in the following Grants of Plan-Based Awards table. The table also contains information with respect to Performance Incentive Program opportunity awards for fiscal year 2020 as described above in the Compensation Discussion and Analysis section under the heading, *Performance Incentive Program*. The table provides threshold, target and maximum payout information relating to the Company's fiscal year 2020 Performance Incentive Program.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ¹			Estimated Future Payouts Under Equity Incentive Plan Awards ²			All Other Stock Awards: Number of Shares of Stock or Units ³	Grant Date Fair Value of Stock and Options Awards ⁴
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Garry O. Ridge	10/7/2019	\$ 1	\$ 675,240	\$ 1,350,480					
	10/7/2019 (MSU)				2,147	4,295	8,590		\$ 999,489
	10/7/2019 (RSU)							4,295	\$ 776,364
	10/7/2019 (DPU)				177		3,554		\$ -
Jay W. Rembolt	10/7/2019	\$ 1	\$ 163,506	\$ 327,011					
	10/7/2019 (MSU)				402	805	1,610		\$ 187,332
	10/7/2019 (RSU)							805	\$ 145,512
	10/7/2019 (DPU)				43		860		\$ -
Steven A. Brass	10/7/2019	\$ 1	\$ 287,478	\$ 574,955					
	10/7/2019 (MSU)				872	1,745	3,490		\$ 406,079
	10/7/2019 (RSU)							1,745	\$ 315,426
	10/7/2019 (DPU)				86		1,727		\$ -
Richard T. Clampitt	10/7/2019	\$ 1	\$ 129,022	\$ 258,044					
	10/7/2019 (MSU)				308	617	1,234		\$ 143,582
	10/7/2019 (RSU)							617	\$ 111,529
	10/7/2019 (DPU)				33		679		\$ -
Patricia Q. Olsem	10/7/2019	\$ 1	\$ 120,068	\$ 240,136					
	10/7/2019 (MSU)				349	698	1,396		\$ 162,432
	10/7/2019 (RSU)							698	\$ 126,170
	10/7/2019 (DPU)				35		716		\$ -

¹ The Estimated Future Payouts Under Non-Equity Incentive Plan Awards represent Threshold, Target and Maximum payouts under the WD-40 Company Performance Incentive Compensation Plan for Incentive Compensation payable for fiscal year 2020 performance. The Target amount represents fifty percent of the Maximum payout for each NEO. The Maximum amount represents the Incentive Compensation opportunity for each NEO that assumes full achievement of the performance measures for Level A of the Performance Incentive Program (as more fully discussed above in the Compensation Discussion and Analysis section under the heading, *Performance Incentive Program*) and attainment by the Company of a level of Global EBITDA sufficient to maximize such payouts under Level C of the Performance Incentive Program.

² The Estimated Future Payouts Under Equity Incentive Plan Awards represent the Threshold, Target and Maximum number of shares to be issued upon performance vesting of MSU and DPU awards as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*. There is no applicable Target number of shares for DPU awards to be earned by the NEOs.

³ All Other Stock Awards represent RSUs described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

⁴ Information relating to the amounts disclosed as the Grant Date Fair Value of Stock Awards is included in footnote 1 to the Summary Compensation Table above.

OUTSTANDING EQUITY AWARDS AT 2020 FISCAL YEAR END

The following table provides detailed information concerning the RSU and MSU awards that were not vested as of the end of the last fiscal year for each of the NEOs:

Stock Awards				
Name	Number of Shares or Units of Stock That Have Not Vested (#) ¹	Market Value of Shares or Units of Stock That Have Not Vested (\$) ²	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ³	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁴
Garry O. Ridge	8,394	\$ 1,715,566	25,446	\$ 5,200,653
Jay W. Rembolt	1,624	\$ 331,913	4,896	\$ 1,000,644
Steven A. Brass	2,434	\$ 497,461	6,446	\$ 1,317,433
Richard T. Clampitt	1,138	\$ 232,584	3,484	\$ 712,060
Patricia Q. Olsem	1,031	\$ 210,716	2,416	\$ 493,782

- ¹ Represents RSU awards to the NEOs that were not vested as of the fiscal year end.
- ² The Market Value of the RSU awards that were not vested as of the fiscal year end was \$204.38 per unit, determined by reference to the closing price for the Company's common stock as of August 31, 2020.
- ³ Represents the maximum number of shares to be issued with respect to MSU awards granted to the NEOs that were not vested as of the fiscal year end. The maximum number of shares to be issued with respect to MSU awards equals the number of shares to be issued with respect to the MSU awards upon achievement of the highest level of achievement for such MSU awards as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.
- ⁴ The Market Value of the maximum number of shares to be issued with respect to unvested MSU awards at fiscal year end was \$204.38 per share, determined by reference to the closing price for the Company's common stock as of August 31, 2020.

OPTION EXERCISES AND STOCK VESTED - FISCAL YEAR 2020

No shares of the Company's common stock were acquired on exercise of stock options in the Company's last fiscal year for the NEOs. The following table sets forth the number of shares of the Company's common stock acquired upon the vesting of RSU and MSU awards in the Company's last fiscal year and the aggregate dollar value realized with respect to such vested RSU and MSU awards.

Stock Awards		
Executive Officer	Number of Shares Acquired on Vesting ¹ (#)	Value Realized on Vesting ² (\$)
Garry O. Ridge	12,723	\$ 2,313,678
Jay W. Rembolt	2,374	\$ 431,712
Steven A. Brass	1,928	\$ 350,607
Richard T. Clampitt	1,940	\$ 352,789
Patricia Q. Olsem	647	\$ 117,657

- ¹ The Number of Shares Acquired on Vesting for each NEO includes shares of the Company's common stock issued upon vesting of RSU and MSU awards on October 22, 2019.
- ² The Value Realized on Vesting for shares of the Company's common stock issued on October 22, 2019 is calculated based on the number of vested RSU and MSU awards multiplied by the closing price of \$181.85 for the Company's common stock as of that date.

NONQUALIFIED DEFERRED COMPENSATION – FISCAL YEAR 2020

The following table provides information concerning compensation received by the NEOs that is subject to deferral under applicable RSU and DPU award agreements:

Executive Officer	Aggregate Earnings in Last FY ¹ (\$)	Aggregate Balance at Last FYE ² (\$)
Garry O. Ridge	\$ 151,270	\$ 1,400,207
Jay W. Rembolt	\$ 6,845	\$ 63,358
Steven A. Brass	\$ 2,385	\$ 22,073
Richard T. Clampitt	\$ 3,952	\$ 36,584
Patricia Q. Olsem	\$ 1,965	\$ 18,190

¹ The Aggregate Earnings in Last FY represents the increase in value from August 31, 2019 to August 31, 2020 of the shares underlying deferred settlement RSUs and Vested DPUs held by each NEO that will be settled in shares of the Company’s common stock following termination of employment as disclosed in footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*. The number of such deferred settlement RSUs and Vested DPUs for each NEO was multiplied by the difference in the closing price of the Company’s common stock on August 31, 2020 of \$204.38 and on August 31, 2019 of \$182.30, an increase in value of \$22.08 per share. Amounts included as the Aggregate Earnings in Last FY are not otherwise included as compensation in the Summary Compensation Table for fiscal year 2020.

² The Aggregate Balance at Last FYE represents the value as of August 31, 2020 of the deferred settlement RSUs and Vested DPUs held by each NEO as noted in the footnote above. The value for each deferred settlement RSU and each Vested DPU is based on the closing price of the Company’s common stock as of August 31, 2020 in the amount of \$204.38 per share. The underlying deferred settlement RSUs and Vested DPUs were included in prior disclosures for the NEOs to the extent that the NEOs were included in Summary Compensation Table disclosures for the years in which such awards were first granted to the NEOs.

SUPPLEMENTAL DEATH BENEFIT PLANS AND SUPPLEMENTAL INSURANCE BENEFITS

The Company maintains Supplemental Death Benefit Plans for Messrs. Ridge and Rembolt. Under the death benefit plan agreements, the NEO’s designated beneficiary or estate, as applicable, will receive a death benefit equal to the NEO’s then current base salary in the event of his death prior to retirement from the Company. Each of the NEOs is also eligible to receive life insurance benefits offered to all employees of the Company.

The death benefits under the Supplemental Death Benefit Plans are not formally funded but the Company has purchased key man life insurance policies owned by the Company to cover its benefit obligations. Non-employee directors do not have death benefit plan agreements.

Based upon their fiscal year 2020 base salaries, the supplemental death benefit to be provided to Messrs. Ridge and Rembolt as of the end of fiscal year 2020 would have been as set forth in the following table:

Executive Officer	Death Benefit
Garry O. Ridge	\$ 675,240
Jay W. Rembolt	\$ 327,011

CHANGE OF CONTROL SEVERANCE AGREEMENTS

Each executive officer serves at the discretion of the Board of Directors. The Company has entered into Change of Control Severance Agreements (“Severance Agreements”) with each of the NEOs. The Severance Agreements provide that each executive officer will receive certain severance benefits if his or her employment is terminated without “Cause” or if he or she resigns for “Good Reason”, as those terms are defined in the Severance Agreements, within two years after a “Change of Control” as defined in the Severance Agreements and summarized below. If the executive officer’s employment is terminated during the aforementioned two-year period by the Company without “Cause” or by the executive officer for “Good Reason”, the executive officer will be entitled to a lump sum payment (subject to limits provided by reference to Section 280G of the Internal Revenue Code which limits the deductibility of certain payments to executives upon a change in control) of twice the executive officer’s

salary, calculated based on the greater of the executive officer's then current annual salary or a five-year average, plus twice the executive officer's earned Incentive Compensation, calculated based on the greater of the most recent annual earned Incentive Compensation or a five-year average. Further, any of the executive officer's outstanding equity incentive awards that are not then fully vested (with the exception of DPU awards), will be accelerated and vested in full following such termination of employment within such two-year period and the executive officer will be entitled to continuation of health and welfare benefits under the Company's then existing benefit plans or equivalent benefits for a period of up to two years from the date of termination of employment. No employment rights or benefits other than the change of control severance benefits described in this paragraph are provided by the Severance Agreements.

For purposes of the Severance Agreements and subject to the express provisions and limitations contained therein, a "Change of Control" means a transaction or series of transactions by which a person or persons acting together acquire more than 30% of the Company's outstanding shares; a change in a majority of the incumbent members of the Company's Board of Directors as specified in the Severance Agreements, a reorganization, merger or consolidation as specified in the Severance Agreements or a sale of substantially all of the assets or complete liquidation of the Company. As specified more particularly in the Severance Agreements, a "Change of Control" does not include a reorganization, merger or consolidation or a sale or liquidation where a majority of the incumbent members of the Company's Board of Directors continue in office and more than 60% of the successor company's shares are owned by the Company's pre-transaction stockholders.

The Severance Agreements have a term of two years, subject to automatic renewal for successive two-year periods unless notice of non-renewal is provided by the Company's Board of Directors not less than six months prior to the end of the current term. The term of the Severance Agreements will be automatically extended for a term of two years following any "Change of Control."

The following table sets forth the estimated amounts payable to each of the NEOs pursuant to their respective Severance Agreements on the assumption that the employment of each NEO was terminated without "Cause" or otherwise for "Good Reason" effective as of the end of fiscal year 2020 following a "Change of Control" as provided for in the Severance Agreements. The table also includes the value, as of the end of the fiscal year, of all RSU and MSU awards that were not vested as of the end of fiscal year 2020.

Executive Officer	Severance Pay¹	Welfare Benefits²	Accelerated Vesting of RSUs and MSUs³	Total Change of Control Severance Benefits
Garry O. Ridge	\$ 3,145,050	\$ 63,145	\$ 4,315,893	\$ 7,524,088
Jay W. Rembolt	\$ 1,088,572	\$ 62,745	\$ 832,235	\$ 1,983,552
Steven A. Brass	\$ 1,083,388	\$ 58,745	\$ 1,156,178	\$ 2,298,311
Richard T. Clampitt	\$ 878,234	\$ 37,919	\$ 588,614	\$ 1,504,767
Patricia Q. Olsem	\$ 698,395	\$ 61,745	\$ 492,352	\$ 1,252,492

¹ For each NEO other than Ms. Olsem, Severance Pay includes two times the reported Salary for fiscal year 2020 plus two times the reported Non-Equity Incentive Plan Compensation for fiscal year 2019. For Ms. Olsem, Severance Pay includes two times the reported Salary for fiscal year 2019 plus two times the average of reported Non-Equity Incentive Plan Compensation for the five years ended August 31, 2019.

² For each NEO, Welfare Benefits includes an estimate of the Company's cost to provide two years of continuation coverage under the Company's welfare benefit plans, which does not include life insurance or long-term disability insurance.

³ Acceleration of vesting of RSU and MSU awards is governed by applicable provisions of the Severance Agreements and the MSU Award Agreements. The value included for accelerated vesting of RSU and MSU awards equals the value of the RSU and MSU awards that were not vested at \$204.38 for each RSU and MSU based on the closing price for the Company's common stock as of August 31, 2020. MSUs are valued for this purpose based upon the Target Number of shares of the Company's common stock to be issued with respect to the MSUs as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

CEO PAY RATIO

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the SEC pay ratio disclosure rule, we are providing the ratio of the total annual compensation of our CEO, Mr. Ridge, to that of the Company's "median employee" for fiscal year 2020. For fiscal year 2020, the pay ratio of the CEO's compensation to the median employee's compensation was approximately 29 to 1.

As authorized by applicable CEO pay ratio disclosures, we identified the Company's median employee from all employees of the Company (excluding the CEO) as of August 31, 2018. During the years ended August 31, 2019 and 2020 there were no changes in the Company's employee population or compensation practices that could reasonably result in a significant change in the reported pay ratio disclosure. In identifying the Company's median employee as of August 31, 2018, we included all worldwide employees, including full-time, part-time and temporary employees. As of August 31, 2018, the Company employed 491 individuals located in 15 countries. As of August 31, 2020, the Company employed 522 individuals located in 15 countries.

For purposes of identifying the Company's median employee as of August 31, 2018, we calculated total compensation for fiscal year 2018 for each employee other than the CEO by including salary or regular hourly wages paid in the fiscal year, Incentive Compensation paid during the fiscal year under the Company's Performance Incentive Program, and the grant date value of equity awards (RSUs and MSUs) granted to employees in the fiscal year. Compensation paid to employees who were hired after the beginning of the fiscal year or who terminated prior to the end of the fiscal year was not annualized. For employees who received compensation denominated in a foreign currency, such amounts were converted to U.S. dollars at average annual exchange rates as of August 31, 2018.

To determine the CEO pay ratio, the total annual compensation for the median employee was calculated for fiscal year 2020 by including all elements of compensation required to be included in the Summary Compensation Table for fiscal year 2020 in the same manner as such compensation was calculated for the CEO. The Company's median employee is located in the United States.

For fiscal year 2020, the total annual compensation of our CEO was \$2,907,861 and the total annual compensation of our median employee was \$99,580. Accordingly, the ratio of the total annual compensation of our CEO to that of our median employee was approximately 29 to 1.

AUDIT COMMITTEE REPORT

In accordance with its Charter, the Audit Committee provides assistance to the Company's Board of Directors in fulfilling its oversight responsibilities relating to the quality and integrity of the accounting, auditing, and reporting practices of the Company, including assessment of the effectiveness of internal controls over financial reporting. Each member of the Audit Committee meets the independence criteria prescribed by applicable regulations and rules of the SEC for audit committee membership and is an "independent director" within the meaning of applicable NASDAQ listing standards.

Management is responsible for preparing the Company's financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") and for establishing and maintaining internal control over financial reporting. The Company's independent registered public accounting firm ("auditor") is responsible for performing an integrated audit of the Company's financial statements and internal control over financial reporting and expressing opinions as to whether the financial statements have been prepared in accordance with GAAP and as to management's assessment of the effectiveness of internal control over financial reporting.

The Audit Committee reviewed the Company's audited financial statements for the fiscal year ended August 31, 2020. The Audit Committee discussed and reviewed with management the audited financial statements and management's assessment of the effectiveness of its internal controls over financial reporting. The Audit Committee discussed and reviewed with the Company's auditor the audited financial statements and the auditor's attestation report regarding effectiveness of management's internal controls over financial reporting. The Audit Committee also discussed with the auditor those matters required to be discussed by PCAOB Auditing Standard No. 1301, Communications with Audit Committees, which provides that certain matters related to the conduct of the financial statement audit are to be communicated to the Audit Committee. In fulfilling its oversight responsibilities, the Audit Committee met separately with management and separately with the Company's auditor to discuss results of audit examinations and evaluations of internal controls.

The Audit Committee is responsible for the appointment, retention, compensation, and oversight of the Company's auditor. In this regard, the Audit Committee discussed with the auditor their independence from management and the Company, including matters in written documents and a letter received from the auditor as required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence. In evaluating the auditor's independence, the Audit Committee also considered whether the auditor's provision of any non-audit services impaired or compromised the firm's independence.

The Audit Committee considered several factors in selecting PricewaterhouseCoopers LLP as the Company's auditor, including the firm's independence and internal quality controls, the overall depth of talent, and their familiarity with the Company's businesses and internal controls over financial reporting. Further, in conjunction with the mandated rotation of auditing firm's coordinating partner, the Audit Committee and its chair oversee and are directly involved in the selection process for any change in coordinating partners.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the Company's audited financial statements be included in its annual report on Form 10-K for its fiscal year ended August 31, 2020, and that PricewaterhouseCoopers LLP serve as the Company's independent registered public accounting firm for the fiscal year ending August 31, 2021.

Audit Committee
Daniel T. Carter, Chair
Trevor I. Mihalik
Graciela I. Montegudo
Daniel E. Pittard
Anne G. Saunders
Neal E. Schmale

ITEM NO. 3
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company to audit the consolidated financial statements of the Company for fiscal year 2021. Although ratification by stockholders is not required by law, the Audit Committee has determined that it is desirable to request ratification of this selection by the stockholders. Notwithstanding its selection, the Audit Committee, in its discretion, may appoint a new independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders. If the stockholders do not ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee may reconsider its selection.

A majority of the votes of the common stock present or represented at the meeting is required for approval. Broker non-votes will be voted in favor of approval. PricewaterhouseCoopers LLP acted as the Company's independent registered public accounting firm during the past fiscal year and, unless the Audit Committee appoints new independent accountants, PricewaterhouseCoopers LLP will continue to act in such capacity during the current fiscal year. It is anticipated that a representative of PricewaterhouseCoopers LLP will attend the Annual Meeting of Stockholders, will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

The Audit Committee's policy is to pre-approve all audit and permissible non-audit products and services provided by the independent registered public accounting firm. These products and services may include audit services, audit-related services, tax services, software and other products or services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent accountants and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent public accountants in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis. The possible effect on the independence of the public accountants is considered by the Audit Committee. There is no direct or indirect understanding or agreement that places a limit on current or future years' audit fees or permissible non-audit products and services.

AUDIT FEES

PricewaterhouseCoopers LLP has provided audit services to the Company for each of the past two fiscal years. Audit fees consist of fees for professional services rendered for the audit of the Company's consolidated annual financial statements, the review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for audit services performed for the Company for the past two fiscal years were \$1,307,705 for the year ended August 31, 2020, and \$1,301,862 for the year ended August 31, 2019.

AUDIT-RELATED FEES

Audit-related services consist of assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." Audit-related services billed to the Company by PricewaterhouseCoopers LLP were \$64,820 for the year ended August 31, 2019. No such fees were billed to the Company by PricewaterhouseCoopers LLP for the year ended August 31, 2020. The fees for fiscal year 2019 were related to discussions, review and testing of certain information related to the adoption of Accounting Standard Update No. 2016-02, "Leases", which the Company adopted in fiscal year 2020.

TAX FEES

Tax fees consist of tax compliance, tax advice, tax consulting or tax planning services provided by PricewaterhouseCoopers LLP to the Company. Tax fees billed to the Company by PricewaterhouseCoopers LLP were \$202,200 for the year ended August 31, 2020 and \$45,000 for the year ended August 31, 2019. The fees for fiscal year 2020 were associated with both tax compliance and tax consulting services. Such fees for fiscal year 2019 were associated with tax consulting services.

ALL OTHER FEES

Other fees for services provided by PricewaterhouseCoopers LLP for fiscal years 2020 and 2019 consisted of fees for access provided by PricewaterhouseCoopers LLP to its online research reference and disclosure checklist materials. Other fees for fiscal year 2019 also included fees associated with process evaluation advisory services. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for other services performed for the Company were \$2,700 for the year ended August 31, 2020, and \$47,766 for the year ended August 31, 2019.

ITEM NO. 4
SHAREHOLDER PROPOSAL TO ADOPT A POLICY TO INCLUDE
NON-MANAGEMENT EMPLOYEES AS PROSPECTIVE DIRECTOR CANDIDATES

James McRitchie, 9295 Yorkship Court, Elk Grove, CA 95758, owner of at least 30 shares of the Company's common stock, has given notice that he intends to submit the following proposal at the Annual Meeting of Stockholders. In accordance with SEC rules, the following is the complete text of the proposal exactly as submitted.

Proposal 4 - Increase Diversity of Director Nominees

Resolved: Shareholders of WD-40 Company urge the board to adopt a policy (the "Policy") of promoting significant representation of employee perspectives among corporate decision makers by requiring the initial list of candidates from which new director nominees are chosen (the "Initial List") by the Governance Committee include (but need not be limited to) non-management employees. The Policy should provide that any third-party consultant asked to furnish an Initial List will be requested to include such candidates.

Whereas: There is growing consensus, the presence of employees on corporate boards can contribute to long-term corporate sustainability. Policymakers note, the status quo of having companies run exclusively for the benefit of shareholders contributes to "stagnant wages, runaway executive compensation and underinvestment in research and innovation."¹ Meanwhile, the Business Roundtable is repurposing corporations to align with stakeholders' interests, generating shared prosperity for business and society, including investing in employees.²

Research suggests that employee representation grows the long-term value of a company in several ways. According to the National Bureau of Economic Research, giving workers formal control rights increases female board representation and raises capital formation.³ In Germany, the "co-determination" model of shared governance has been lauded as an excellent check and balance against short-termist capital allocation practices.⁴

The 2018 UK Corporate Governance Code calls on boards to establish a method for gathering the views of the workforce such as a director appointed from the workforce, a formal workforce advisory panel or designating a director to liaise with workers.⁵

Senators Baldwin and Warren have introduced legislation that codifies employee representation on corporate boards, noting that modern corporate governance needs to be accountable to and inclusive of a wider array of interests, notably employees.⁶ Additionally, polling demonstrates bipartisan public support (over 53%) for employee representation.⁷

Anticipated benefits include reduced turnover as employees are more empowered to make firm-specific investments, better informed decision-making because employees have specialized knowledge, better monitoring of management with increased information channels, and reduced shareholder myopia, since employees often take a longer-term view.⁸

While the current WD-40 Company board satisfies board independence requirements, it is lacking in representation from non-management employees who understand daily operations thoroughly. Their diversity also better reflects the racial, gender, and economic diversity of the company's consumer base.

The Policy we propose resembles the Rooney Rule in the National Football League (NFL), which requires teams to interview minority candidates for head coaching and senior operations openings. By adopting the Rooney Rule, the NFL was able to increase diversity and set a precedent for other industries. Policies somewhat similar to the one advanced by this Proposal have been adopted by Activision Blizzard, Inc., Dover Corporation, Expedia Group, Fastenal Company, Genuine Parts Company, Hilton Worldwide Holdings, Lamb Weston Holdings, L Brands, MarketAxess Holdings, Nektar Therapeutics, Robert Half International, Ross Stores, UDR, and VeriSign.

Increase Long-Term Shareholder Value
Vote to **Increase Diversity of Director Nominees** – Proposal 4

¹ <https://www.nytimes.com/2019/01/06/opinion/warren-workers-boards.html>
² <https://opportunity.businessroundtable.org/wp-content/uploads/2020/06/BRT-Statement-on-the-Purpose-of-a-Corporation-with-Signatures.pdf>
³ <http://economics.mit.edu/files/17273>
⁴ https://rooseveltinstitute.org/wp-content/uploads/2017/10/Corp-Gov_FINAL.pdf
⁵ <https://assets.kpmg/content/dam/kpmg/uk/pdf/2018/07/designated-NED.pdf>
⁶ <https://www.wsj.com/articles/companies-shouldnt-be-accountable-only-to-shareholders-1534287687>
⁷ <https://www.dataforprogress.org/blog/2018/12/14/employee-governance>
⁸ <https://www.corpgov.net/2020/04/kokkinis-and-sergakis-employee-participation-in-uk-companies/>

BOARD OF DIRECTORS' STATEMENT IN OPPOSITION TO ITEM NO. 4

The Board has carefully considered this shareholder proposal and concluded that its adoption would not be in the best interests of the Company or its stockholders.

The Board believes that the Corporate Governance Committee's existing director selection process identifies the best and most qualified director nominees. The Corporate Governance Committee reviews the applicable skills and characteristics required of director nominees, with the objective of balancing the composition of the Board of Directors to achieve a combination of individuals of different backgrounds and experiences directly relevant to the strategies and objectives of the Company. Director candidates are expected to share WD-40 Company values and to have demonstrated an ability to promote and sustain a strong corporate culture, while effectively guiding a complex, global company. The Board endeavors to assure that the mix of skills and experiences among existing directors is appropriate for the evolving business of the Company. A list of specific skills presently included among the areas of expertise and experience that the Committee believes will best serve the Company is set forth above in this Proxy Statement under the heading, *Corporate Governance Committee Nomination Policies and Procedures*. The Corporate Governance Committee also considers the candidate's independence, reputation, integrity, range of experience and background, the demands of other professional commitments, the ability to exercise sound judgment, and other relevant factors. Candidates are screened to ensure that each has qualifications that complement the competencies of the Board. Finally, candidates are selected for their demonstrated ability to understand the broad range of functions in a complex public company setting, how to perform the role of director, and their capabilities to guide an organization through an evolving future. Through this director selection process, the Corporate Governance Committee and Board are able select nominees with the skills and qualifications that best serve the Company.

In addition, candidates for director typically have been suggested by the Company's directors or employees. Stockholders also can recommend prospective director candidates, including Company employees, for the Corporate Governance Committee's consideration. The Corporate Governance Committee considers recommendations by stockholders in the same manner as nominees recommended by directors, members of management or other persons.

Further, the Board is committed to continually receiving input from employees regarding workforce concerns and to responding to that input. As part of the Board's oversight of human resource activities and business operations generally, directors attend events where employees are invited to interact personally with the Board, both at our periodic Global Tribal Learning Conferences and at ad hoc events specific to key elements of our engagement and inclusion efforts. We are clear to note in our regular investor communications that employee engagement is a cornerstone of our success. The Company surveys employees through a confidential biennial employee engagement survey. The results of the survey are shared with the Board to ensure that directors are aware of workforce concerns. This is an ongoing process that includes the highest levels of the Company, so that the Board and management are aware of workforce concerns and can act on those concerns.

The Board believes that the results of its employee engagement surveys show the Company's commitment to a corporate culture in which employee feedback is valued and acted upon. Overall, our engagement survey results for over ten years has yielded an engagement level of 93%. Here is a sample of some of the responses from the most recent biennial survey:

- 94% of employees stated that they are excited about the Company's future direction;
- 89% of employees agreed that the Company recognizes employees for their innovative ideas;
- 97% of employees strongly agreed that their opinions and values are a good fit with Company culture; and
- 91% of employees concurred that they have the freedom to decide how to accomplish their goals.

Given the Corporate Governance Committee's existing director selection process and the Board's extensive engagement with management on sustaining corporate culture and in addressing workforce concerns, the Board believes that adoption of the policy requested by the proposal is unnecessary and not in the best interests of our stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "AGAINST" THIS PROPOSAL.

SHAREHOLDER PROPOSALS

Shareholder proposals must be received by the Company no sooner than June 1, 2021 and not later than July 1, 2021 to be included in the Proxy Statement and form of proxy for the next annual meeting. Any proposal submitted outside of these dates will be considered untimely in order to be considered at the Company's 2021 Annual Meeting of Stockholders in accordance with the Company's Bylaws.

By Order of the Board of Directors
Richard T. Clampitt
Corporate Secretary

Dated: October 29, 2020

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, STOCKHOLDERS ARE URGED TO FILL IN, SIGN AND RETURN THE ACCOMPANYING FORM OR FORMS OF PROXY IN THE ENCLOSED ENVELOPE.



ANNUAL REPORT ON FORM 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission File Number: 000-06936
Commission Company Name: WD 40 CO

WD-40 COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)
9715 Businesspark Avenue, San Diego, California
(Address of principal executive offices)

95-1797918
(I.R.S. Employer
Identification No.)
92131
(Zip code)

Registrant's telephone number, including area code: **(619) 275-1400**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common stock, par value \$0.001 per share	WDFC	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value (closing price) of the voting stock held by non-affiliates of the registrant as of February 29, 2020 was approximately \$2,311,876,866.

As of October 16, 2020, there were 13,664,838 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

The Proxy Statement for the annual meeting of stockholders on December 8, 2020 is incorporated by reference into Part III, Items 10 through 14 of this Annual Report on Form 10-K.

WD-40 COMPANY
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended August 31, 2020

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PART I

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements which reflect the Company’s current views with respect to future events and financial performance.

These forward-looking statements include, but are not limited to, discussions about future financial and operating results, including: growth expectations for maintenance products; expected levels of promotional and advertising spending; anticipated input costs for manufacturing and the costs associated with distribution of our products; plans for and success of product innovation, the impact of new product introductions on the growth of sales; anticipated results from product line extension sales; expected tax rates and the impact of tax legislation and regulatory action; the length and severity of the current COVID-19 pandemic and its impact on the global economy and the Company’s financial results; and forecasted foreign currency exchange rates and commodity prices. These forward-looking statements are generally identified with words such as “believe,” “expect,” “intend,” “plan,” “could,” “may,” “aim,” “anticipate,” “target,” “estimate” and similar expressions. The Company undertakes no obligation to revise or update any forward-looking statements.

Actual events or results may differ materially from those projected in forward-looking statements due to various factors, including, but not limited to, those identified in Item 1A of this report. As used in this report, the terms “we,” “our,” “us” and “the Company” refer to WD-40 Company and its wholly-owned subsidiaries, unless the context suggests otherwise. Amounts and percentages in tables and discussions may not total due to rounding.

Item 1. Business

Overview

WD-40 Company is a global marketing organization dedicated to creating positive lasting memories by developing and selling products that solve problems in workshops, factories and homes around the world. The Company was founded in 1953 and is headquartered in San Diego, California.

For more than four decades, the Company sold only one product, WD-40® Multi-Use Product, a maintenance product which acts as a lubricant, rust preventative, penetrant and moisture displacer. Over the last two decades, the Company has evolved and expanded its product offerings through both research and development activities and through the acquisition of several brands worldwide. As a result, the Company has built a family of brands and product lines that deliver high quality performance at a good value to its end users.

The Company currently markets and sells its products in more than 176 countries and territories worldwide primarily through warehouse club stores, hardware stores, automotive parts outlets, industrial distributors and suppliers, mass retail and home center stores, value retailers, grocery stores, online retailers, farm supply, sport retailers, and independent bike dealers.

The Company’s sales come from its two product groups – maintenance products and homecare and cleaning products. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom (“U.K.”) and Australia.

The Company’s strategic initiatives and the areas where it will continue to focus its time, talent and resources in future periods include: (i) maximizing WD-40 Multi-Use Product sales through geographic expansion, increased market penetration and the development of new and unique delivery systems; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence.

The principal driver of the Company’s growth continues to be taking the Company’s flagship product, WD-40 Multi-Use Product, the blue and yellow can with the red top, to new users in global markets. The Company is focused on and committed to innovation and renovation of its products. The Company sees innovation and renovation as important factors to the long-term growth of its brands and product lines, and it intends to continue to work on future products, product lines, product packaging, product delivery systems and promotional innovations and renovations. The Company is also focused on expanding its current brands in existing markets with new product development. The Company’s product development teams support new product development and current product improvement for the Company’s brands. Over the years, the Company’s research and development team has made an innovation impact on most of the Company’s brands. Key innovations for the Company’s products include, but are not

limited to, WD-40 EZ-Reach® Flexible Straw, WD-40 Smart Straw®, WD-40 Trigger Pro®, WD-40 Specialist®, WD-40 BIKE®, 3-IN-ONE RVcare® and 3-IN-ONE® Professional Garage Door Lube.

The Company's homeware and cleaning products, particularly those in the U.S., are considered harvest brands which continue to provide positive returns to the Company but are becoming a smaller part of the business as sales of the maintenance products grow with the execution of the Company's strategic initiatives. Although the Company has evaluated strategic alternatives for certain of its homeware and cleaning products, particularly those in the U.S., it has continued to sell products within these brands but with a reduced level of marketing investment.

Products

Maintenance Products

Included in the Company's maintenance products are both multi-purpose maintenance products and specialty maintenance products. These maintenance products are sold worldwide and they provide end users with a variety of product and delivery system options.

The Company's signature product is the WD-40 Multi-Use Product in the blue and yellow can with the red top, which is included within the maintenance product category and it accounts for a significant majority of the Company's sales. The Company has various products and product lines which it currently sells under the WD-40 brand and they are as follows:

WD-40 Multi-Use Product - The WD-40 Multi-Use Product is a market leader in many countries among multi-purpose maintenance products and is sold as an aerosol spray with various unique delivery systems, a non-aerosol trigger spray and in liquid-bulk form through mass retail stores, hardware stores, warehouse club stores, automotive parts outlets, online retailers and industrial distributors and suppliers. The WD-40 Multi-Use Product is sold worldwide in North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. The WD-40 Multi-Use Product has a wide variety of consumer uses in, for example, household, marine, automotive, construction, repair, sporting goods and gardening applications, in addition to numerous industrial applications.

WD-40 Specialist product line – WD-40 Specialist consists of a line of professional-grade specialty maintenance products that include penetrants, degreasers, corrosion inhibitors, greases, lubricants and rust removers that are aimed at professionals and consumer enthusiasts. The WD-40 Specialist product line is sold primarily in the U.S. and many countries in Europe, as well as parts of Canada, Latin America, Australia and Asia. Within the WD-40 Specialist product line, the Company also sells bike-specific products across all of its segments, motorbike-specific products in Europe, lawn and garden specific products in Australia, and automotive specific products in Asia.

The Company also has the following additional brands which are included within its maintenance products group:

3-IN-ONE® - The 3-IN-ONE brand consists of multi-purpose drip oil, specialty drip oils, and spray lubricant products, as well as other specialty maintenance products. The multi-purpose drip oil is a lubricant with unique spout options that allow for precise applications to small mechanisms and assemblies, tool maintenance and threads on screws and bolts. 3-IN-ONE Oil is the market share leader among drip oils for household consumers. It also has wide industrial applications in such areas as locksmithing, HVAC, marine, farming and construction. In addition to the drip oil line of products, the 3-IN-ONE brand also includes professional-grade aerosol maintenance products, such as 3-IN-ONE RVcare products, 3-IN-ONE Garage Door Lubricant and 3-IN-ONE Lock Dry Lube. The long legacy, brand awareness and high quality of the 3-IN-ONE brand and its established distribution network have enabled these products to gain international acceptance. 3-IN-ONE products are sold primarily in the U.S., Europe, Canada, Latin America, Australia and Asia.

GT85® - The GT85 brand is a multi-purpose bike maintenance product that consists of professional spray maintenance products and lubricants which are sold primarily in the bike market through the automotive and industrial channels in the U.K. This brand was acquired by the Company's U.K. subsidiary in September 2014 and it has helped build upon the Company's strategy to develop new product categories for WD-40 Specialist and WD-40 BIKE.

Homecare and Cleaning Products

The Company sells its homeware and cleaning products in certain locations worldwide and they include a portfolio of well-known brands as follows:

2000 Flushes® - The 2000 Flushes brand is a line of long-lasting automatic toilet bowl cleaners which includes a variety of formulas. 2000 Flushes is sold primarily in the U.S. and Canada through grocery and mass retail channels as well as through online retailers.

Spot Shot[®] - The Spot Shot brand is sold as an aerosol and a liquid trigger carpet stain and odor eliminator. The brand also includes environmentally friendly products such as Spot Shot Instant Carpet Stain & Odor Eliminator and Spot Shot Pet Instant Carpet Stain & Odor Eliminator, which are non-toxic and biodegradable. Spot Shot products are sold primarily through grocery and mass retail channels, online retailers, warehouse club stores and hardware and home center stores in the U.S., Canada and the United Kingdom. Spot Shot products are sold in the U.K. under the 1001[®] brand name.

Carpet Fresh[®] - The Carpet Fresh brand is a line of room and rug deodorizers sold as powder and aerosol quick-dry foam products. These products are sold primarily through grocery, mass, and value retail channels as well as through online retailers in the U.K. and Australia. Although Carpet Fresh brand products are also sold in the U.S., they are sold by a third-party under a licensing agreement with the Company. In the U.K., these products are sold under the 1001 brand name. In Australia, they are sold under the no vac[®] brand name.

1001[®] - The 1001 brand includes carpet and household cleaners and rug and room deodorizers which are sold primarily through mass retail, grocery and home center stores in the U.K.

Lava[®]/Solvol[®] - The Lava and Solvol brands consist of heavy-duty hand cleaner products which are sold in bar soap and liquid form through hardware, grocery, industrial, automotive and mass retail channels as well as through online retailers. Lava is sold primarily in the U.S., while Solvol is sold exclusively in Australia.

X-14[®] - The X-14 brand is a line of quality products designed for unique cleaning needs. X-14 is sold as a liquid mildew stain remover and as an automatic toilet bowl cleaner. X-14 is sold primarily in the U.S. through grocery and mass retail channels as well as through online retailers.

Sales and Marketing

The Company's sales do not reflect any significant degree of seasonality. However, it is common for the Company's sales to fluctuate from period to period or year to year due to various factors including, but not limited to, new or lost distribution, the number of product offerings carried by a customer and the level of promotional activities and programs being run at customer locations. New or lost distribution occurs when the Company gains or loses customers, when it gains or loses store count for a customer or when its products are added to new locations within a store or removed from existing locations. From time to time, as part of new product offering launches, the Company may gain access to entirely new distribution channels. The number of product offerings refers to the number of brands and/or the number of products within each of those brands that the Company's customers offer for sale to end user customers. The level of promotional activities and programs relates to the number of events or volumes of purchases by customers in support of off-shelf or promotional display activities. Changes in any one of these three factors or a combination of them can cause the Company's sales levels to increase or decrease from period to period. It is also common and/or possible that the Company could lose distribution or product offerings and experience a decrease in promotional activities and programs in one period and subsequently regain this business in a future period. The Company is accustomed to such fluctuations and manages this as part of its normal business activities.

Manufacturing

The Company outsources directly or through its marketing distributors the manufacturing of its finished products to various third-party contract manufacturers. The Company or its marketing distributors use contract manufacturers in the U.S., Canada, Mexico, Brazil, Argentina, Columbia, the U.K., Italy, Australia, China, South Korea and India. Although the Company has definitive minimum purchase obligations included in the contract terms with certain of its contract manufacturers, when such obligations have been included, they have either been immaterial or the minimum amounts have been such that they are well below the volume of goods that the Company has historically purchased. Supply needs are communicated by the Company to its contract manufacturers, and the Company is committed to purchase the products manufactured based on orders and short-term projections, ranging from two to five months, provided to the contract manufacturers. The Company also formulates and manufactures concentrate used in its WD-40 products at its own facilities and at third-party contract manufacturers.

In addition to the commitments to purchase products from contract manufacturers described above, the Company may also enter into commitments with other manufacturers from time to time to purchase finished goods and components to support innovation and renovation initiatives and/or supply chain initiatives.

Sources and Availability of Components and Raw Materials

The Company and its third-party contract manufacturers rely on a limited number of suppliers, including single or sole suppliers, for certain of its raw materials, packaging, product components and other necessary supplies. The primary components and raw materials for the Company's products include petroleum-based specialty chemicals and aerosol cans, which are manufactured from commodities that are subject to volatile price changes. The availability of these components and raw materials is affected by a variety of supply and demand factors, including global market trends, plant capacity decisions and natural disasters. The Company expects these components and raw materials to continue to be readily available in the future, although the Company will continue to be exposed to volatile price changes.

Research and Development

The Company recognizes the importance of innovation and renovation to its long-term success and is focused on and committed to research and new product development activities, primarily in its maintenance product group. The Company's product development team engages in consumer research, product development, current product improvement and testing activities. The product development team also leverages its development capabilities by partnering with a network of outside resources including the Company's current and prospective outsource suppliers. In addition, the research and development team engages in activities and product development efforts which are necessary to ensure that the Company meets all regulatory requirements for the formulation of its products.

Order Backlog

Order backlog is not a significant factor in the Company's business.

Competition

The markets for the Company's products, particularly those related to its homecare and cleaning products, are highly competitive. The Company's products compete both within their own product classes as well as within product distribution channels, competing with many other products for store placement and shelf space. Competition in international markets varies by country. The Company is aware of many competing products, some of which sell for lower prices or are produced and marketed by companies with greater financial resources than those of the Company. The Company relies on the awareness of its brands among consumers, the value offered by those brands as perceived by consumers, product innovation and renovation and its multiple channel distributions as its primary strategies. New products typically encounter intense competition, which may require advertising and promotional support and activities. When or if a new product achieves consumer acceptance, ongoing advertising and promotional support may be required in order to maintain its relative market position.

Trademarks and Patents

The Company owns a number of patents, but relies primarily upon its established trademarks, brand names and marketing efforts, including advertising and sales promotions, to compete effectively. The WD-40 brand, 3-IN-ONE, Lava, Solvol, X-14, 2000 Flushes, Carpet Fresh and no vac, Spot Shot, GT85, and 1001 trademarks are registered or have pending registrations in various countries throughout the world.

Employees

At August 31, 2020, the Company employed 522 people worldwide: 198 by the U.S. parent corporation; 224 by the U.K. subsidiary; 58 by the China subsidiary; 20 by the Australia subsidiary; 15 by the Canada subsidiary; and 7 by the Malaysia subsidiary.

Financial Information about Foreign and Domestic Operations

For detailed information about the Company's foreign and domestic operations, including net sales by reportable segment and long-lived assets by geography, refer to Note 17 - Business Segments and Foreign Operations of the consolidated financial statements, included in Item 15 of this report.

Access to SEC Filings

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available through the Investors section of the Company's website at www.wd40company.com. These reports can be accessed free of charge from the Company's website as soon as reasonably practicable after the Company electronically files

such materials with, or furnishes them to, the Securities and Exchange Commission (“SEC”). Information contained on the Company’s website is not included as a part of, or incorporated by reference into, this report. The SEC also maintains an internet site (www.sec.gov) that contains the Company’s reports.

Item 1A. Risk Factors

The following risks and uncertainties, as well as other factors described elsewhere in this report or in other SEC filings by the Company, could adversely affect the Company’s business, financial condition and results of operations.

Global economic conditions may negatively impact the Company’s financial condition and results of operations.

A general weakening or decline in the global economy or a reduction in industrial outputs, business or consumer spending or confidence could delay or significantly decrease purchases of the Company’s products by its customers and end users. Consumer purchases of discretionary items, which could include the Company’s maintenance products and homecare and cleaning products, may decline during periods where disposable income is reduced or there is economic uncertainty, and this may negatively impact the Company’s financial condition and results of operations. During unfavorable or uncertain economic times, end users may also increase purchases of lower-priced or non-branded products and the Company’s competitors may increase their level of promotional activities to maintain sales volumes, both of which may negatively impact the Company’s financial condition and results of operations.

In addition, the Company’s sales and operating results may be affected by uncertain or changing economic and market conditions, including inflation, deflation, prolonged weak consumer demand, political instability, public health crises or other changes that may affect the principal markets, trade channels, and industrial segments in which the Company conducts its business. Public health crises, including epidemics or pandemics, may affect the principal markets, trade channels, and industrial segments in which the Company conducts its business. For example, the Company is monitoring the impact of the current COVID-19 pandemic, which has already caused a significant disruption to global financial markets and supply chains beginning in early calendar year 2020. The significance of the operational and financial impact to the Company will depend on how long and widespread this disruption proves to be. The extent to which the COVID-19 pandemic impacts the Company’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the outbreak and the international actions that are being taken to contain and treat it. While the Company currently expects this business disruption to be temporary, there is uncertainty around its duration and its broader impact, and therefore the effects it will have on the Company’s financial results and operations. If economic or market conditions in key global markets deteriorate, the Company may experience material adverse effects on its business, financial condition and results of operations.

Adverse economic and market conditions could also harm the Company’s business by negatively affecting the parties with whom it does business, including its customers, retailers, distributors and wholesalers, and third-party contract manufacturers and suppliers. These conditions could impair the ability of the Company’s customers to pay for products they have purchased from the Company. As a result, allowances for doubtful accounts and write-offs of accounts receivable from the Company’s customers may increase. In addition, the Company’s third-party contract manufacturers and their suppliers may experience financial difficulties or business disruptions that could negatively affect their operations and their ability to supply the Company with finished goods and the raw materials, packaging, and components required for the Company’s products.

Global operations outside the U.S. expose the Company to uncertain conditions, foreign currency exchange rate risk and other risks in international markets.

The Company’s sales outside of the U.S. were approximately 60% of consolidated net sales in fiscal year 2020. One of its strategic initiatives includes maximizing the WD-40 Multi-Use Product through geographic expansion and market penetration. As a result, the Company currently faces, and will continue to face, substantial risks associated with having increased global operations outside the U.S., including:

- economic or political instability in any of the Company’s global markets;
- challenges associated with conducting business in foreign jurisdictions, including those related to the Company’s understanding of and compliance with business laws and regulations in such foreign jurisdictions;
- increasing tax complexity or changes in tax law associated with operating in multiple tax jurisdictions;
- a dispersed employee base and requirements for compliance with varied employment regulations and labor laws, including health and safety regulations and wage and hour laws, in countries outside the U.S.;
- varying and complex privacy laws in foreign jurisdictions; and
- the imposition of tariffs or trade restrictions and costs, burdens and restrictions associated with other governmental actions.

These risks could have a significant impact on the Company's ability to sell its products on a competitive basis in global markets outside the United States. In addition, continued developments in the U.S. political climate have introduced greater uncertainty with respect to tax policies, trade relations, tariffs and government regulations affecting trade between the U.S. and other countries. These developments, as well as the risks outlined above, could have a material adverse effect on the Company's business, financial condition and results of operations.

Approximately 44% of the Company's revenues in fiscal year 2020 were generated in currencies other than the U.S. Dollar, which is the reporting currency of the Company. In addition, all of the Company's foreign operating subsidiaries have functional currencies other than the U.S. Dollar and the Company's largest subsidiary is located in the U.K. and generates significant sales in Pound Sterling and Euro. As a result, the Company is exposed to foreign currency exchange rate risk with respect to its sales, expenses, profits, cash and cash equivalents, other assets and liabilities denominated in currencies other than the U.S. Dollar. In particular, the Company's financial results are negatively impacted when the foreign currencies in which its subsidiary offices operate weaken relative to the U.S. Dollar. Although the Company uses instruments to hedge certain foreign currency risks, primarily those associated with its U.K. subsidiary and net assets denominated in non-functional currencies, it is not fully protected against foreign currency fluctuations and, therefore, the Company's reported earnings may be affected by changes in foreign currency exchange rates. Moreover, any favorable impacts to profit margins or financial results from fluctuations in foreign currency exchange rates are likely to be unsustainable over time.

As a result of the June 2016 referendum by British voters to exit the European Union ("Brexit"), global markets and foreign currencies were adversely impacted in the months following the vote. In particular, the value of the Pound Sterling sharply declined as compared to the U.S. Dollar and other currencies in late fiscal year 2016 and early fiscal year 2017. Subsequently, on March 29, 2017, the U.K. invoked Article 50 of the Lisbon Treaty, which provided for a two-year time period through March 2019 for the U.K. and the remaining EU countries to negotiate a withdrawal agreement. This time period was then extended twice; first until October 31, 2019, with a second and final extension until January 31, 2020, at which point the U.K. officially withdrew from the EU with transitional arrangements in place until December 31, 2020. Additional volatility in foreign currencies has continued as a result of these developments and this volatility may continue as the U.K. negotiates and executes the agreements that will replace current transitional arrangements with the European Union. A significantly weaker Pound Sterling compared to the U.S. Dollar over a sustained period of time may have a significant negative effect on the Company's reported results of operations. In addition, the legal and regulatory framework that will apply to the U.K. and its future relationship with the European Union may change the manner in which businesses operate in Europe, including how products and services are imported and exported between countries in Europe, and this could adversely impact the Company's financial condition and results of operations. The outcomes of the negotiations between the U.K. and the European Union are currently unknown and due to the lack of comparable precedent, the extent of any adverse consequences to the Company's business is uncertain.

Additionally, the Company's global operations outside the U.S. are subject to risks relating to appropriate compliance with legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations, potentially higher incidence of fraud or corruption, credit risk of local customers and distributors and potentially adverse tax consequences. As the Company further develops and grows its business operations outside the U.S., the Company is exposed to additional complexities and risks, particularly in China, Russia and other emerging markets. In many foreign countries, particularly in those with developing economies, business practices that are prohibited by the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act or other applicable anti-corruption laws and regulations may be prevalent. Evolving privacy laws and regulations in Europe, the U.S. and other jurisdictions present additional risks. Any failure to comply with these laws, even if inadvertent, could result in significant penalties or otherwise harm the Company's reputation and business. Although the Company has adopted policies and contract terms to mandate compliance with these laws, there can be no assurance that all of its employees, contractors and agents will comply with the Company's requirements. Violations of these laws could be costly and disrupt the Company's business, which could have a material adverse effect on its business, financial condition and results of operations.

The Company's financial results could suffer if the Company is unable to implement and successfully manage its strategic initiatives or if the Company's strategic initiatives do not achieve the intended results.

There is no assurance that the Company will be able to implement and successfully manage its strategic initiatives, including its five core strategic initiatives, or that the strategic initiatives will achieve the intended results. The Company's five core strategic initiatives include: (i) maximizing WD-40 Multi-Use Product sales through geographic expansion and increased market penetration and the development of new and unique delivery systems; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence. An important part of the Company's success depends on its continuing ability to attract, retain and develop highly qualified people. The Company's future performance depends in significant part on maintaining high levels of employee engagement and nurturing the Company's values and culture. In addition, the Company's success depends on the continued service of its executive officers, key employees and other talented people, as well as effective succession planning. The loss of the services of key employees could have a material adverse effect on the Company's business and prospects. Competition for such talent is intense, and there can be no assurance that the Company can

retain its key employees or attract, assimilate and retain employees who are fully engaged in the future. If the Company is unable to implement and successfully manage its strategic initiatives in accordance with its business plans, the Company's business and financial results could be adversely affected. Moreover, the Company cannot be certain that the implementation of its strategic initiatives will necessarily advance its business or financial results as intended.

If the success and reputation of one or more of the Company's leading brands erodes, the Company's business, financial condition and results of operations could be negatively impacted.

The financial success of the Company is directly dependent on the success and reputation of its brands, particularly its WD-40 Brand. The success and reputation of the Company's brands can suffer if marketing plans or product development and improvement initiatives, including the release of new products or innovative packaging, do not have the desired impact on the brands' image or do not attract customers as intended. The Company's brands can also be adversely impacted due to the activities and pressures placed on them by the Company's competitors. Further, the Company's business, financial condition and results of operations could be negatively impacted if one of its leading brands suffers damage to its reputation due to real or perceived quality or safety issues. Quality issues, which can lead to large scale recalls of the Company's products, can be due to items such as product contamination, regulatory non-compliance, packaging errors, incorrect ingredients or components in the Company's product or low-quality ingredients in the Company's products due to suppliers delivering items that do not meet the Company's specifications. Product quality issues, which could include lower product efficacy due to formulation changes attributable to regulatory requirements, could also result in decreased customer confidence in the Company's brands and a decline in product quality could result in product liability claims. In addition, the Company's brand value depends on its ability to maintain a positive consumer perception of its corporate integrity and brand culture. Negative claims or publicity involving the Company, its products, or any of its key employees could seriously damage the Company's reputation and brand image, regardless of whether such claims are accurate. This risk is compounded by the increasing use of social and digital media by consumers and the speed by which information and opinions are shared. If the Company is unable to anticipate and respond to sudden challenges that it may face in the marketplace, trends in the market and changing consumer demands and sentiment, the Company's financial results may be negatively impacted. Although the Company makes every effort to prevent brand erosion and preserve its reputation and the reputation of its brands, there can be no assurance that such efforts will be successful.

Reliance on a limited base of third-party contract manufacturers, logistics providers and suppliers of raw materials and components may result in disruption to the Company's business and this could adversely affect the Company's financial condition and results of operations.

The Company relies on a limited number of third-party contract manufacturers, logistics providers and suppliers, including single or sole source suppliers for certain raw materials, packaging, product components and other necessary supplies. The Company does not have direct control over the management or business of these third parties, except indirectly through terms negotiated in service or supply contracts. As a result, the Company currently faces, and will continue to face, substantial risks associated with its reliance on third-party manufacturers, suppliers, and/or logistics providers, including but not limited to the following areas:

- Changes to the terms of doing business with these providers or the production capacity these providers dedicate to our products;
- Disagreements or the inability to maintain good relationships with these providers;
- Financial difficulties experienced by these providers;
- Consolidation of third-party packagers, which could result in the acquiring company not being interested in manufacturing our products; or
- Significant disruptions in the production or transportation of our products due to events having regional or global impacts on economic activity, such as the COVID-19 pandemic

In addition, if the Company is unable to contract with third-party manufacturers or suppliers for the quantity and quality levels needed for its business, the Company could experience disruptions in production and its financial results could be adversely affected.

Sales unit volume growth may be difficult to achieve.

The Company's ability to achieve sales volume growth will depend on its ability to (i) execute its strategic initiatives, (ii) drive growth in new markets by making targeted end users aware of the Company's products and making them easier to buy, (iii) drive growth within its existing markets through innovation, renovation and enhanced merchandising and marketing of its established brands, and (iv) capture market share from its competitors. It is more difficult for the Company to achieve sales volume growth in developed markets where the Company's products are widely used as compared to in developing or emerging markets where the Company's products have been newly introduced or are not as well known by consumers. In order to protect the Company's existing market share or capture additional market share from its competitors, the Company may need to increase its expenditures related to promotions and advertising or introduce and establish new products or product lines. In past periods, the Company has

also increased sales prices on certain of its products in response to increased costs for components and raw materials. Sales price increases may slow sales volume growth or create declines in volume in the short term as customers and end users adjust to sales price increases. In addition, the continued prominence and growth of the online retail sales channel has presented both the Company and its customers that sell the Company's products online with the challenge of balancing online and physical store retailing methods. As a result of the COVID-19 pandemic, some sales are shifting more to these online retail sales channels, and this may present a challenge in our markets where we have a less developed e-commerce business. Although the Company is engaged in e-commerce with respect to its products, if it is not successful in expanding sales in such alternative retail channels or it experiences challenges with operating in such channels, the Company's financial condition and results of operations may be negatively impacted. In addition, a change in the strategies of the Company's existing customers, including shelf simplification, the discontinuation of certain product offerings or the shift in shelf space to competitors' products could reduce the Company's sales and potentially offset sales volume increases achieved as a result of other sales growth initiatives. If the Company is unable to increase market share in its existing product lines by developing product improvements, investing adequately in its existing brands, building usage among new customers, developing, acquiring or successfully launching new products or product line extensions, or successfully penetrating emerging and developing markets and sales channels globally, the Company may not achieve its sales volume growth objectives.

Cost increases or cost volatility in finished goods, components, raw materials, transportation and other necessary supplies or services could harm or impact the Company's financial condition and results of operations.

Increases in the cost of finished goods, components and raw materials and increases in the cost of transportation and other necessary supplies or services may harm the Company's financial condition and results of operations. Petroleum-based specialty chemicals and aerosol cans, which constitute a significant portion of the costs for many of the Company's maintenance products, have experienced significant price volatility in the past, and may continue to do so in the future. In particular, volatility in the price of oil directly impacts the cost of petroleum-based specialty chemicals which are indexed to the price of crude oil. Fluctuations in oil and diesel fuel prices have also historically impacted the Company's cost of transporting its products, compounded recently by increased regulations imposed on the freight industry and additional macroeconomic factors which have resulted in increased freight costs. If there are significant increases in the costs of components, raw materials and other expenses, and the Company is not able to increase the prices of its products or achieve cost savings to offset such cost increases, the Company's gross margins and operating results will be negatively impacted. In addition, if the Company increases its sales prices in response to increases in the cost of such raw materials, and those raw material costs later decline significantly, the Company may not be able to sustain its sales prices at these higher levels. As component and raw material costs are the principal contributors to the cost of goods sold for all of the Company's products, any significant fluctuation in the costs of components and raw materials could have a material impact on the gross margins realized on the Company's products. Sustained increases in the cost of raw materials, components, transportation and other necessary supplies or services, or significant volatility in such costs, could have a material adverse effect on the Company's financial condition and results of operations.

Government laws and regulations, including environmental laws and regulations, could result in material costs or otherwise adversely affect the Company's financial condition and results of operations.

The manufacturing, chemical composition, packaging, storage, distribution and labeling of the Company's products and the manner in which the Company's business operations are conducted must comply with an extensive array of federal, state and foreign laws and regulations. If the Company is not successful in complying with the requirements of all such regulations, it could be fined or other actions could be taken against the Company by the applicable governing body, including the possibility of a required product recall. Any such regulatory action could adversely affect the Company's financial condition and results of operations. It is also possible that governments and regulatory agencies will increase regulation, including the adoption of further regulations relating to the transportation, storage or use of certain chemicals, to enhance homeland security or protect the environment and such increased regulation could negatively impact the Company's ability to obtain raw materials, components and/or finished goods or could result in increased costs. In the event that such regulations result in increased product costs, the Company may not be in a position to increase selling prices, and therefore an increase in costs could have a material adverse effect on the Company's business, financial condition and results of operations.

Some of the Company's products have chemical compositions that are controlled by various state, federal and international laws and regulations that are subject to change. The Company is required to comply with these laws and regulations and it seeks to anticipate regulatory developments that could impact the Company's ability to continue to produce and market its products. The Company invests in research and development to maintain product formulations that comply with such laws and regulations. There can be no assurance that the Company will not be required to alter the chemical composition of one or more of the Company's products in a way that will have an adverse effect upon the product's efficacy or marketability. A delay or other inability of the Company to complete product research and development and successfully reformulate its products in response to any such regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to an SEC rule mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that requires management to conduct annual due diligence to determine whether certain minerals and metals, known as “conflict minerals”, are contained in the Company’s products and, if so, whether they originate from the Democratic Republic of Congo (“DRC”) or adjoining countries. Although the Company has concluded that its current products do not contain such conflict minerals in its annual evaluations to date, if the Company were to conclude that these materials exist within the Company’s products in future periods, the Company may have difficulty verifying the origin of such materials for purposes of disclosures required by the SEC rules.

The Company is also subject to numerous environmental laws and regulations that impose various environmental controls on its business operations, including, among other things, the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous wastes and the investigation and remediation of soil and groundwater affected by hazardous substances. Such laws and regulations may otherwise relate to various health and safety matters that impose burdens upon the Company’s operations. These laws and regulations also impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. The Company believes that its expenditures related to environmental matters have not had, and are not currently expected to have, a material adverse effect on its financial condition, results of operations or cash flows. However, the environmental laws under which the Company operates are complicated, often become increasingly more stringent and may be applied retroactively. Accordingly, there can be no assurance that the Company will not be required to incur additional expenditures to remain in or to achieve compliance with environmental laws in the future or that any such additional expenditures will not have a material adverse effect on the Company’s business, financial condition or results of operations.

In addition, certain countries and other jurisdictions in which the Company operates have data protection laws that impose strict regulations on the Company. For instance, The European Commission approved the General Data Protection Regulation (“GDPR”) which became effective for the Company beginning in May 2018. Non-compliance with GDPR would result in significant penalties being imposed on the Company. In addition, other international and local governmental authorities are considering similar types of legislative and regulatory requirements concerning protection of personal data.

Additional laws and regulations require that the Company carefully manage its supply chain for the production, distribution and sale of goods. Failure by the Company to comply with any of these regulations or its inability to adequately predict the manner in which these local regulations are interpreted and applied to the Company’s business by the applicable enforcement agencies could have a materially adverse effect on the Company’s business, financial condition and results of operations.

Failure to maximize or to successfully assert the Company’s intellectual property rights or infringement by the Company on the intellectual property rights of others could impact its competitiveness or otherwise adversely affect the Company’s financial condition and results of operations.

The Company relies on trademark, trade secret protection, patent and copyright laws to protect its intellectual property rights. Although the Company maintains a global enforcement program to protect its intellectual property rights, there can be no assurance that these intellectual property rights will be maximized or that they can be successfully asserted. If other companies or entities infringe the Company’s intellectual property rights or take part in counterfeiting activities, they may dilute the value of the Company’s brands in the marketplace, which could diminish the value that consumers associate with the Company’s brands and harm its sales.

There is a risk that the Company will not be able to obtain and protect its own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions or product lines dependent upon such licensed rights. The Company cannot be certain that these rights, if obtained, will not be withdrawn, invalidated, circumvented or challenged in the future, and the Company could incur significant costs in connection with legal actions to defend and preserve its intellectual property rights. In addition, even if such rights are obtained in the U.S., it may be that the laws of some of the other countries in which the Company’s products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States, or they may be difficult to enforce. The failure of the Company to protect or successfully assert its intellectual property rights or to protect its other proprietary information could make the Company less competitive and this could have a material adverse effect on its business, financial condition and results of operations.

Trade secret protection, particularly for the Company’s most valuable product formulation for the WD-40 Multi-Use Product, requires specific agreements, policies and procedures to assure the secrecy of information classified as a trade secret. If such agreements, policies and procedures are not effective enough to maintain the secrecy of the Company’s trade secrets or if chemical disclosure regulations do not allow for continued protection of essential elements of the Company’s trade secret formulations, the loss of trade secret protection could have an adverse effect on the Company’s financial condition.

If the Company is found to have violated the trademark, copyright, patent or other intellectual property rights of others, such a finding could result in the need to cease the use of a trademark, trade secret, copyrighted work or patented invention in the

Company's business and an obligation to pay a substantial amount for past infringement. It could also be necessary to pay a substantial amount in the future if the holders of such rights are willing to permit the Company to continue to use the intellectual property rights. Either having to cease use or pay such amounts could make the Company less competitive and could have a material adverse impact on its business, financial condition and results of operations.

The Company's operating results and financial performance may not meet expectations which could adversely affect the Company's stock price.

The Company cannot be sure that its operating results and financial performance, which include sales growth, net income, earnings per common share, gross margin and cash flows, will meet expectations. If the Company's assumptions and estimates are incorrect or if the Company does not achieve all of its key goals or strategic initiatives, then the Company's actual performance could vary materially from its internal expectations and those of the market. Failure to meet or exceed these expectations could cause the market price of the Company's stock to decline. In addition, the trading market for the Company's common stock is influenced by the research and reports that securities analysts and industry analysts publish about the Company or its business. The Company does not have any control over these reports or analysts. If securities or industry analysts adversely change their recommendations regarding the Company's common stock or if any of these analysts cease coverage of the Company in their reports, the Company's stock price and trading volume could decline. The Company's operating results and financial performance may be negatively influenced by a number of factors, many of which are discussed in this Item 1A "Risk Factors".

In addition, sales volume growth, whether due to acquisitions or internal growth, can place burdens on management resources and financial controls that, in turn, can have a negative impact on the operating results and financial condition of the Company. To some extent, the Company plans its expense levels in anticipation of future revenues. If actual revenues fall short of these expectations, operating results may be adversely affected by reduced operating margins or operating profits due to actual expense levels that are higher than might otherwise have been appropriate.

Malfunctions or implementation issues related to the critical information systems that the Company uses for the daily operations of its business, cyberattacks and privacy breaches could adversely affect the Company's ability to conduct business.

To conduct its business, the Company relies extensively on information technology systems, networks and services, many of which are managed, hosted and provided by third-party service providers. The Company cannot guarantee that its security measures will prevent cyberattacks resulting in breaches of the Company's or its third-party service providers' databases and systems. Techniques used in these attacks change frequently and may be difficult to detect for periods of time. Although the Company has policies and procedures in place governing (i) the timely investigation of cybersecurity incidents, (ii) the timely disclosure of any related material nonpublic information resulting from a material cybersecurity incident, and (iii) the safeguarding against insider trading of directors, officers, and other corporate insiders between the period of investigation and the public disclosure of such an incident; cybersecurity incidents themselves, such as the release of sensitive data from the Company's databases and systems, could adversely affect the Company's business, financial condition and results of operations. The increasing number of information technology security threats and the development of more sophisticated cyberattacks, including ransomware, pose a potential risk to the security of the Company's information technology systems and networks, as well as to the confidentiality, availability and integrity of the Company's data. Further, such an incident could also materially increase the costs that the Company already incurs to protect against such risks.

In addition, system failure, malfunction or loss of data that is housed in the Company's or its third-party service providers' critical information systems could disrupt its ability to timely and accurately process transactions and produce key financial reports, including information on the Company's operating results, financial position and cash flows. The Company's information systems could be damaged or cease to function properly due to a number of other reasons as well, including catastrophic events and power outages. Although the Company has certain business continuity plans in place to address such service interruptions, there is no guarantee that these business continuity plans will provide alternative processes in a timely manner. As a result, the Company may experience interruptions in its ability to manage its daily operations and this could adversely affect the Company's business, financial condition and results of operations.

The information system that the U.S. office uses for its business operations is a market specific application that is not widely used by other companies. This system is also used by three other regional offices of the Company, its Canada, Australia and Malaysia offices. The company that owns and supports this application may not be able to provide the same level of support as that of larger information systems. If the company that owns and supports this application in the U.S. were to cease its operations or were unable to provide continued support for this application, it could adversely affect the Company's daily operations or its business, financial condition and results of operations.

Management has determined that it is appropriate to implement a new information system that will be used at all of these offices. We are currently in the initial stages of this implementation. This information system will be used to process all of the daily

transactions and to produce key financial reports for all of these offices. If the Company encounters difficulties in completing this critical information system implementation, it may experience interruptions in its ability to manage its daily operations and report financial results and this could adversely affect the Company's business, financial condition and results of operations.

The Company faces competition in its markets which could lead to reduced sales and profitability.

The Company encounters competition from similar and alternative products, many of which are produced and marketed by major national or multinational companies. In addition, the Company frequently discovers products in certain markets that are counterfeit reproductions of the Company's WD-40 products as well as products otherwise bearing an infringing trade dress. The availability of counterfeits and other infringing products, particularly in China, Russia and other emerging markets, could adversely impact the Company's sales and potentially damage the value and reputation of its brands.

The Company's products generally compete on the basis of product performance, brand recognition, price, quality or other benefits to consumers and meeting end users' needs. Advertising, promotions, merchandising and packaging also have a significant impact on consumer purchasing decisions. A newly introduced consumer product, whether improved or recently developed, usually encounters intense competition requiring substantial expenditures for advertising, sales and consumer promotion. If a product gains consumer acceptance, it normally requires continued advertising, promotional support and product improvements in order to maintain its relative market position.

Some of the competitors for the Company's homecare and cleaning products are larger and have financial resources greater than those of the Company. These competitors may be able to spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions than the Company.

Competitive activity may require the Company to increase its investment in marketing or reduce its sales prices and this may lead to reduced profit margins, a loss of market share or loss of distribution, each of which could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will be able to compete successfully against current and future competitors or that competitive pressures faced by the Company or the infringement of its products and brands will not have a material adverse effect on its business, financial condition and results of operations.

Dependence on key customers could adversely affect the Company's business, financial condition and results of operations.

The Company sells its products through a network of domestic and international mass retail, trade supply and consumer retailers as well as industrial distributors and suppliers. The retail industry has historically been the subject of consolidation, and as a result, the development of large chain stores has taken place. Today, the retail channel is comprised of several of these large chain stores that capture the bulk of the market share. Since many of the Company's customers have been part of consolidations in the retail industry, these limited customers account for a large percentage of the Company's net sales. Although the Company expects that a significant portion of its revenues will continue to be derived from this limited number of customers, there was no individual customer that contributed to more than 10% of the Company's consolidated net sales in fiscal year 2020. However, changes in the strategies of the Company's largest customers, including shelf simplification, a reduction in the number of brands they carry or a shift in shelf space to "private label" or competitors' products, may harm the Company's sales. The loss of, or reduction in, orders from any of the Company's most significant customers could have a material adverse effect on the Company's brand values, business, financial condition and results of operations. Large customers may seek price reductions, added support or promotional concessions. If the Company agrees to such customer demands and/or requests, it could negatively impact the Company's ability to maintain existing profit margins.

In addition, the Company's business is based primarily upon individual sales orders, and the Company typically does not enter into long-term contracts with its customers. Accordingly, these customers could reduce their purchasing levels or cease buying products from the Company at any time and for any reason. The Company is also subject to changes in customer purchasing patterns or the level of promotional activities. These types of changes may result from changes in the manner in which customers purchase and manage inventory levels, or display and promote products within their stores. Other potential factors such as customer disputes regarding shipments, fees, merchandise condition or related matters may also impact operating results. If the Company ceases doing business with a significant customer or if sales of its products to a significant customer materially decrease, the Company's business, financial condition and results of operations may be harmed.

The Company may not successfully develop, introduce and/or establish new products and line extensions.

The Company's future performance and growth depend, in part, on its ability to successfully develop, introduce and/or establish new products as both brand extensions and/or line extensions. The Company cannot be certain that it will successfully achieve those goals. The Company competes in several product categories where there are frequent introductions of new products and

line extensions and such product introductions often require significant investment and support. The ability of the Company to understand end user needs and preferences is key to maintaining and improving the competitiveness of its product offerings. The development and introduction of new products, as well as the renovation of current products and product lines, require substantial and effective research, development and marketing expenditures, which the Company may be unable to recoup if the new or renovated products do not gain widespread market acceptance. There are inherent risks associated with new product development and marketing efforts, including product development or launch delays, product performance issues during development, changing regulatory frameworks that affect the new products in development and the availability of key raw materials included in such products. These inherent risks could result in the failure of new products and product line extensions to achieve anticipated levels of market acceptance, additional costs resulting from failed product introductions and the Company not being first to market. As the Company continues to focus on innovation and renovation of its products, the Company's business, financial condition or results of operations could be adversely affected in the event that the Company is not able to effectively develop and introduce new or renovated products and line or brand extensions.

Changes in marketing distributor relationships that are not managed successfully by the Company could result in a disruption in the affected markets.

The Company distributes its products throughout the world in one of two ways: the direct distribution model, in which products are sold directly by the Company to wholesalers and retailers in the U.S., Canada, Mexico, Australia, China, the U.K. and a number of other countries, including those throughout Europe; and the marketing distributor model, in which products are sold to marketing distributors who in turn sell to wholesalers and retailers. The marketing distributor model is generally used in countries where the Company does not have direct Company-owned operations. Instead, the Company partners with local companies who perform the sales, marketing and distribution functions. The Company invests time and resources into these relationships. Should the Company's relationship with a marketing distributor change or terminate, the Company's sales within such a marketing distributor's territory could be adversely impacted until such time as a suitable replacement can be found and the Company's key marketing strategies are implemented. There is a risk that changes in such marketing distributor relationships, including a change in key marketing distributor personnel or a transition to the direct distribution model, that if not managed successfully, could result in a disruption in the affected markets and that such a disruption could have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, in some countries, local laws may require substantial payments to terminate existing marketing distributor relationships, which could also have a material adverse effect on the Company's business, financial condition and results of operations.

Goodwill and intangible assets are subject to impairment risk.

In accordance with the authoritative accounting guidance on goodwill and intangibles, the Company assesses the potential impairment of its existing goodwill during the second quarter of each fiscal year and otherwise when events or changes in circumstances indicate that an impairment condition may exist. The Company also assesses its definite-lived intangible assets for potential impairment when events and circumstances indicate that the carrying amount of the asset may not be recoverable or its estimated remaining useful life may no longer be appropriate. Indicators such as underperformance relative to historical or projected future operating results, changes in the Company's strategy for its overall business or use of acquired assets, unexpected negative industry or economic trends, decline in the Company's stock price for a sustained period, decreased market capitalization relative to net book values, unanticipated technological change or competitive activities, loss of key distribution, change in consumer demand, loss of key personnel and acts by governments and courts may signal that an asset has become impaired.

The assessment for possible impairment of the Company's goodwill and intangible assets requires management to make judgments on a number of significant estimates and assumptions, including macroeconomic conditions, overall category growth rates, sales growth rates, cost containment and margin expansion and expense levels for advertising and promotions and general overhead, all of which must be developed from a market participant standpoint. The Company may be required to record a significant charge in its consolidated financial statements during the period in which any impairment of its goodwill or intangible assets is identified and this could negatively impact the Company's financial condition and results of operations. Changes in management estimates and assumptions as they relate to valuation of goodwill and intangible assets could affect the Company's financial condition or results of operations in the future. The Company's review of events and circumstances during fiscal year 2020 included consideration of the ongoing COVID-19 pandemic. For additional information, see Part IV – Item 15, "Exhibits, Financial Statement Schedules" Note 5 – Goodwill and Other Intangible Assets, included in this report.

The Company may also divest of certain of its assets, businesses or brands that do not align with the Company's strategic initiatives. Any divestiture could negatively impact the profitability of the Company as a result of losses that may result from such a sale, the loss of sales and operating income or a decrease in cash flows subsequent to the divestiture. The Company may also be required to recognize impairment charges as a result of a divestiture.

Product liability claims and other litigation and/or regulatory action could adversely affect the Company's sales and operating results.

While the Company makes every effort to ensure that the products it develops and markets are safe for consumers and comply with all applicable regulations, the use of the Company's products may expose the Company to liability claims resulting from such use and potential enforcement actions, including the risk of recall. Claims could be based on allegations that, among other things, the Company's products are improperly labeled, contain contaminants, provide inadequate instructions regarding their use or inadequate warnings concerning their use or interactions with other substances. Product liability claims could result in negative publicity that could harm the Company's sales and operating results. The Company maintains product liability insurance that it believes will be adequate to protect the Company from material loss attributable to such claims but the extent of such loss could exceed available limits of insurance or could arise out of circumstances under which such insurance coverage would be unavailable. Other business activities of the Company may also expose the Company to litigation risks, including risks that may not be covered by insurance such as contract disputes. If successful claims are asserted by regulatory agencies or third parties against the Company for non-compliance or uninsured liabilities or liabilities in excess of applicable limits of insurance coverage, the Company's business, financial condition and results of operations may be adversely affected. In addition, if one of the Company's products was determined to be defective, the Company could be required to recall the product, which could result in adverse publicity, loss of revenues and significant expenses.

Additionally, the Company's products may be associated with competitor products or other products in the same category, which may be alleged to have caused harm to consumers. As a result of this association, the Company may be named in unwarranted legal actions. The potential costs to defend such claims may materially affect the Company's business, financial condition and results of operations.

Resolution of income tax matters may impact the Company's financial condition and results of operations.

Significant judgment is required in determining the Company's effective income tax rate and in evaluating tax positions, particularly those related to uncertain tax positions. The Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the accounting standard for uncertain tax positions. Changes in uncertain tax positions or other adjustments resulting from tax audits and settlements with taxing authorities, including related interest and penalties, impact the Company's effective tax rate. When particular tax matters arise, a number of years may elapse before such matters are audited and finally resolved. Favorable resolution of such matters could be recognized as a reduction to the Company's effective tax rate in the year of resolution. Unfavorable resolution of any tax matter could increase the Company's effective tax rate. Any resolution of a tax matter may require the adjustment of tax assets or tax liabilities or the use of cash in the year of resolution. For additional information on such matters, see Part IV – Item 15, "Exhibits, Financial Statement Schedules" Note 14 – Income Taxes, included in this report.

Changes in tax rules may also materially affect, either adversely or favorably, the Company's future financial results or the way management conducts its business. For example, on December 22, 2017 the "*Tax Cuts and Jobs Act*" (the "Tax Act") was signed into law and became effective beginning January 1, 2018. The Tax Act significantly changed U.S. tax law and tax rates, as well as mandated the application of a one-time "toll tax" on unremitted foreign earnings, among other things. In addition, the Company is required to make assertions on whether its foreign subsidiaries will invest their undistributed earnings indefinitely and these assertions are based on the capital needs of the foreign subsidiaries. Generally, unremitted earnings of the Company's foreign subsidiaries are not considered to be indefinitely reinvested. However, there are exceptions regarding the Company's newly formed subsidiary in Mexico as well as specific statutory remittance restrictions imposed on the Company's China subsidiary. Costs associated with repatriating unremitted foreign earnings, including U.S. state income taxes and foreign withholding taxes, are immaterial to the Company's consolidated financial statements. For additional information on income tax matters, see Part IV—Item 15, "Exhibits, Financial Statement Schedules" Note 14 — Income Taxes, included in this report

Although many impacts of the Tax Act are favorable for the Company both in the near term and long term, the Tax Act also authorizes the Treasury Department to issue regulations with respect to the new provisions. The Company cannot predict how subsequent changes in the Tax Act, regulations, or other guidance issued under it, including conforming or non-conforming state tax rules, might affect the Company's business, financial condition and results of operations. In addition, there can be no assurance that U.S. tax laws, including the corporate income tax rate, will not undergo significant additional changes in the near future.

The Company's business development activities may not be successful.

The Company may increase growth through business development activities such as acquisitions, joint ventures, licensing and/or other strategic partnerships in the U.S. and internationally. However, if the Company is not able to identify, acquire and successfully integrate acquired products or companies or successfully manage joint ventures or other strategic partnerships, the Company may not be able to maximize these opportunities. The failure to properly manage business development activities

because of difficulties in the assimilation of operations and products, the diversion of management's attention from other business concerns, the loss of key employees or other factors could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, there can be no assurance that the Company's business development activities will be profitable at their inception or that they will achieve sales levels and profitability that justify the investments made.

Future acquisitions, joint ventures or strategic partnerships could also result in the incurrence of debt, potentially dilutive issuances of equity securities, contingent liabilities, amortization expenses related to certain intangible assets, unanticipated regulatory complications and/or increased operating expenses, all of which could adversely affect the Company's results of operations and financial condition. In addition, to the extent that the economic benefits associated with any of the Company's business development activities diminish in the future, the Company may be required to record impairments to goodwill, intangible assets or other assets associated with such activities, which could also adversely affect the Company's business, financial condition and results of operations.

The Company may not have sufficient cash to service its indebtedness or to pay cash dividends.

The Company's debt consists of fixed rate senior notes and a revolving credit facility. Prior to April 2020, management has used the proceeds of the revolving credit facility primarily for stock repurchases. In order to service its debt, the Company is required to use its income from operations to make interest and principal payments required by the terms of its borrowing agreements. In addition, the Company's borrowing agreements include covenants to maintain certain financial ratios and to comply with other financial terms, conditions and covenants. Also, the Company has historically paid out a large part of its earnings to stockholders in the form of regular quarterly cash dividends.

The Company may incur substantial debt in the future for acquisitions or other general business or business development activities. In addition, the Company may continue to use available cash balances to execute share repurchases under approved share buy-back plans. To the extent that the Company is required to seek additional financing to support certain of these activities, such financing may not be available in sufficient amounts or on terms acceptable to the Company. If the Company is unable to obtain such financing or to service its existing or future debt with its operating income, or if available cash balances are affected by future business performance, unstable global economic conditions, liquidity, capital needs, alternative investment opportunities or debt covenants, the Company could be required to reduce, suspend or eliminate its dividend payments to its stockholders. The Company may also elect to suspend share repurchases depending on available cash balances or concerns that it may have on future cash balances. For example, in April 2020, the Company elected to suspend repurchases under its share buy-back plan, which subsequently expired on August 31, 2020, in order to preserve cash while it monitored the impacts of the COVID-19 pandemic.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Americas

The Company owns and occupies an office located in San Diego, California which houses both corporate employees and employees in the Company's Americas segment. The Company also leases a regional sales office in Miami, Florida, a research and development office in Pine Brook, New Jersey and office space in Toronto, Ontario, Canada and Monterrey Nuevo Leon, Mexico.

EMEA

The Company purchased a new office building and related land in February 2018, located in Milton Keynes, United Kingdom. The Company completed renovations to this building late in the first quarter of fiscal year 2020 and relocated employees of the Company's EMEA segment who are located in the U.K. from its old office and plant facility, also in Milton Keynes, to this new office building that is owned by the Company upon its completion. The Company will continue to use its old location in Milton Keynes as a plant facility. In addition, the Company leases spaces for its branch offices in Germany, France, Italy, Spain, Portugal and the Netherlands.

Asia-Pacific

The Company leases office space in Epping, New South Wales, Australia; Shanghai, China; and Kuala Lumpur, Malaysia.

Item 3. Legal Proceedings

The information required by this item is incorporated by reference to the information set forth in Item 15 of Part IV, “Exhibits, Financial Statement Schedules” Note 13 — Commitments and Contingencies, in the accompanying notes to the consolidated financial statements included in this report.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

The following table sets forth the names, ages, fiscal year elected to current position and current titles of the executive officers of the Company as of August 31, 2020:

<u>Name, Age and Year Elected to Current Position</u>			<u>Title</u>
Garry O. Ridge	64	1997	Chief Executive Officer
Steven A. Brass	54	2019	President and Chief Operating Officer
Jay W. Rembolt	69	2008	Vice President, Finance, Treasurer and Chief Financial Officer
Patricia Q. Olsem	53	2019	Division President, The Americas
William B. Noble	62	1996	Managing Director, EMEA
Geoffrey J. Holdsworth	58	1997	Managing Director, Asia-Pacific
Stanley A. Sewitch	67	2012	Vice President, Global Organization Development
Richard T. Clampitt	65	2014	Vice President, General Counsel and Corporate Secretary

Mr. Ridge joined the Company’s Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1987 as Managing Director. He held several senior management positions prior to his election as Chief Executive Officer in 1997.

Mr. Brass joined the Company in 1991 as International Area Manager at the Company’s U.K. subsidiary and has since held several management positions including Country Manager in Germany, Director of Continental Europe, European Sales Director, and European Commercial Director. He then served as Division President, The Americas, from 2016 until 2019, when he was promoted to his current position as President and Chief Operating Officer.

Mr. Rembolt joined the Company in 1997 as Manager of Financial Services. He was promoted to Controller in 1999 and to Vice President, Finance/Controller in 2001. He was then named Vice President, Finance and Chief Financial Officer in 2008.

Ms. Olsem joined the Company in 2005 and has held various senior management positions including, Vice President Americas Innovation Development Group, Senior Vice President Marketing and Innovation of the Americas, and Senior Vice President and General Manager of the United States. She was promoted to her current position as Division President, The Americas in 2019.

Mr. Noble joined the Company’s Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1993 as International Marketing Manager for the Asia Region. He was then promoted to his current position of Managing Director, EMEA and as a Director of the Company’s U.K. subsidiary, WD-40 Company Limited, in 1996.

Mr. Holdsworth joined the Company’s Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1996 as General Manager and was promoted to his current position of Managing Director, Asia-Pacific and as a Director of WD-40 Company (Australia) Pty. Limited in 1997.

Mr. Sewitch joined the Company in 2012 as Vice President, Global Organization Development. Prior to joining the Company, Mr. Sewitch was a founder of four businesses, including a human resources and organizational consulting firm (HRG Inc.) which he led from 1989 until joining the Company.

Mr. Clampitt was named as Corporate Secretary on October 15, 2013 and joined the Company in 2014 as Vice President, General Counsel and Corporate Secretary. He has been licensed to practice law in the State of California since 1981. Prior to joining the Company, Mr. Clampitt served as a partner at Gordon & Rees LLP from 2002 through 2013.

All executive officers hold office at the discretion of the Board of Directors.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The Company's common stock is traded on the NASDAQ Global Select Market under the trading symbol WDFC. On October 16, 2020, the last reported sales price of the Company's common stock on the NASDAQ Global Select Market was \$197.93 per share, and there were 13,664,838 shares of common stock outstanding held by approximately 608 holders of record.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. In December 2019, the Board of Directors declared a 10% increase in the regular quarterly cash dividend, increasing it from \$0.61 per share to \$0.67 per share. On October 5, 2020, the Company's Board of Directors declared a cash dividend of \$0.67 per share payable on October 30, 2020 to shareholders of record on October 16, 2020.

The Board of Directors of the Company presently intends to continue the payment of regular quarterly cash dividends on the Company's common stock. The Company's ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and debt covenants.

Purchases of Equity Securities By the Issuer and Affiliated Purchasers

On June 19, 2018, the Company's Board of Directors approved a share buy-back plan. Under the plan, which became effective on September 1, 2018, the Company was authorized to acquire up to \$75.0 million of its outstanding shares through August 31, 2020. The timing and amount of repurchases were based on terms and conditions that were acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto. During the period from September 1, 2019 through August 31, 2020, the Company repurchased 92,583 shares at a total cost of \$16.8 million under this \$75.0 million plan.

On April 8, 2020, the Company elected to temporarily suspend repurchases under this share buy-back plan, which subsequently expired on August 31, 2020. The Company made this election in order to preserve cash while it continued to monitor the impacts of the COVID-19 pandemic. Therefore, no repurchase transactions were made between April 8, 2020 and August 31, 2020.

Item 6. Selected Financial Data

The following data has been derived from the Company's audited consolidated financial statements. The data should be read in conjunction with such consolidated financial statements and other financial information included elsewhere in this report (in thousands, except per share amounts):

	As of and for the Fiscal Year Ended August 31,				
	2020	2019	2018	2017	2016
Net sales	\$ 408,498	\$ 423,350	\$ 408,518	\$ 380,506	\$ 380,670
Cost of products sold	185,481	191,010	183,255	166,621	166,301
Gross profit	223,017	232,340	225,263	213,885	214,369
Operating expenses	145,797	149,958	146,659	137,976	143,021
Income from operations	77,220	82,382	78,604	75,909	71,348
Interest and other (expense) income, net	(1,705)	(1,612)	(3,426)	(1,287)	1,441
Income before income taxes	75,515	80,770	75,178	74,622	72,789
Provision for income taxes	14,805	24,862	9,963	21,692	20,161
Net income	<u>\$ 60,710</u>	<u>\$ 55,908</u>	<u>\$ 65,215</u>	<u>\$ 52,930</u>	<u>\$ 52,628</u>
Earnings per common share:					
Basic	\$ 4.41	\$ 4.03	\$ 4.65	\$ 3.73	\$ 3.65
Diluted	\$ 4.40	\$ 4.02	\$ 4.64	\$ 3.72	\$ 3.64
Dividends per share	\$ 2.62	\$ 2.37	\$ 2.11	\$ 1.89	\$ 1.64
Weighted-average shares outstanding -					
diluted	13,719	13,830	13,962	14,123	14,379
Total assets	\$ 362,637	\$ 302,662	\$ 317,059	\$ 369,717	\$ 339,668
Long-term obligations ⁽¹⁾	\$ 142,208	\$ 82,597	\$ 75,667	\$ 154,907	\$ 140,579

(1) Long-term obligations include long-term debt, deferred tax liabilities, net, long-term lease liabilities and other long-term liabilities. Lease liabilities were included beginning in fiscal year 2020 in accordance with ASC 842, which was adopted by the Company on September 1, 2020.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide the reader of the Company's financial statements with a narrative from the perspective of management on the Company's financial condition, results of operations, liquidity and certain other factors that may affect future results. This MD&A includes the following sections: Overview, Highlights, Results of Operations, Performance Measures and Non-GAAP Reconciliations, Liquidity and Capital Resources, Critical Accounting Policies, and Recently Issued Accounting Standards. The MD&A is provided as a supplement to, and should be read in conjunction with, the Company's audited consolidated financial statements and the related notes included in Item 15 of this report.

In order to show the impact of changes in foreign currency exchange rates on our results of operations, we have included constant currency disclosures, where necessary, in the Overview and Results of Operations sections which follow. Constant currency disclosures represent the translation of our current fiscal year revenues and expenses from the functional currencies of our subsidiaries to U.S. Dollars using the exchange rates in effect for the corresponding period of the prior fiscal year. We use results on a constant currency basis as one of the measures to understand our operating results and evaluate our performance in comparison to prior periods. Results on a constant currency basis are not in accordance with accounting principles generally accepted in the United States of America ("non-GAAP") and should be considered in addition to, not as a substitute for, results prepared in accordance with GAAP.

Overview

The Company

WD-40 Company (“the Company”), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products that solve problems in workshops, factories and homes around the world. We market our maintenance products and our homecare and cleaning products under the following well-known brands: WD-40, 3-IN-ONE, GT85, X-14, 2000 Flushes, Carpet Fresh, no vac, Spot Shot, 1001, Lava and Solvol. Currently included in the WD-40 brand are the WD-40 Multi-Use Product and the WD-40 Specialist and WD-40 BIKE product lines.

Our brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom (“U.K.”) and Australia. We sell our products primarily through warehouse club stores, hardware stores, automotive parts outlets, industrial distributors and suppliers, mass retail and home center stores, value retailers, grocery stores, online retailers, farm supply, sport retailers, and independent bike dealers.

Highlights

The following summarizes the financial and operational highlights for our business during the fiscal year ended August 31, 2020:

- *Consolidated net sales decreased \$14.9 million, or 4%, for fiscal year 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of \$4.9 million on consolidated net sales for fiscal year 2020. Thus, on a constant currency basis, net sales would have decreased by \$10.0 million, or 2%, for fiscal year 2020 compared to the prior fiscal year. This unfavorable impact from changes in foreign currency exchange rates mainly came from our EMEA segment, which accounted for 38% of our consolidated sales for the fiscal year ended August 31, 2020.*
- *Gross profit as a percentage of net sales decreased to 54.6% for fiscal year 2020 compared to 54.9% for the prior fiscal year.*
- *Consolidated net income increased \$4.8 million, or 9%, for fiscal year 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of \$1.8 million on consolidated net income for fiscal year 2020. Thus, on a constant currency basis, net income would have increased by \$6.6 million, or 12%, for fiscal year 2020 compared to the prior fiscal year. Net income in fiscal year 2019 was unfavorably impacted by a reserve for an uncertain tax position of \$8.7 million that was recorded during the fourth quarter of fiscal year 2019.*
- *Consolidated results for the fiscal year ended August 31, 2020 were negatively impacted by the COVID-19 pandemic. See Significant Developments section which follows for details.*
- *Diluted earnings per common share for fiscal year 2020 were \$4.40 versus \$4.02 in the prior fiscal year.*
- *Share repurchases were executed under our current \$75.0 million share buy-back plan, which was approved by the Company’s Board of Directors in June 2018 and became effective on September 1, 2018. During the period from September 1, 2019 through August 31, 2020, the Company repurchased 92,583 shares at an average price of \$181.73 per share, for a total cost of \$16.8 million. On April 8, 2020, the Company elected to temporarily suspend repurchases under this plan, which subsequently expired on August 31, 2020. The Company elected this suspension in order to preserve cash while it continued to monitor the impact of the COVID-19 pandemic.*

Our strategic initiatives and the areas where we will continue to focus our time, talent and resources in future periods include: (i) maximizing WD-40 Multi-Use Product sales through geographic expansion, increased market penetration and the development of new and unique delivery systems; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence.

Significant Developments

During the fiscal year ended August 31, 2020, our financial results and operations were negatively impacted by the COVID-19 pandemic that began in early calendar year 2020 and as a result, our consolidated net sales decreased by \$14.9 million or 4% compared to the prior fiscal year. The pandemic was disruptive to our business in fiscal year 2020 as a result of the temporary closures, lockdowns and restrictions mandated by various governmental authorities intended to combat the COVID-19 pandemic at physical store retailers. We were able to reduce the adverse impact of these challenging times due to the strength of our brand, the broad distribution of our products and our continued focus on our strategic initiatives. While we experienced significant declines in sales levels in our markets where we do not have direct operations (distributor markets) and certain other markets where closures and lockdown measures were severe and extended or where sales are somewhat dependent on the industrial channel, sales in many of our direct markets and sales via ecommerce channels increased from period to period which helped to offset some of this decline in the distributor markets. The direct markets in which we conduct business were not impacted as much by the pandemic since the channels in which we sell our products in these markets were either not included in these closures or the closures were only temporary in nature. In addition, increased sales of our homecare and cleaning products from period to period due to the high demand for such products during the pandemic also helped to offset some of the sales declines of our maintenance products in the distributor markets.

We have taken a variety of measures during the COVID-19 pandemic to ensure the availability and functioning of our critical infrastructure, to promote the safety and security of our employees and to support the communities in which we operate. These measures include requiring remote working arrangements for employees where practicable. We are following public and private sector policies and initiatives to reduce the transmission of COVID-19, such as the imposition of travel restrictions, the promotion of social distancing and the adoption of work-from-home arrangements. These policies and initiatives will continue to impact how we operate for as long as they are in effect. We are in the process of determining and implementing safe and effective phased office reentry plans for employees at all of our office locations globally. However, the timing and nature of these reentry plans, some of which have already been launched, will vary by location and some of the specifics related to many of these plans are still uncertain at this time. The safety of our employees and adherence to public and private sector policies related to COVID-19 will remain our top priorities as we have our employees return to working at our global office locations.

Due to the speed and fluidity with which the situation continues to develop and the uncertainty on whether recurring waves of the COVID-19 pandemic will occur later in calendar year 2020 or early in 2021, it is very difficult for us to estimate with certainty the extent to which the COVID-19 pandemic will impact our financial results and operations in future periods. We also cannot predict when certain restrictions that are in place to protect our customers, retailers and our employees will be safely reduced or will no longer be needed. These impacts could be material in all business segments during any future period affected either directly or indirectly by this pandemic. We are actively managing and monitoring supply chain and transportation disruptions that have arisen at our suppliers and other third-party distribution centers and manufacturers as a result of the COVID-19 pandemic. While we have been successful to date in managing such disruptions in our supply chain and we believe that we are well-positioned to continue managing any disruptions that may occur in future periods in order to meet customer and end-user demand, we are not able at this time to estimate the impact of future disruptions within our supply chain and we are continually monitoring and managing this situation. See Item 1A, "Risk Factors," included herein for information on risks associated with pandemics in general and COVID-19 specifically.

On March 27, 2020, the U.S. Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic and the negative impacts that it is having on the global economy and U.S. companies. The CARES Act includes various financial measures to assist companies, including temporary changes to income and non-income-based tax laws. Although we will have the ability to defer the payment for the employer portion of social security taxes as part of the CARES Act, we do not believe this assistance or any other assistance provided under the CARES Act will have a material impact on our consolidated financial statements and related disclosures.

Results of Operations

Fiscal Year Ended August 31, 2020 Compared to Fiscal Year Ended August 31, 2019

Operating Items

The following table summarizes operating data for our consolidated operations (in thousands, except percentages and per share amounts):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Net sales:				
Maintenance products	\$ 369,444	\$ 386,644	\$ (17,200)	(4)%
Homecare and cleaning products	39,054	36,706	2,348	6%
Total net sales	408,498	423,350	(14,852)	(4)%
Cost of products sold	185,481	191,010	(5,529)	(3)%
Gross profit	223,017	232,340	(9,323)	(4)%
Operating expenses	145,797	149,958	(4,161)	(3)%
Income from operations	\$ 77,220	\$ 82,382	\$ (5,162)	(6)%
Net income	\$ 60,710	\$ 55,908	\$ 4,802	9%
Earnings per common share - diluted	\$ 4.40	\$ 4.02	\$ 0.38	9%

Net Sales by Segment

The following table summarizes net sales by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Americas	\$ 200,493	\$ 193,972	\$ 6,521	3%
EMEA	156,241	160,615	(4,374)	(3)%
Asia-Pacific	51,764	68,763	(16,999)	(25)%
Total	\$ 408,498	\$ 423,350	\$ (14,852)	(4)%

Americas

The following table summarizes net sales by product line for the Americas segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Maintenance products	\$ 178,739	\$ 173,664	\$ 5,075	3%
Homecare and cleaning products	21,754	20,308	1,446	7%
Total	\$ 200,493	\$ 193,972	\$ 6,521	3%
% of consolidated net sales	49%	46%		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, increased to \$200.5 million, up \$6.5 million, or 3%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on sales for the Americas segment from period to period. Sales for the fiscal year ended August 31, 2020 translated at the exchange rates in effect for the prior fiscal year would have been \$201.2 million in the Americas segment. Thus, on a constant currency basis, sales would have increased by \$7.3 million, or 4%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year.

Sales of maintenance products in the Americas segment increased \$5.1 million, or 3%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. This sales increase was mainly driven by higher sales of WD-40 Multi Use Product in the U.S. and Canada, which were up \$5.1 million and \$0.8 million, or 5% and 11%, respectively, from period to period. Although the impacts of the COVID-19 pandemic weakened sales levels in the U.S. and Canada during the third quarter of fiscal year 2020, these sales decreases were more than offset by successful promotional programs during the first six months of fiscal year 2020 and significantly increased sales in the fourth quarter of fiscal year 2020. The higher level of sales in the fourth quarter of fiscal year 2020 of WD-40 Multi-Use Product in both the U.S. and Canada were partially due to increased demand for our product as a result of a higher level of renovation and maintenance activities exhibited by our end-users during the COVID-19 pandemic. In addition, sales increased due to new distribution and successful promotional programs as well as increased sales through the ecommerce channel in the U.S. during the COVID-19 pandemic. These sales increases of WD-40 Multi-Use Product in the U.S. and Canada were partially offset by a decrease in sales of such products in Latin America of \$1.6 million, primarily due to various disruptions in the market related to the COVID-19 pandemic. The disruptions from the COVID-19 pandemic primarily included decreased availability of our product in the market due to constraints on the distribution and sale of our products as a result of the complete lockdown of many markets within the region, which started early in March 2020 and continued throughout the fourth quarter. Although sales in Latin America decreased in total, sales in Mexico increased from period to period. During the third quarter of fiscal year 2020, we shifted away from a distribution model for Mexico where we sold product through a large wholesale customer who then supplied various retail customers, to one where we sell direct to retail customers at a higher margin. This transition to a direct model resulted in higher sales in Mexico during the fourth quarter and full fiscal year 2020. While we anticipate a continued successful build of our direct customer base in Mexico in future periods under this new direct model, the impact on sales in future periods resulting from this transition is uncertain at this time.

Sales of homecare and cleaning products in the Americas segment increased \$1.4 million, or 7%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. This sales increase was driven primarily by an increase in sales of the 2000 Flushes brand products in the U.S., which were up \$1.5 million or 27% from period to period. We experienced a significant increase in sales of our homecare and cleaning products beginning in the third quarter of fiscal year 2020 due to increased demand for such products as a result of the COVID-19 pandemic. We are not able at this time to estimate the duration of this unexpected increase in the demand for these products and its impact on our financial results and operations in future periods. While each of our homecare and cleaning products have continued to generate positive cash flows, we had experienced decreased or flat sales for many of these products in recent years prior to the COVID-19 pandemic.

For the Americas segment, 82% of sales came from the U.S., and 18% of sales came from Canada and Latin America combined for the fiscal year ended August 31, 2020 compared to the prior fiscal year when 81% of sales came from the U.S., and 19% of sales came from Canada and Latin America combined.

EMEA

The following table summarizes net sales by product line for the EMEA segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Maintenance products	\$ 146,540	\$ 151,112	\$ (4,572)	(3)%
Homecare and cleaning products	9,701	9,503	198	2%
Total ⁽¹⁾	\$ 156,241	\$ 160,615	\$ (4,374)	(3)%
% of consolidated net sales	38%	38%		

- (1) While the Company's reporting currency is the U.S. Dollar, the functional currency of our U.K. subsidiary, the entity in which the EMEA results are generated, is Pound Sterling. Although the functional currency of this subsidiary is Pound Sterling, approximately 50% of its sales are generated in Euro and 15-20% are generated in U.S. Dollar. As a result, the Pound Sterling sales and earnings for the EMEA segment can be negatively or positively impacted from period to period upon translation from these currencies depending on whether the Euro and U.S. Dollar are weakening or strengthening against the Pound Sterling.

Sales in the EMEA segment, which includes Europe, the Middle East, Africa and India, decreased to \$156.2 million, down \$4.4 million, or 3%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on sales for the EMEA segment from period to period. Sales for the fiscal year ended August 31, 2020 translated at the exchange rates in effect for the prior fiscal year would have been \$159.0 million in the EMEA segment. Thus, on a constant currency basis, sales would have decreased by \$1.7 million, or 1%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year.

The countries in Europe where we sell through a direct sales force include the U.K., Italy, France, Iberia (which includes Spain and Portugal) and the Germanics sales region (which includes Germany, Austria, Denmark, Switzerland, Belgium and the Netherlands). Sales in the direct markets increased \$2.4 million, or 2%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year, primarily due to an increase in sales of the WD-40 BIKE and WD-40 Specialist product lines of \$1.4 million and \$1.1 million, or 105% and 10%, respectively, throughout the direct markets. The increase in sales of WD-40 BIKE products was primarily due to strong demand in countries where our end-users were following recommendations to exercise outdoors in socially distanced settings due to the COVID-19 pandemic. The increase in sales of WD-40 Specialist was primarily due to increased distribution across all direct markets and a higher level of sales in the ecommerce channel for this product line from period to period. Sales of WD-40 Multi-Use Product were relatively constant for fiscal year 2020 compared to the prior fiscal year due to various disruptions in the direct markets during fiscal year 2020, primarily in the third quarter, related to the COVID-19 pandemic. These disruptions included severe lockdown measures during the third quarter of fiscal year 2020 which limited many retailers' ability to participate in promotional activities and sell high volumes of certain products, such as our WD-40 Multi-Use Product. However, a significant rebound in sales volumes during the fourth quarter as a result of these lockdown measures being reduced by governmental authorities and higher sales during the first half of fiscal year 2020 offset these negative impacts and resulted in a slight increase in sales of WD-40 Multi-Use Product across the direct markets for fiscal year 2020 compared to the prior fiscal year. Sales from direct markets accounted for 70% of the EMEA segment's sales for the fiscal year ended August 31, 2020 compared to 67% of the EMEA segment's sales for the prior fiscal year.

The regions in the EMEA segment where we sell through local distributors include the Middle East, Africa, India, Eastern and Northern Europe. Sales in the distributor markets decreased \$6.7 million, or 13%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year, primarily due to lower sales of the WD-40 Multi-Use Product in Eastern Europe and the Middle East, which were down 25% and 12%, respectively. This decrease in sales from period to period was primarily due to the lockdowns that occurred in many of the distributor market countries in the second half of fiscal year 2020 due to the COVID-19 pandemic. Although sales in the EMEA direct markets rebounded in the fourth quarter of fiscal year 2020, the COVID-19 pandemic continued to negatively impact sales in the distributor markets in the fourth quarter as a result of the comprehensive lockdown measures that continued to be in place in many of these markets. The distributor markets accounted for 30% of the EMEA segment's total sales for the fiscal year ended August 31, 2020, compared to 33% for the prior fiscal year.

Asia-Pacific

The following table summarizes net sales by product line for the Asia-Pacific segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Maintenance products	\$ 44,166	\$ 61,868	\$ (17,702)	(29)%
Homecare and cleaning products	7,598	6,895	703	10%
Total	\$ 51,764	\$ 68,763	\$ (16,999)	(25)%
% of consolidated net sales	13%	16%		

Sales in the Asia-Pacific segment, which includes Australia, China and other countries in the Asia region, decreased to \$51.8 million, down \$17.0 million, or 25%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on sales for the Asia-Pacific segment from period to period. Sales for the fiscal year ended August 31, 2020 translated at the exchange rates in effect for the prior fiscal year would have been \$53.2 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have decreased by \$15.6 million, or 23%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year.

Sales in Asia, which represented 65% of the total sales in the Asia-Pacific segment, decreased \$18.0 million, or 35%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. Sales in the Asia distributor markets decreased \$12.3 million, or 38%. Sales in China decreased \$5.7 million, or 30%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. These decreases in sales were primarily due to various disruptions in these markets related to the COVID-19 pandemic. Extended closures, lockdowns and restrictions required by local governmental authorities to combat the COVID-19 pandemic within the Asia market limited many physical store retailers' ability to sell high volumes of our maintenance products. Although China had a reduction of certain restrictions required by local governmental authorities beginning in the third quarter of fiscal year 2020 in relation to the COVID-19 pandemic, the hardware and industrial channels continued to be significantly impacted by the COVID-19 pandemic through the remainder of fiscal year 2020 and this has resulted in reduced sales for China from period to period. Overall, we have not yet experienced a sustained or significant rebound in sales in either the Asia distributor markets or in China due to continuing market disruptions and comprehensive lockdown measures in these markets.

Sales in Australia increased \$1.0 million, or 6%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on Australian sales. On a constant currency basis, sales would have increased by \$1.9 million, or 11%, due to a higher level of promotional activities as well as the continued growth of our business from period to period. Sales in Australia increased primarily due to unprecedented demand for homecare and cleaning products as a result of the COVID-19 pandemic during the third and fourth quarters of fiscal year 2020. In addition, WD-40 Multi Use Product and WD-40 Specialist were up 3% and 12%, respectively, from period to period. Negative sales impacts to Australia due to the COVID-19 pandemic have been very limited in fiscal year 2020 compared to many other countries since COVID-19 case numbers have remained relatively low in Australia and governmental authorities have adopted less severe lockdown requirements. This has resulted in many of our key customers remaining open for business during the COVID-19 pandemic.

Gross Profit

Gross profit decreased to \$223.0 million for the fiscal year ended August 31, 2020 compared to \$232.3 million for the prior fiscal year. As a percentage of net sales, gross profit decreased to 54.6% for the fiscal year ended August 31, 2020 compared to 54.9% for the prior fiscal year.

Gross margin was negatively impacted by 0.9 percentage points from period to period due to higher warehousing and in-bound freight costs, primarily in the EMEA segment. Gross margin was also negatively impacted by 0.8 percentage points due to the combined effects of increases in other miscellaneous costs and unfavorable sales mix changes from period to period in all three segments. The unfavorable impacts in the Americas were primarily due to higher miscellaneous charges related to inventory during the fourth quarter of fiscal year 2020. The unfavorable impacts in the EMEA segment were primarily due to changes in sales mix changes, resulting from a larger proportion of sales to lower margin customers from period to period. The unfavorable impacts in the Asia-Pacific segment were primarily due to market mix changes resulting from lower sales in China as a result of the COVID-19 pandemic. Advertising, promotional, and other discounts that we give to our customers increased from period to period in the Americas and Asia-Pacific segments, negatively impacting gross margin by 0.1 percentage points. In general, the timing of advertising, promotional and other discounts may cause fluctuations in gross margin from period to period. The costs

associated with certain promotional activities are recorded as a reduction to sales while others are recorded as advertising and sales promotion expenses. Advertising, promotional and other discounts that are given to our customers are recorded as a reduction to sales, whereas advertising and sales promotional costs associated with promotional activities that we pay to third parties are recorded as advertising and sales promotion expenses.

These unfavorable impacts to gross margin were significantly offset by favorable changes in the costs of petroleum-based specialty chemicals in all three segments, positively impacting gross margin by 0.8 percentage points. There is often a delay of one quarter or more before changes in raw material costs impact cost of products sold due to production and inventory life cycles. The average cost of crude oil which flowed through our cost of goods sold was lower in the fiscal year 2020 compared to prior fiscal year, thus resulting in favorable impacts to our gross margin from period to period. Due to the volatility of the price of crude oil, it is uncertain the level to which gross margin will be impacted by such costs in future periods. Gross margin was also positively affected by 0.6 percentage points from period to period due to sales price increases, primarily in the EMEA segment, during fiscal year 2020. Favorable changes in the costs of aerosol cans in the Americas and EMEA segments also positively affected gross margin by 0.1 percentage points.

Note that our gross profit and gross margin may not be comparable to those of other consumer product companies, since some of these companies include all costs related to distribution of their products in cost of products sold, whereas we exclude the portion associated with amounts paid to third parties for shipment to our customers from our distribution centers and contract manufacturers and include these costs in selling, general and administrative expenses. These costs totaled \$12.9 million and \$16.3 million for the fiscal years ended August 31, 2020 and 2019, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses for the fiscal year ended August 31, 2020 decreased \$1.9 million to \$122.0 million from \$123.9 million for the prior fiscal year. As a percentage of net sales, SG&A expenses increased to 29.9% for the fiscal year ended August 31, 2020 from 29.3% for the prior fiscal year. The decrease in SG&A expenses from period to period was due to a variety of factors, but most significantly due to lower freight costs, decreased travel and meeting expenses and the favorable impacts of changes in foreign currency exchange rates. Freight costs associated with shipping products to our customers decreased by \$3.1 million, partially due to lower sales from period to period. Travel and meeting expenses decreased by \$3.0 million from period to period, primarily due to initiatives adopted by the Company during the third quarter of fiscal year 2020 to reduce the transmission of COVID-19, including the imposition of business travel restrictions for all employees and the cancellation of all large meetings, such as regional sales meetings and global leadership meetings, in support of social distancing requirements. Favorable changes in foreign currency exchange rates also decreased SG&A expenses by \$1.0 million from period to period. These decreases were partially offset by an increase of \$3.3 million in employee-related costs due to increased headcount, annual compensation increases and higher stock-based compensation from period to period, which were all partially offset by lower earned incentive compensation. Professional services fees, including those associated with cloud-based software, also increased by \$1.7 million from period to period. In addition, other miscellaneous expenses increased by \$0.2 million from period to period.

We continued our research and development investment, the majority of which is associated with our maintenance products, in support of our focus on innovation and renovation of our products. Research and development costs for the fiscal years ended August 31, 2020 and 2019 were \$6.0 million and \$6.5 million, respectively. Our research and development team engages in consumer research, product development, current product improvement and testing activities. This team leverages its development capabilities by partnering with a network of outside resources including our current and prospective suppliers. The level and types of expenses incurred within research and development can vary from period to period depending upon the types of activities being performed.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses for the fiscal year ended August 31, 2020 decreased \$1.7 million to \$21.6 million from \$23.3 million for the prior fiscal year. As a percentage of net sales, these expenses were 5.3% and 5.5% for the fiscal years ended August 31, 2020 and 2019, respectively. Changes in foreign currency exchange rates did not have a significant impact on advertising and sales promotion expenses for fiscal year 2020. The decreased level of advertising and sales promotion expenses was primarily due to the reduction of promotional program spending in the EMEA and Asia-Pacific segments due to indirect effects of the COVID-19 pandemic during the second half of fiscal year 2020, such as the cancellations of trade shows and fewer opportunities for physical marketing and sampling activities. At this time, the Company is not able to estimate its investment in global advertising and sales promotion expense for fiscal year 2021 due to the uncertainty caused by the COVID-19 pandemic and its impact on our financial results and operations.

As a percentage of net sales, advertising and sales promotion expenses may fluctuate period to period based upon the type of marketing activities we employ and the period in which the costs are incurred. Total promotional costs recorded as a reduction

to sales were \$20.5 million and \$18.9 million for the fiscal years ended August 31, 2020 and 2019, respectively. Therefore, our total investment in advertising and sales promotion activities totaled \$42.1 million and \$42.2 million for the fiscal years ended August 31, 2020 and 2019, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets decreased \$0.5 million to \$2.2 million for the fiscal years ended August 31, 2020, compared to \$2.7 million for the prior fiscal year. This decrease from period to period was primarily due to decreased amortization associated with the 2000 Flushes trade name, which became fully amortized during the third quarter of fiscal year 2020.

Income from Operations by Segment

The following table summarizes income from operations by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
	2020	2019	Change from Prior Year	
			Dollars	Percent
Americas	\$ 51,089	\$ 50,069	\$ 1,020	2%
EMEA	37,620	37,246	374	1%
Asia-Pacific	14,982	20,813	(5,831)	(28)%
Unallocated corporate ⁽¹⁾	(26,471)	(25,746)	(725)	3%
Total	\$ 77,220	\$ 82,382	\$ (5,162)	(6)%

- (1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the business segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's consolidated statements of operations.

Americas

Income from operations for the Americas segment increased to \$51.1 million, up \$1.0 million, or 2%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year, primarily due to a \$6.5 million increase in sales, significantly offset by higher operating expenses and a lower gross margin. As a percentage of net sales, gross profit for the Americas segment decreased from 53.5% to 53.2% period over period primarily due to higher miscellaneous charges related to inventory during the fourth quarter of fiscal year 2020 and higher discounts that were given to customers in fiscal year 2020. These unfavorable impacts to gross margin were partially offset by the decreased costs of petroleum-based specialty chemicals from period to period. Operating expenses increased \$1.7 million period over period, primarily due to higher earned incentive compensation and freight costs from period to period. These increases in operating expenses were offset by lower travel and meeting expenses due to initiatives adopted by the Company during the third quarter of fiscal year 2020 in order to help reduce the transmission of COVID-19. Operating income as a percentage of net sales decreased from 25.8% to 25.5% period over period.

EMEA

Income from operations for the EMEA segment increased to \$37.6 million, up \$0.4 million, or 1%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year, primarily due to lower operating expenses of \$3.2 million, significantly offset by lower net sales of \$4.4 million and a lower gross margin. As a percentage of net sales, gross profit for the EMEA segment decreased from 56.6% to 56.4% period over period primarily due to increases in warehousing, distribution and freight costs as well as unfavorable changes in foreign currency exchange rates from period to period. These unfavorable impacts to gross margin were significantly offset by sales price increases from period to period. In addition, declines in the costs of petroleum-based specialty chemicals favorably impacted gross margin from period to period. The impacts of these declines in oil prices in future periods is uncertain due to the volatility of the price of crude oil. Operating expenses decreased \$3.2 million period over period, primarily due to decreased outbound freight costs and lower earned incentive compensation. In addition, operating expenses decreased due to lower travel and meeting expenses due to initiatives adopted by the Company during the third quarter of fiscal year 2020 in order to help reduce the transmission of COVID-19, as well as a lower level of advertising and sales promotion expenses from period to period. Operating income as a percentage of net sales increased from 23.2% to 24.1% period over period.

Asia-Pacific

Income from operations for the Asia-Pacific segment decreased to \$15.0 million, down \$5.8 million, or 28%, for the fiscal year ended August 31, 2020 compared to the prior fiscal year, primarily due to a \$17.0 million decrease in sales, which was partially offset by lower cost of goods sold and operating expenses. As a percentage of net sales, gross profit for the Asia-Pacific segment remained constant at 54.5% period over period. Gross margin was negatively impacted by increases to advertising, promotional, and other discounts that we give to our customers from period to period. Increases in warehousing, distribution and freight costs from period to period also negatively impacted gross margin. These unfavorable impacts to gross margin were completely offset by favorable changes to the cost of petroleum-based specialty chemicals from period to period. The lower sales were accompanied by a \$3.5 million decrease in total operating expenses period over period, primarily due to a lower level of advertising and sales promotion expense and lower outbound freight costs. In addition, operating expenses decreased due to lower accruals for earned incentive compensation and lower miscellaneous expenses from period to period, as well as lower travel and meeting expenses due to initiatives adopted by the Company during the third quarter of fiscal year 2020 to reduce the transmission of COVID-19. Operating income as a percentage of net sales decreased from 30.3% to 28.9% period over period.

Non-Operating Items

The following table summarizes non-operating income and expenses for our consolidated operations (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	Change
Interest income	\$ 93	\$ 155	\$ (62)
Interest expense	\$ 2,439	\$ 2,541	\$ (102)
Other income (expense), net	\$ 641	\$ 774	\$ (133)
Provision for income taxes	\$ 14,805	\$ 24,862	\$ (10,057)

Interest Income

Interest income was not significant for both the fiscal years ended August 31, 2020 and 2019.

Interest Expense

Interest expense remained relatively constant at \$2.4 million and \$2.5 million for the fiscal years ended August 31, 2020 and 2019, respectively.

Other Income (Expense), Net

Other income (expense), net decreased by an insignificant amount of \$0.1 million to \$0.6 million for the fiscal year ended August 31, 2020.

Provision for Income Taxes

The provision for income taxes was 19.6% of income before income taxes for the fiscal year ended August 31, 2020 compared to 30.8% for the prior fiscal year. The decrease in the effective income tax rate from period to period was primarily due to an uncertain tax position in the amount of \$8.7 million associated with the Tax Cuts and Jobs Act mandatory one-time “toll tax” on unremitted foreign earnings that was recorded in the fourth quarter of fiscal year 2019. This resulted in a significantly higher fiscal year 2019 effective income tax rate compared to fiscal year 2020. In the fourth quarter of fiscal year 2020, the U.S. Treasury released regulations related to a High-Tax Exception for those jurisdictions subject to the Global Intangible Low Taxed Income (“GILTI”) tax. These newly released regulations resulted in an immaterial favorable impact to the fiscal year 2020 tax provision.

Net Income

Net income was \$60.7 million, or \$4.40 per common share on a fully diluted basis, for fiscal year 2020 compared to \$55.9 million, or \$4.02 per common share on a fully diluted basis, for the prior fiscal year. Changes in foreign currency exchange rates year over year had an unfavorable impact of \$1.8 million on net income for fiscal year 2020. Thus, on a constant currency basis, net income for fiscal year 2020 would have been \$62.5 million.

Results of Operations

Fiscal Year Ended August 31, 2019 Compared to Fiscal Year Ended August 31, 2018

For discussion related to changes in financial condition and the results of operations for fiscal year 2019 compared to fiscal year 2018, refer to Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

Performance Measures and Non-GAAP Reconciliations

In managing our business operations and assessing our financial performance, we supplement the information provided by our financial statements with certain non-GAAP performance measures. These performance measures are part of our current 55/30/25 business model, which includes gross margin, cost of doing business, and earnings before interest, income taxes, depreciation and amortization ("EBITDA"), the latter two of which are non-GAAP performance measures. Cost of doing business is defined as total operating expenses less amortization of definite-lived intangible assets, impairment charges related to intangible assets and depreciation in operating departments, and EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We target our gross margin to be above 55% of net sales, our cost of doing business to be at 30% of net sales, and our EBITDA to be above 25% of net sales. Results for these performance measures may vary from period to period depending on various factors, including economic conditions and our level of investment in activities for the future such as those related to quality assurance, regulatory compliance, and intellectual property protection in order to safeguard our WD-40 brand. The targets for these performance measures are long-term in nature, particularly those for cost of doing business and EBITDA, and we expect to make progress towards achieving them over time as our revenues increase.

The following table summarizes the results of these performance measures:

	Fiscal Year Ended August 31,		
	2020	2019	2018
Gross margin - GAAP	55%	55%	55%
Cost of doing business as a percentage of net sales - non-GAAP	34%	34%	34%
EBITDA as a percentage of net sales - non-GAAP ⁽¹⁾	21%	21%	21%

- (1) Percentages may not aggregate to EBITDA percentage due to rounding and because amounts recorded in other income (expense), net on the Company's consolidated statement of operations are not included as an adjustment to earnings in the EBITDA calculation.

We use the performance measures above to establish financial goals and to gain an understanding of the comparative performance of the Company from period to period. We believe that these measures provide our shareholders with additional insights into the Company's results of operations and how we run our business. The non-GAAP financial measures are supplemental in nature and should not be considered in isolation or as alternatives to net income, income from operations or other financial information prepared in accordance with GAAP as indicators of the Company's performance or operations. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies. Reconciliations of these non-GAAP financial measures to our financial statements as prepared in accordance with GAAP are as follows:

Cost of Doing Business (in thousands, except percentages):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Total operating expenses - GAAP	\$ 145,797	\$ 149,958	\$ 146,659
Amortization of definite-lived intangible assets	(2,211)	(2,706)	(2,951)
Depreciation (in operating departments)	(4,095)	(3,829)	(3,725)
Cost of doing business - non-GAAP	\$ 139,491	\$ 143,423	\$ 139,983
Net sales	\$ 408,498	\$ 423,350	\$ 408,518
Cost of doing business as a percentage of net sales - non-GAAP	34%	34%	34%

EBITDA (in thousands, except percentages):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Net income - GAAP	\$ 60,710	\$ 55,908	\$ 65,215
Provision for income taxes	14,805	24,862	9,963
Interest income	(93)	(155)	(454)
Interest expense	2,439	2,541	4,219
Amortization of definite-lived intangible assets	2,211	2,706	2,951
Depreciation	5,490	4,886	4,849
EBITDA	\$ 85,562	\$ 90,748	\$ 86,743
Net sales	\$ 408,498	\$ 423,350	\$ 408,518
EBITDA as a percentage of net sales - non-GAAP	21%	21%	21%

Liquidity and Capital Resources

Overview

The Company's financial condition and liquidity remain strong. Net cash provided by operations was \$72.7 million for fiscal year 2020 compared to \$62.9 million for fiscal year 2019. Although there continues to be a certain level of uncertainty related to the anticipated impact of the current COVID-19 pandemic on the Company's future results, we believe our efficient business model and the steps that we took during fiscal year 2020 leave us positioned to manage our business through this crisis as it continues to unfold. We continue to manage all aspects of our business including, but not limited to, monitoring the financial health of our customers, suppliers and other third-party relationships, implementing gross margin enhancement strategies and developing new opportunities for growth.

Our principal sources of liquidity are our existing cash and cash equivalents, as well as cash generated from operations and cash currently available from our existing unsecured Credit Agreement with Bank of America. We use proceeds of the revolving credit facility primarily for our general working capital needs. The Company also holds borrowings under a Note Purchase and Private Shelf Agreement. See Part IV—Item 15, “Exhibits, Financial Statement Schedules” Note 8 – Debt for additional information on these agreements. Included in Note 8 – Debt is information on the Credit Agreement that we amended and restated with Bank of America on March 16, 2020 which includes, among other amended provisions, an increase in the revolving commitment from \$100.0 million to \$150.0 million. On September 30, 2020, we entered into the first amendment to the Credit agreement and a third amendment to the Note Agreement and refinanced existing draws under our Credit Agreement in the United States through the issuance of new notes under the Note Agreement in the amount of \$52.0 million. See Part IV—Item 15, “Exhibits, Financial Statement Schedules” Note 18 – Subsequent Events for additional information on these agreements.

The Company maintains a balance of outstanding draws in U.S. Dollars in the Americas segment, as well as in Euros and Pound Sterling in the EMEA segment. Euro and Pound Sterling denominated draws will fluctuate in U.S. Dollars from period to period due to changes in foreign currency exchange rates. During the fiscal year ended August 31, 2020, the Company drew an additional \$90.0 million in short-term borrowings in U.S. Dollars, which included \$80.0 million that we drew in U.S. Dollars in March 2020 in response to the COVID-19 pandemic. Although we did not have any anticipated need for this additional liquidity, we decided to draw this additional amount on our line of credit to ensure future liquidity given the recent significant impact on global financial markets and the economy as a result of the COVID-19 pandemic. The Company repaid \$55.0 million of these outstanding draws in the fourth quarter of fiscal year 2020 in anticipation of the changes that it made to its debt structure in September 2020 to include more long-term debt. See Note 18 – Subsequent Events for additional information. We regularly convert many of our draws on our line of credit to new draws with new maturity dates and interest rates. We have the ability to refinance any draw under the line of credit with successive short-term borrowings through the March 16, 2025 maturity date. Outstanding draws for which we have both the ability and intent to refinance with successive short-term borrowings for a period of at least twelve months are classified as long-term. As of August 31, 2020, we had a \$95.9 million balance of outstanding draws on the revolving credit facility. This entire amount was classified as long-term as of August 31, 2020 based on our ability and intent assessment as well as considerations related to debt structure changes and refinancing discussed in detail in Note 18 – Subsequent Events. In addition, net repayments under the auto-borrow agreement in the United States were \$0.4 million and we paid \$0.8 million in principal payments on our Series A Notes during fiscal year 2020. There are no other letters of credit outstanding or restrictions on the amount available on this line of credit or the Series A Notes. Per the terms of both the Note Agreement and the Credit Agreement, our consolidated leverage ratio cannot be greater than three to one and our consolidated

interest coverage ratio cannot be less than three to one. See Note 8 – Debt and Note 18 – Subsequent Events for additional information on these financial covenants. At August 31, 2020, we were in compliance with all debt covenants. We continue to monitor our compliance with all debt covenants. At the present time, we believe that the likelihood of being unable to satisfy these covenants is remote.

We believe that our future cash from domestic and international operations, together with our access to funds available under our unsecured revolving credit facility, will provide adequate resources to fund both short-term and long-term operating requirements, capital expenditures, dividend payments, acquisitions, new business development activities and share repurchases. On April 8, 2020 we temporarily suspended repurchases under our approved share buy-back plan, which subsequently expired on August 31, 2020, in order to preserve cash while we continued to monitor the impacts of the COVID-19 pandemic. At August 31, 2020, we had a total of \$56.5 million in cash and cash equivalents. We do not foresee any ongoing issues with repaying our borrowings and we closely monitor the use of this credit facility.

Cash Flows

The following table summarizes our cash flows by category for the periods presented (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 72,664	\$ 62,851	\$ 64,822
Net cash used in investing activities	(18,945)	(12,680)	71,207
Net cash used in financing activities	(26,709)	(69,009)	(121,409)
Effect of exchange rate changes on cash and cash equivalents	2,219	(2,795)	(2,836)
Net increase (decrease) in cash and cash equivalents	<u>\$ 29,229</u>	<u>\$ (21,633)</u>	<u>\$ 11,784</u>

Operating Activities

Net cash provided by operating activities increased \$9.8 million to \$72.7 million for fiscal year 2020 from \$62.9 million for fiscal year 2019. Cash flows from operating activities depend heavily on operating performance and changes in working capital. Our primary source of operating cash flows for fiscal year ended August 31, 2020 was net income of \$60.7 million, which increased \$4.8 million from period to period. Changes in our working capital further increased net cash provided by operating activities from period to period. This was primarily attributable to increases accounts payable and accrued liabilities during fiscal year 2020 compared with decreases in these accounts during the prior fiscal year. In addition, higher planned increases in inventory levels during fiscal year 2019 compared to fiscal year 2020 when inventory levels only increased slightly also impacted changes in working capital. These increases in working capital were partially offset by the increase in long-term liabilities and income taxes payable in fiscal year 2019 due to an \$8.7 million uncertain tax position that was recorded in the fourth quarter related to the Tax Act. Such account balances only increased slightly in fiscal year 2020, resulting in a change in working capital which decreased cash provided by operating activities from period to period.

Investing Activities

Net cash used in investing activities was \$18.9 million for fiscal year 2020 compared to \$12.7 million for fiscal year 2019. This change was significantly due to an increase of \$6.0 million in capital expenditures from period to period due to manufacturing-related capital expenditures within the U.K. and the United States.

Financing Activities

Net cash used in financing activities decreased \$42.3 million to \$26.7 million for fiscal year 2020 from \$69.0 million for fiscal year 2019, primarily due to \$29.6 million in net proceeds on the Company's revolving line of credit during fiscal year 2020, compared to \$2.9 million in net repayments during fiscal year 2019. Also contributing to this decrease in total cash outflows was the suspension of treasury stock repurchases beginning in the third quarter of fiscal year 2020, which resulted in a decrease in treasury stock repurchases of \$12.8 million period over period. Offsetting these decreases in cash outflows was an increase in dividends paid of \$3.2 million during fiscal year 2020 compared to the prior fiscal year.

Effect of Exchange Rate Changes

All of our foreign subsidiaries currently operate in currencies other than the U.S. Dollar and a significant portion of our consolidated cash balance is denominated in these foreign functional currencies, particularly at our U.K. subsidiary which operates in Pound Sterling. As a result, our cash and cash equivalents balances are subject to the effects of the fluctuations in these functional currencies against the U.S. Dollar at the end of each reporting period. The net effect of exchange rate changes on cash and cash equivalents, when expressed in U.S. Dollar terms was an increase in cash of \$2.2 million in fiscal year 2020, and a decrease in cash of \$2.8 million for both fiscal years 2019 and 2018. These changes were primarily due to fluctuations in various foreign currency exchange rates from period to period, but the majority is related to the fluctuations in the Pound Sterling against the U.S. Dollar.

Cash Flows

Fiscal Year Ended August 31, 2019 Compared to Fiscal Year Ended August 31, 2018

For discussion related to changes in the consolidated statements of cash flows for fiscal year 2019 compared to fiscal year 2018, refer to Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

Share Repurchase Plans

The information required by this item is incorporated by reference to Part IV—Item 15, “Exhibits, Financial Statement Schedules” Note 8 — Share Repurchase Plans, included in this report.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. In December 2019, the Board of Directors declared a 10% increase in the regular quarterly cash dividend, increasing it from \$0.61 per share to \$0.67 per share. On October 5, 2020, the Company's Board of Directors declared a cash dividend of \$0.67 per share payable on October 30, 2020 to shareholders of record on October 16, 2020. Our ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined by Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

The following table sets forth our best estimates as to the amounts and timing of minimum contractual payments for our most significant contractual obligations and commitments as of August 31, 2020 for the next five years and thereafter (in thousands). Future events could cause actual payments to differ significantly from these amounts.

	<u>Total</u>	<u>1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Thereafter</u>
Leases ⁽¹⁾	\$ 9,402	\$ 2,073	\$ 2,867	\$ 2,041	\$ 2,421
Short-term and long-term borrowings ⁽²⁾	113,898	800	1,600	97,498	14,000
Minimum purchase obligations ⁽³⁾	17,008	4,494	7,740	4,774	-
Total	<u>\$ 140,308</u>	<u>\$ 7,367</u>	<u>\$ 12,207</u>	<u>\$ 104,313</u>	<u>\$ 16,421</u>

(1) We were committed under non-cancellable financing and operating leases at August 31, 2020. Our financing leases were not significant as of August 31, 2020.

(2) Includes anticipated cash payments for short and long-term borrowings not inclusive of estimated interest payments, which are not expected to be material on an annual basis. For additional details on these borrowings, including ability and intent assessment on the Company's credit facility agreement with Bank of America and debt structure changes

subsequent to August 31, 2020, refer to the information set forth in Part IV—Item 15, “Exhibits, Financial Statement Schedules”, Note 8 – Debt and Note 18 – Subsequent Events. As described in Note 18, the Company amended its credit facility agreement subsequent to August 31, 2020 and extended the maturity date of this facility from March 16, 2025 to September 30, 2025. In addition, the Company refinanced a portion of its draws on this credit facility through the issuance of Series B and Series C senior notes which mature in November 2027 and November 2030, respectively. As a result, \$95.9 million of borrowings that were due within 4 and 5 years from August 31, 2020 were subsequently amended or refinanced and are no longer due until a period of greater than 5 years after August 31, 2020. At this time, we are not able to estimate additional amounts we expect to borrow during fiscal year 2021 due to the uncertainty caused by the COVID-19 pandemic and its impact on our financial results and operations.

- (3) We have ongoing relationships with various third-party suppliers (contract manufacturers) that manufacture our products and third-party distribution centers who warehouse and ship our products to customers. The contract manufacturers maintain title and control of certain raw materials and components, materials utilized in finished products, and of the finished products themselves until shipment to our customers or third-party distribution centers in accordance with agreed upon shipment terms. The table above includes definitive minimum purchase obligations included in the master agreements with certain of our contract manufacturers and distribution centers. In addition, in the ordinary course of business, we communicate supply needs to our contract manufacturers based on orders and short-term projections, ranging from two to six months. We are committed to purchase the products produced by the contract manufacturers based on the projections provided and these commitments are not included in the table above. Upon the termination of contracts with contract manufacturers, we obtain certain inventory control rights and are obligated to work with the contract manufacturer to sell through all product held by or manufactured by the contract manufacturer on our behalf during the termination notification period. If any inventory remains at the contract manufacturer at the termination date, we are obligated to purchase such inventory which may include raw materials, components and finished goods. The amounts for inventory purchased under termination commitments have been immaterial and these commitments are not included in the table above.

At August 31, 2020, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately \$9.4 million. For additional details on our uncertain tax positions, refer to the information set forth in Part IV—Item 15, “Exhibits, Financial Statement Schedules” Note 14 – Income Taxes. We have estimated that up to \$0.4 million of unrecognized tax benefits related to income tax positions may be affected by the resolution of tax examinations or expiring statutes of limitation within the next twelve months.

Critical Accounting Policies

Our results of operations and financial condition, as reflected in our consolidated financial statements, have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of financial statements requires us to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses and the disclosures of contingent assets and liabilities. We use historical experience and other relevant factors when developing estimates and assumptions and these estimates and assumptions are continually evaluated. Note 2 to our consolidated financial statements included in Item 15 of this report includes a discussion of the Company’s significant accounting policies. The accounting policies discussed below are the ones we consider to be most critical to an understanding of our consolidated financial statements because their application places the most significant demands on our judgment. Our financial results may have varied from those reported had different assumptions been used or other conditions prevailed.

Revenue Recognition

Sales are recognized as revenue at a point in time upon transferring control of the product to the customer. This typically occurs when products are shipped or delivered, depending on when risks of loss and title have passed to the customer per the terms of the contract. For certain of our sales we must make judgments and certain assumptions in order to determine when delivery has occurred. Through an analysis of end-of-period shipments for these particular sales, we determine an average time of transit of product to our customers, and this is used to estimate the time of delivery and whether revenue should be recognized during the current reporting period for such shipments. Differences in judgments or estimates related to the lengthening or shortening of the estimated delivery time used could result in material differences in the timing of revenue recognition.

Sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts. We apply a five-step approach in determining the amount and timing of revenue to be recognized which includes the following: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied

In determining the transaction price, management evaluates whether the price is subject to refund or adjustment related to variable consideration to determine the net consideration to which we expect to be entitled. We record estimates of variable consideration, which primarily includes rebates/other discounts (cooperative marketing programs, volume-based discounts, shelf price reductions and allowances for shelf space, charges from customers for services they provided to us related to the sale and penalties/fines charged to us by our customers for failing to adhere to contractual obligations), coupon offers, cash discount allowances, and sales returns, as a reduction of sales in the consolidated statements of operations. These estimates are based on the expected value method considering all reasonably available information, including current and past trade promotion spending patterns, status of trade promotion activities and the interpretation of historical spending trends by customer and category, customer agreements and/or currently known factors that arise in the normal course of business. We review our assumptions and adjust these estimates accordingly on a quarterly basis. Our consolidated financial statements could be materially impacted if the actual promotion rates are different from the estimated rates. If our accrual estimates for sales incentives at August 31, 2020 were to differ by 10%, the impact on net sales would be approximately \$0.9 million.

Accounting for Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax liability or asset is established for the expected future tax consequences resulting from the differences in financial reporting and tax bases of assets and liabilities. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. In addition to valuation allowances, we provide for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the authoritative guidance on income taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. We recognize accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

The Company is required to make assertions on whether our foreign subsidiaries will invest their undistributed earnings indefinitely and these assertions are based on the capital needs of the foreign subsidiaries. Generally, unremitted earnings of our foreign subsidiaries are not considered to be indefinitely reinvested. However, there are exceptions regarding our newly formed subsidiary in Mexico as well as specific statutory remittance restrictions imposed on our China subsidiary. Costs associated with repatriating unremitted foreign earnings, including U.S. state income taxes and foreign withholding taxes, are immaterial to the Company's consolidated financial statements. For additional information on income tax matters, see Part IV—Item 15, "Exhibits, Financial Statement Schedules" Note 14 — Income Taxes, included in this report.

Impairment of Definite-Lived Intangible Assets

We assess for potential impairments to our long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and/or its estimated remaining useful life may no longer be appropriate. Any required impairment loss would be measured as the amount by which the asset's carrying amount exceeds its fair value, which is the amount at which the asset could be bought or sold in a current transaction between willing market participants and would be recorded as a reduction in the carrying amount of the related asset and a charge to results of operations. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset.

There were no indicators of potential impairment identified as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets for the periods ended August 31, 2020, 2019 or 2018. The Company's review of events and circumstances included consideration of the ongoing COVID-19 pandemic.

Recently Issued Accounting Standards

Information on Recently Issued Accounting Standards that could potentially impact the Company's consolidated financial statements and related disclosures is incorporated by reference to Part IV—Item 15, "Exhibits, Financial Statement Schedules" Note 2 — Basis of Presentation and Summary of Significant Accounting Policies, included in this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

The Company is exposed to a variety of risks, including foreign currency exchange rate fluctuations. In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency values.

All of the Company's international subsidiaries operate in functional currencies other than the U.S. Dollar. As a result, the Company is exposed to foreign currency related risk when the financial statements of its international subsidiaries are translated for consolidation purposes from functional currencies to U.S. Dollars. This foreign currency risk can affect sales, expenses and profits as well as assets and liabilities that are denominated in currencies other than the U.S. Dollar. The Company does not enter into any hedging activities to mitigate this foreign currency translation risk.

The Company's U.K. subsidiary, whose functional currency is Pound Sterling, utilizes foreign currency forward contracts to limit its exposure to net asset balances held in non-functional currencies. The Company regularly monitors its foreign exchange exposures to ensure the overall effectiveness of its foreign currency hedge positions. While the Company engages in foreign currency hedging activity to reduce its risk, for accounting purposes, none of its foreign currency forward contracts are designated as hedges.

Commodity Price Risk

Petroleum-based specialty chemicals and aerosol cans constitute a significant portion of the cost of many of the Company's maintenance products. Volatility in the price of oil directly impacts the cost of petroleum-based specialty chemicals which are indexed to the price of crude oil. If there are significant increases in the costs of crude oil, the Company's gross margins and operating results will be negatively impacted. The Company does not currently have a strategy or policy to enter into transactions to hedge crude oil price volatility, but the Company regularly reviews this policy based on market conditions and other factors.

Interest Rate Risk

As of August 31, 2020, the Company had a \$95.9 million outstanding balance on its existing \$150.0 million revolving credit facility agreement with Bank of America. This \$150.0 million revolving credit facility is subject to interest rate fluctuations. Under the terms of the credit facility agreement, the Company may borrow loans in U.S. dollars or in foreign currencies from time to time until March 16, 2025. In addition, the Company had \$18.0 million in fixed rate borrowings consisting of senior notes under its note purchase agreement as of August 31, 2020. On September 30, 2020, we entered into amendments to both the line of credit and note agreement and refinanced existing draws under our credit facility in the United States through the issuance of additional notes in the amount of \$52.0 million. For additional details on the Company's long-term borrowings as of August 31, 2020 and subsequent debt restructuring, refer to the information set forth in Part IV—Item 15, "Exhibits, Financial Statement Schedules", Note 8 – Debt and Note 18 – Subsequent Events, respectively. Interest rates associated with this revolving credit facility are based on Prime and LIBOR rates. Any significant increase in the bank's Prime rate and/or LIBOR rate could have a material effect on interest expense incurred on any borrowings outstanding under the credit facility. The U.K.'s Financial Conduct Authority has announced the LIBOR benchmark will be phased out by a target date of December 31, 2021. Although the Company expects the contract on its revolving credit facility to be amended by this target date to include the incorporation of an alternative reference rate, the Company does not believe this anticipated event represents a material increase to its interest rate risk.

Item 8. Financial Statements and Supplementary Data

The Company's consolidated financial statements at August 31, 2020 and 2019 and for each of the three fiscal years in the period ended August 31, 2020, and the Report of Independent Registered Public Accounting Firm, are included in Item 15 of this report.

Quarterly Financial Data (Unaudited)

The following table sets forth certain unaudited quarterly consolidated financial data (in thousands, except per share data):

	Fiscal Year Ended August 31, 2020				
	1st	2nd	3rd	4th	Total
Net sales	\$ 98,556	\$ 100,049	\$ 98,247	\$ 111,646	\$ 408,498
Gross profit	\$ 53,543	\$ 53,602	\$ 53,050	\$ 62,822	\$ 223,017
Net Income	\$ 12,194	\$ 14,327	\$ 14,524	\$ 19,665	\$ 60,710
Diluted earnings per common share	\$ 0.88	\$ 1.04	\$ 1.06	\$ 1.42	\$ 4.40

	Fiscal Year Ended August 31, 2019				
	1st	2nd	3rd	4th	Total
Net sales	\$ 101,282	\$ 101,335	\$ 113,989	\$ 106,744	\$ 423,350
Gross profit	\$ 55,831	\$ 56,158	\$ 62,083	\$ 58,268	\$ 232,340
Net Income ⁽¹⁾	\$ 13,279	\$ 15,906	\$ 18,139	\$ 8,584	\$ 55,908
Diluted earnings per common share ⁽¹⁾	\$ 0.95	\$ 1.14	\$ 1.30	\$ 0.63	\$ 4.02

- (1) Net income and diluted earnings per common share were unfavorably impacted due to a \$8.7 million uncertain tax position, inclusive of accrued interest of approximately \$0.4 million, recorded in the fourth quarter of fiscal year 2019 related to the U.S. Tax Cuts and Jobs Act (the "Tax Act"). For additional information, see Part IV – Item 15, "Exhibits, Financial Statement Schedules" Note 13 – Income Taxes, included in this report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"). The term disclosure controls and procedures means controls and other procedures of a Company that are designed to ensure the information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of August 31, 2020, the end of the period covered by this report (the Evaluation Date), and they have concluded that, as of the Evaluation Date, such controls and procedures were effective at ensuring that required information will be disclosed on a timely basis in the Company's reports filed under the Exchange Act. Although management believes the Company's existing disclosure controls and procedures are adequate to enable the Company to comply with its disclosure obligations, management continues to review and update such controls and procedures. The Company has a disclosure committee, which consists of certain members of the Company's senior management.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of its internal control over financial reporting based upon the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on that evaluation, management concluded that its internal control over financial reporting is effective as of August 31, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, independent registered public accounting firm, who audited and reported on the consolidated financial statements of WD-40 Company included in Item 15 of this report, has audited the effectiveness of WD-40 Company’s internal control over financial reporting as of August 31, 2020, as stated in their report included in Item 15 of this report.

Changes in Internal Control over Financial Reporting

There were no changes to the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter ended August 31, 2020, that materially affected, or would be reasonably likely to materially affect, the Company’s internal control over financial reporting.

Beginning September 1, 2019, the Company implemented the new lease guidance under ASC 842. In connection with the adoption of this standard, the Company made enhancements to its internal controls over financial reporting and procedures related to lease accounting, as well as the associated control activities within them. These enhancements included the development of new policies based on the updated lease guidance, new training, ongoing contract review requirements and gathering of information provided for disclosures.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain information required by this item is set forth in sections under the headings “Security Ownership of Directors and Executive Officers,” “Nominees for Election as Directors,” and “Audit Committee – Related Party Transactions Review and Oversight” in the Company’s Proxy Statement to be filed with the Securities and Exchange Commission in connection with the 2020 Annual Meeting of Stockholders on December 8, 2020 (“Proxy Statement”), which information is incorporated by reference herein. Additional information concerning executive officers of the Registrant required by this item is included in this report following Item 4 of Part I under the heading, “Executive Officers of the Registrant.”

The Registrant has a code of ethics (as defined in Item 406 of Regulation S-K under the Exchange Act) applicable to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The code of ethics is represented by the Registrant’s Code of Conduct applicable to all employees and directors. A copy of the Code of Conduct may be found on the Registrant’s internet website on the Corporate Governance link from the Investors page at www.wd40company.com.

Item 11. Executive Compensation

Information required by this item is incorporated by reference to sections of the Proxy Statement under the headings “Board of Directors Compensation” (and the table following such section), “Compensation Committee - Compensation Committee Interlocks and Insider Participation,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” (and the compensation tables following such section), “Supplemental Death Benefit Plans and Supplemental Insurance Benefits,” “Change of Control Severance Agreements” and “CEO Pay Ratio.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Certain information required by this item is incorporated by reference to the Proxy Statement under the headings “Principal Security Holders” and “Security Ownership of Directors and Executive Officers.”

Equity Compensation Plan Information

The following table provides information regarding shares of the Company’s common stock authorized for issuance under equity compensation plans as of August 31, 2020:

<u>Plan category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	148,186 ⁽¹⁾	\$ -	627,742
Equity compensation plans not approved by security holders	n/a	n/a	n/a
	<u>148,186 ⁽¹⁾</u>	<u>-</u>	<u>627,742</u>

- (1) Includes 86,154 securities to be issued pursuant to outstanding restricted stock units; 39,118 securities to be issued pursuant to outstanding market share units (“MSUs”) based on 100% of the target number of MSU shares to be issued upon achievement of the applicable performance measure specified for such MSUs; and 22,914 securities to be issued pursuant to outstanding deferred performance units (“DPUs”) based on 100% of the maximum number of DPU shares to be issued upon achievement of the applicable performance measure specified for such DPUs.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item is incorporated by reference to the Proxy Statement under the headings “Director Independence” and “Audit Committee - Related Party Transactions Review and Oversight.”

Item 14. Principal Accountant Fees and Services

Information required by this item is incorporated by reference to the Proxy Statement under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm.”

PART IV

Item 15. Exhibits, Financial Statement Schedules

	<u>Page</u>
(a) Documents filed as part of this report	
(1) Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Comprehensive Income	F-5
Consolidated Statements of Shareholders' Equity	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Consolidated Financial Statements	F-8
(2) Financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.	
(3) Exhibits	

<u>Exhibit</u>	<u>Description</u>
<u>No.</u>	
	Articles of Incorporation and Bylaws.
3(a)	Certificate of Incorporation, incorporated by reference from the Registrant's Form 10-K filed October 22, 2018, Exhibit 3(a) thereto.
3(b)	Amended and Restated Bylaws of WD-40 Company, incorporated by reference from the Registrant's Form 8-K filed August 16, 2018, Exhibit 3.1 thereto.
	Material Contracts.
	Executive Compensation Plans and Arrangements (Exhibits 10(a) through 10(s) are management contracts and compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(b)).
10(a)	WD-40 Company 2016 Stock Incentive Plan, incorporated by reference from the Registrant's Proxy Statement filed November 3, 2016, Appendix A thereto.
10(b)	WD-40 Directors' Compensation Policy and Election Plan dated October 7, 2019, incorporated by reference from the Registrant's Form 10-K filed October 22, 2019, Exhibit 10(b) thereto.
10(c)	Form of Indemnity Agreement between the Registrant and its executive officers and directors, incorporated by reference from the Registrant's Form 10-K filed October 22, 2013, Exhibit 10(d) thereto.
10(d)	Form of Restricted Stock Unit Agreement for grants of Restricted Stock Units to Executive Officers in fiscal years 2018, 2019 and 2020.
10(e)	Form of Market Share Unit Award Agreement for grants of Market Share Units to Executive Officers in fiscal years 2018, 2019 and 2020.
10(f)	Form of Deferred Performance Unit Award Agreement for grants of Deferred Performance Units to Executive Officers.
10(g)	Form of Restricted Stock Unit Agreement for grants of Restricted Stock Units to Executive Officers in fiscal year 2021.
10(h)	Form of Market Share Unit Award Agreement for grants of Market Share Units to Executive Officers in fiscal year 2021.
10(i)	Form of Performance Share Unit Restricted Stock Award Agreement for grants of Performance Share Units to Executive Officers in fiscal year 2021.
10(j)	WD-40 Company 2017 Performance Incentive Compensation Plan, incorporated by reference from the Registrant's Proxy Statement filed November 2, 2017, Appendix A thereto.
10(k)	Form of WD-40 Company Supplemental Death Benefit Plan applicable to certain executive officers of the Registrant, incorporated by reference from the Registrant's Form 10-K filed October 24, 2016, Exhibit 10(i) thereto.
10(l)	Change of Control Severance Agreement between WD-40 Company and Jay W. Rembolt dated October 16, 2008, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10(h) thereto.
10(m)	Change of Control Severance Agreement between WD-40 Company and Richard T. Clampitt dated October 15, 2014, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10(i) thereto.

- 10(n) [Change of Control Severance Agreement between WD-40 Company and Stanley A. Sewitch dated October 15, 2014, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10\(j\) thereto.](#)
- 10(o) [Change of Control Severance Agreement between WD-40 Company and Garry O. Ridge dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 23, 2017, Exhibit 10\(p\) thereto.](#)
- 10(p) [Change of Control Severance Agreement between WD-40 Company and Geoffrey J. Holdsworth dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 23, 2017, Exhibit 10\(r\) thereto.](#)
- 10(q) [Change of Control Severance Agreement between WD-40 Company and William B. Noble dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 23, 2017, Exhibit 10\(s\) thereto.](#)
- 10(r) [Change of Control Severance Agreement between WD-40 Company and Steven Brass dated June 22, 2016, incorporated by reference from the Registrant's Form 10-Q filed January 9, 2017, Exhibit 10\(c\) thereto.](#)
- 10(s) [Change of Control Severance Agreement between WD-40 Company and Patricia Q. Olsem dated October 8, 2019, incorporated by reference from the Registrant's Form 10-Q filed January 9, 2020, Exhibit 10\(a\) thereto.](#)
- 10(t) [Credit Agreement dated June 17, 2011 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 10-K filed October 23, 2017, Exhibit 10\(u\) thereto.](#)
- 10(u) [First Amendment to Credit Agreement dated January 7, 2013 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 10-Q filed January 9, 2013, Exhibit 10\(b\) thereto.](#)
- 10(v) [Second Amendment to Credit Agreement dated May 13, 2015 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K/A filed May 18, 2015, Exhibit 10\(a\) thereto.](#)
- 10(w) [Third Amendment to Credit Agreement dated November 16, 2015 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed November 19, 2015, Exhibit 10\(a\) thereto.](#)
- 10(x) [Fourth Amendment to Credit Agreement dated September 1, 2016 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed September 2, 2016, Exhibit 10\(a\) thereto.](#)
- 10(y) [Fifth Amendment to Credit Agreement dated November 15, 2017 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed November 17, 2018, Exhibit 10\(b\) thereto.](#)
- 10(z) [Sixth Amendment to Credit Agreement dated February 23, 2018 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed February 27, 2018, Exhibit 10\(c\) thereto.](#)
- 10(aa) [Seventh Amendment to Credit Agreement dated January 22, 2019 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed January 25, 2019, Exhibit 10\(a\) thereto.](#)
- 10(ab) [Credit Agreement dated March 16, 2020 among WD-40 Company and Bank of America, incorporated by reference from the Registrant's Form 8-K filed March 20, 2020, Exhibit 10\(a\) thereto.](#)
- 10(ac) [Form of Acknowledgement Letter Agreement dated April 8, 2020 among WD-40 Company and Bank of America, incorporated by reference from the Registrant's Form 10-Q filed April 9, 2020, Exhibit 10\(d\) thereto.](#)
- 10(ad) [First Amendment to Credit Agreement dated September 30, 2020 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed October 6, 2020, Exhibit 10\(a\) thereto.](#)
- 10(ae) [Note Purchase and Private Shelf Agreement dated November 15, 2017 among WD-40 Company and Prudential and certain Note Purchasers, incorporated by reference from the Registrant's Form 8-K filed November 17, 2017, Exhibit 10\(a\) thereto.](#)
- 10(af) [First Amendment to Note Purchase Agreement dated February 23, 2018 among WD-40 Company and Prudential and certain Note Purchasers, incorporated by reference from the Registrant's Form 8-K filed February 27, 2018, Exhibit 10\(b\) thereto.](#)
- 10(ag) [Second Amendment to Note Purchase and Private Shelf Agreement dated March 16, 2020 among WD-40 Company and Prudential and certain Note Purchasers, incorporated by reference from the Registrant's Form 8-K filed March 20, 2020, Exhibit 10\(b\) thereto.](#)
- 10(ah) [Form of Limited Consent Letter Agreement dated April 8, 2020 among WD-40 Company and Prudential and certain Note Purchasers, incorporated by reference from the Registrant's Form 10-Q filed April 9, 2020, Exhibit 10\(e\) thereto.](#)
- 10(ai) [Third Amendment to Note Purchase and Private Shelf Agreement dated September 30, 2020 among WD-40 Company and Prudential and certain Note Purchasers, incorporated by reference from the Registrant's Form 8-K filed October 6, 2020, Exhibit 10\(e\) thereto.](#)

- 10(aj) [Series B Senior Notes dated September 30, 2020, incorporated by reference from the Registrant's Form 8-K filed October 6, 2020, Exhibit 10\(f\) thereto.](#)
- 10(ak) [Series C Senior Notes dated September 30, 2020, incorporated by reference from the Registrant's Form 8-K filed October 6, 2020, Exhibit 10\(g\) thereto.](#)
- 21 [Subsidiaries of the Registrant.](#)
- 23 [Consent of Independent Registered Public Accounting Firm dated October 21, 2020.](#)
- 31(a) [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31(b) [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32(a) [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32(b) [Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following materials from WD-40 Company's Annual report on Form 10-K for the fiscal year ended August 31, 2020 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statement of Operations, (ii) the Consolidated Statement of Comprehensive Income, (iii) the Consolidated Statement of Cash Flows, (iv) the Consolidated Balance Sheet, (v) the Consolidated Statement of Shareholders' Equity, and (vi) Notes to the Consolidated Financial Statements.
- 104 The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2020, formatted in iXBRL and contained in Exhibit 101.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

WD-40 COMPANY
Registrant

/s/ JAY W. REMBOLT
JAY W. REMBOLT
Vice President, Finance
Treasurer and Chief Financial Officer
Date: October 21, 2020

/s/ RAE ANN PARTLO
RAE ANN PARTLO
Vice President and Corporate Controller
Principal Accounting Officer
Date: October 21, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ GARRY O. RIDGE
GARRY O. RIDGE
Chief Executive Officer and Director
(Principal Executive Officer)
Date: October 21, 2020

/s/ DANIEL T. CARTER
DANIEL T. CARTER, Director
Date: October 21, 2020

/s/ MELISSA CLAASSEN
MELISSA CLAASSEN, Director
Date: October 21, 2020

/s/ ERIC P. ETCHART
ERIC P. ETCHART, Director
Date: October 21, 2020

/s/ TREVOR I. MIHALIK
TREVOR I. MIHALIK, Director
Date: October 21, 2020

/s/ GRACIELA I. MONTEAGUDO
GRACIELA I. MONTEAGUDO, Director
Date: October 21, 2020

/s/ DAVID B. PNDARVIS
DAVID B. PNDARVIS, Director
Date: October 21, 2020

/s/ DANIEL E. PITTARD
DANIEL E. PITTARD, Director
Date: October 21, 2020

/s/ GREGORY A. SANDFORT
GREGORY A. SANDFORT, Director
Date: October 21, 2020

/s/ ANNE G. SAUNDERS
ANNE G. SAUNDERS, Director
Date: October 21, 2020

/s/ NEAL E. SCHMALE
NEAL E. SCHMALE, Director
Date: October 21, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of WD-40 Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of WD-40 Company and its subsidiaries as of August 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended August 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of August 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide

reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Rebates - Cooperative Marketing Program Accruals

As described in Notes 2 and 11 to the consolidated financial statements, sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts. In determining the transaction price, management evaluates whether the price is subject to refund or adjustment related to variable consideration to determine the net consideration to which the Company expects to be entitled. The Company records estimates of variable consideration, which primarily includes rebates/other discounts (cooperative marketing programs, volume-based discounts, shelf price reductions and allowances for shelf space, charges from customers for services they provide to the Company related to the sale and penalties/fines charged to the Company by customers associated with failing to adhere to contractual obligations), coupon offers, cash discount allowances, and sales returns, as a reduction of sales in its consolidated statements of operations. These estimates are based on the expected value method considering all reasonably available information, including current and past trade promotion spending patterns, status of trade promotion activities, the interpretation of historical spending trends by customer and category, customer agreements and/or currently known factors that arise in the normal course of business. Management reviews its assumptions and adjusts these estimates accordingly on a quarterly basis. As of August 31, 2020, the Company had a \$7.5 million balance in rebate/other discount liabilities, which are included in accrued liabilities on the Company's consolidated balance sheet, and recorded approximately \$20.7 million in rebates/other discounts as a reduction to sales during fiscal year 2020.

The principal considerations for our determination that performing procedures relating to the cooperative marketing program accruals is a critical audit matter are (i) the significant judgment by management to estimate the cooperative marketing program accruals, which in turn led to a high degree of auditor judgment in performing procedures to evaluate the status of trade promotion activities within the cooperative marketing program accruals, and (ii) the high level of audit effort and subjectivity in performing procedures to evaluate the current and past trade promotion spending patterns and the status of trade promotion activities used to determine the cooperative marketing program accruals.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the estimation of cooperative marketing program accruals, which related to controls over the current and past trade promotion spending patterns and the status of trade promotion activities used in management's estimate. These procedures also included, among others, (i) testing management's process to estimate the cooperative marketing program accruals, including evaluating the appropriateness of the expected value method, testing the completeness, accuracy and relevance of underlying data used, including the current and past trade promotion spending patterns, and evaluating the reasonableness of the status of the trade promotion activities assumption considering the overall business environment, and (ii) evaluating the completeness of offers made to customers for potential promotional activities, which may require accrual as of period end.

/s/ PricewaterhouseCoopers LLP

San Diego, California
October 21, 2020

We have served as the Company's auditor since at least 1972. We have not been able to determine the specific year we began serving as auditor of the Company.

WD-40 COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	August 31, 2020	August 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,462	\$ 27,233
Trade accounts receivable, less allowance for doubtful accounts of \$362 and \$300 at August 31, 2020 and 2019, respectively	80,672	72,864
Inventories	41,264	40,682
Other current assets	6,756	7,216
Total current assets	185,154	147,995
Property and equipment, net	60,759	45,076
Goodwill	95,731	95,347
Other intangible assets, net	8,633	10,652
Operating lease right-of-use assets	8,168	-
Deferred tax assets, net	464	403
Other assets	3,728	3,189
Total assets	<u>\$ 362,637</u>	<u>\$ 302,662</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 21,676	\$ 18,727
Accrued liabilities	21,660	18,513
Accrued payroll and related expenses	14,767	15,301
Short-term borrowings	800	21,205
Income taxes payable	1,213	844
Total current liabilities	60,116	74,590
Long-term borrowings	113,098	60,221
Deferred tax liabilities, net	11,291	11,688
Long-term operating lease liabilities	6,520	-
Other long-term liabilities	11,299	10,688
Total liabilities	<u>202,324</u>	<u>157,187</u>
Commitments and Contingencies (Note 13)		
Shareholders' equity:		
Common stock — authorized 36,000,000 shares, \$0.001 par value; 19,812,685 and 19,773,977 shares issued at August 31, 2020 and 2019, respectively; and 13,664,786 and 13,718,661 shares outstanding at August 31, 2020 and 2019, respectively	20	20
Additional paid-in capital	157,850	155,132
Retained earnings	398,731	374,060
Accumulated other comprehensive income (loss)	(28,208)	(32,482)
Common stock held in treasury, at cost — 6,147,899 and 6,055,316 shares at August 31, 2020 and 2019, respectively	(368,080)	(351,255)
Total shareholders' equity	<u>160,313</u>	<u>145,475</u>
Total liabilities and shareholders' equity	<u>\$ 362,637</u>	<u>\$ 302,662</u>

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Fiscal Year Ended August 31,		
	2020	2019	2018
Net sales	\$ 408,498	\$ 423,350	\$ 408,518
Cost of products sold	185,481	191,010	183,255
Gross profit	<u>223,017</u>	<u>232,340</u>	<u>225,263</u>
Operating expenses:			
Selling, general and administrative	121,980	123,946	121,394
Advertising and sales promotion	21,606	23,306	22,314
Amortization of definite-lived intangible assets	2,211	2,706	2,951
Total operating expenses	<u>145,797</u>	<u>149,958</u>	<u>146,659</u>
Income from operations	77,220	82,382	78,604
Other (expense) income:			
Interest income	93	155	454
Interest expense	(2,439)	(2,541)	(4,219)
Other income (expense), net	641	774	339
Income before income taxes	<u>75,515</u>	<u>80,770</u>	<u>75,178</u>
Provision for income taxes	14,805	24,862	9,963
Net income	<u>\$ 60,710</u>	<u>\$ 55,908</u>	<u>\$ 65,215</u>
Earnings per common share:			
Basic	<u>\$ 4.41</u>	<u>\$ 4.03</u>	<u>\$ 4.65</u>
Diluted	<u>\$ 4.40</u>	<u>\$ 4.02</u>	<u>\$ 4.64</u>
Shares used in per share calculations:			
Basic	<u>13,691</u>	<u>13,799</u>	<u>13,929</u>
Diluted	<u>13,719</u>	<u>13,830</u>	<u>13,962</u>

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	<u>Fiscal Year Ended August 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income	\$ 60,710	\$ 55,908	\$ 65,215
Other comprehensive income (loss):			
Foreign currency translation adjustment	4,274	(4,748)	439
Total comprehensive income	<u>\$ 64,984</u>	<u>\$ 51,160</u>	<u>\$ 65,654</u>

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at August 31, 2017	19,688,238	\$ 20	\$ 150,692	\$ 315,764	\$ (28,075)	5,704,055	\$ (299,014)	\$ 139,387
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	41,536		(1,607)					(1,607)
Stock-based compensation			4,195					4,195
Cash dividends (\$2.11 per share)				(29,585)				(29,585)
Acquisition of treasury stock						175,306	(22,616)	(22,616)
Foreign currency translation adjustment					439			439
Cumulative effect of change in accounting principle			189	(128)				61
Net income				65,215				65,215
Balance at August 31, 2018	<u>19,729,774</u>	<u>\$ 20</u>	<u>\$ 153,469</u>	<u>\$ 351,266</u>	<u>\$ (27,636)</u>	<u>5,879,361</u>	<u>\$ (321,630)</u>	<u>\$ 155,489</u>
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	44,203		(2,783)					(2,783)
Stock-based compensation			4,446					4,446
Cash dividends (\$2.37 per share)				(32,889)				(32,889)
Acquisition of treasury stock						175,955	(29,625)	(29,625)
Foreign currency translation adjustment					(4,748)			(4,748)
Cumulative effect of change in accounting principle				(225)	(98)			(323)
Net income				55,908				55,908
Balance at August 31, 2019	<u>19,773,977</u>	<u>\$ 20</u>	<u>\$ 155,132</u>	<u>\$ 374,060</u>	<u>\$ (32,482)</u>	<u>6,055,316</u>	<u>\$ (351,255)</u>	<u>\$ 145,475</u>
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	38,708		(2,640)					(2,640)
Stock-based compensation			5,358					5,358
Cash dividends (\$2.62 per share)				(36,039)				(36,039)
Acquisition of treasury stock						92,583	(16,825)	(16,825)
Foreign currency translation adjustment					4,274			4,274
Net income				60,710				60,710
Balance at August 31, 2020	<u>19,812,685</u>	<u>\$ 20</u>	<u>\$ 157,850</u>	<u>\$ 398,731</u>	<u>\$ (28,208)</u>	<u>6,147,899</u>	<u>\$ (368,080)</u>	<u>\$ 160,313</u>

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended August 31,		
	2020	2019	2018
Operating activities:			
Net income	\$ 60,710	\$ 55,908	\$ 65,215
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,701	7,593	7,800
Net gains on sales and disposals of property and equipment	(124)	(99)	(164)
Deferred income taxes	(509)	(4)	(7,186)
Stock-based compensation	5,358	4,446	4,195
Unrealized foreign currency exchange losses (gains), net	265	651	(302)
Provision for bad debts	134	67	121
Changes in assets and liabilities:			
Trade accounts receivable	(4,499)	(7,318)	(5,635)
Inventories	555	(4,800)	(1,299)
Other assets	232	5,802	(5,353)
Operating lease assets and liabilities, net	233	-	-
Accounts payable and accrued liabilities	2,725	(7,948)	6,107
Accrued payroll and related expenses	(1,042)	879	590
Other long-term liabilities and income taxes payable	925	7,674	733
Net cash provided by operating activities	<u>72,664</u>	<u>62,851</u>	<u>64,822</u>
Investing activities:			
Purchases of property and equipment	(19,307)	(13,282)	(12,356)
Proceeds from sales of property and equipment	362	383	458
Purchases of intangible assets	-	-	(175)
Purchases of short-term investments	-	-	(83,704)
Maturities of short-term investments	-	219	166,984
Net cash provided by (used in) investing activities	<u>(18,945)</u>	<u>(12,680)</u>	<u>71,207</u>
Financing activities:			
Treasury stock purchases	(16,825)	(29,625)	(22,616)
Dividends paid	(36,039)	(32,889)	(29,585)
Proceeds from issuance of common stock	-	-	215
Proceeds from issuance of long-term senior notes	-	-	20,000
Repayments of long-term senior notes	(800)	(800)	(400)
Net proceeds (repayments) from revolving credit facility	29,595	(2,912)	(87,200)
Shares withheld to cover taxes upon conversion of equity awards	(2,640)	(2,783)	(1,823)
Net cash used in financing activities	<u>(26,709)</u>	<u>(69,009)</u>	<u>(121,409)</u>
Effect of exchange rate changes on cash and cash equivalents	2,219	(2,795)	(2,836)
Net increase (decrease) in cash and cash equivalents	29,229	(21,633)	11,784
Cash and cash equivalents at beginning of period	27,233	48,866	37,082
Cash and cash equivalents at end of period	<u>\$ 56,462</u>	<u>\$ 27,233</u>	<u>\$ 48,866</u>
Supplemental cash flow information:			
Cash paid for:			
Interest	\$ 2,259	\$ 2,199	\$ 4,286
Income taxes, net of tax refunds received	<u>\$ 12,569</u>	<u>\$ 16,879</u>	<u>\$ 10,478</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company

WD-40 Company (“the Company”), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products that solve problems in workshops, factories and homes around the world. The Company markets its maintenance products and its homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, GT85®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®. Currently included in the WD-40 brand are the WD-40 Multi-Use Product and the WD-40 Specialist® and WD-40 BIKE® product lines.

The Company’s brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom (“U.K.”) and Australia. The Company’s products are sold primarily through warehouse club stores, hardware stores, automotive parts outlets, industrial distributors and suppliers, mass retail and home center stores, value retailers, grocery stores, online retailers, farm supply, sport retailers, and independent bike dealers.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

COVID-19 Considerations

The COVID-19 pandemic has adversely impacted global economic conditions and has contributed to significant volatility in financial markets beginning in early calendar year 2020, as described in the “*Significant Developments*” section included in Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations. Although the Company’s current estimates contemplate current conditions, the inputs into certain of the Company’s significant and critical accounting estimates include judgments and assumptions about the economic implications of the COVID-19 pandemic and how management expects them to change in the future, as appropriate. It is reasonably possible that actual results experienced may differ materially from the Company’s estimates in future periods, which could materially affect our results of operations and financial condition.

Supplier Risk

The Company relies on a limited number of suppliers, including single or sole source suppliers for certain of its raw materials, packaging, product components and other necessary supplies. Where possible and where it makes business sense, the Company works with secondary or multiple suppliers to qualify additional supply sources. To date, the Company has been able to obtain adequate supplies of these materials which are used in the production of its maintenance products and homecare and cleaning products in a timely manner from existing sources.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance for doubtful accounts based on historical write-off experience and the identification of specific balances deemed uncollectible. Trade accounts receivable are charged against the allowance when the Company believes it is probable that the trade accounts receivable will not be recovered. The Company does not have any off-balance sheet credit exposure related to its

customers. Allowance for doubtful accounts related to the Company's trade accounts receivable were not significant at August 31, 2020 and 2019.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined primarily based on a first-in, first-out method or, for a portion of raw materials inventory, the average cost method. When necessary, the Company adjusts the carrying value of its inventory to the lower of cost or net realizable value, including any costs to sell or dispose of such inventory. Appropriate consideration is given by the Company to obsolescence, excessive inventory levels, product deterioration and other factors when evaluating net realizable value for the purposes of determining the lower of cost or net realizable value.

Included in inventories are amounts for certain raw materials and components that the Company has provided to its third-party contract manufacturers but that remain unpaid to the Company as of the balance sheet date. The Company's contract manufacturers package products to the Company's specifications and, upon order from the Company, ship ready-to-sell inventory to either the Company's third-party distribution centers or directly to its customers. The Company transfers certain raw materials and components to these contract manufacturers for use in the manufacturing process. Contract manufacturers are obligated to pay the Company for these raw materials and components upon receipt. Amounts receivable from the contract manufacturers as of the balance sheet date related to transfers of these raw materials and components by the Company to its contract manufacturers are considered product held at third-party contract manufacturers and are included in inventories in the accompanying consolidated balance sheets.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method based upon estimated useful lives of ten to forty years for buildings and improvements, three to fifteen years for machinery and equipment, three to five years for vehicles, three to ten years for furniture and fixtures, three to seven years for R&D lab equipment and office equipment and three to five years for software and computer equipment. The useful lives of major on-premises information system installations such as implementations of enterprise resource planning ("ERP") systems are determined on an individual basis. Depreciation expense totaled \$5.5 million, \$4.9 million and \$4.8 million for fiscal years 2020, 2019 and 2018, respectively. These amounts include equipment depreciation expense which is recognized as cost of products sold and totaled \$1.4 million in fiscal year 2020, and \$1.1 million for the fiscal years 2019 and 2018, respectively.

The Company capitalizes costs related to computer software obtained or developed for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that the Company customizes to meet its specific operational needs. Costs incurred in the application development phase are capitalized and amortized over their useful lives, which are generally three to five years.

Leases

In fiscal year 2020, the Company adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842 or "ASC 842"). Prior period amounts have not been restated and continue to be reported in accordance with the Company's historical accounting policies. The Company leases real estate for its regional sales offices, a research and development facility, and offices located at its international subsidiaries and branch locations. In addition, the Company leases a fleet of automobiles. The Company has also identified warehouse leases within certain third-party distribution center service contracts. To determine if a contract contains a lease, the Company assesses its contracts and determines if there is an identified asset for which the Company has obtained the right to control, as defined in ASC 842. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized over the term of the lease. As the Company's leases typically do not contain a readily determinable implicit rate, the Company determines the present value of the lease liability using its estimated secured incremental borrowing rate at the lease commencement date based on the lease term and the currency of the lease on a collateralized basis.

Lease agreements may contain rent escalation clauses, renewal or termination options, and rent holidays, amongst other features. ROU assets include amounts for scheduled rent increases. The lease term includes the non-cancelable period of the lease and options to extend or terminate the lease when it is reasonably certain the Company will exercise those options, and is reviewed in subsequent periods if a triggering event occurs. The Company has made the accounting policy election to use certain ongoing practical expedients made available by ASC 842 to: (i) not separate lease components from nonlease components for real estate – office buildings, machinery and equipment, lab equipment, office equipment, furniture and fixtures, and IT equipment; and (ii) exclude leases with an initial term of 12 months or less ("short-term" leases) from the consolidated balance sheets and will recognize related lease payments in the consolidated statements of operations on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets acquired. The carrying value of goodwill is reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. The Company assesses possible impairments to goodwill at least annually during its second fiscal quarter and otherwise when events or changes in circumstances indicate that an impairment condition may exist. In performing the annual impairment test of its goodwill, the Company considers the fair value concepts of a market participant and the highest and best use for its intangible assets. In addition to the annual impairment test, goodwill is evaluated each reporting period to determine whether events and circumstances would more likely than not reduce the fair value of a reporting unit below its carrying value.

When testing goodwill for impairment, the Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment test. If, after assessing qualitative factors, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative test is unnecessary. Otherwise, a quantitative test is performed to identify the potential impairment and to measure the amount of goodwill impairment, if any. The Company also performs a quantitative assessment periodically, regardless of the results of the qualitative assessments. Any required impairment losses are recorded as a reduction in the carrying amount of the related asset and charged to results of operations. No goodwill impairments were identified by the Company during fiscal years 2020, 2019 or 2018.

Long-lived Assets

The Company's long-lived assets consist of property and equipment and definite-lived intangible assets. Long-lived assets are depreciated or amortized, as applicable, on a straight-line basis over their estimated useful lives. The Company assesses for potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and/or its remaining useful life may no longer be appropriate. Any required impairment loss would be measured as the amount by which the asset's carrying amount exceeds its fair value, which is the amount at which the asset could be bought or sold in a current transaction between willing market participants and would be recorded as a reduction in the carrying amount of the related asset and a charge to results of operations. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. No impairments to its long-lived assets were identified by the Company during fiscal years 2020, 2019 or 2018.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") 820, "*Fair Value Measurements and Disclosures*", defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company categorizes its financial assets and liabilities measured at fair value into a hierarchy that categorizes fair value measurements into the following three levels based on the types of inputs used in measuring their fair value:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market-based inputs or observable inputs that are corroborated by market data; and
- Level 3: Unobservable inputs reflecting the Company's own assumptions.

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of August 31, 2020, the Company had no assets or liabilities that are measured at fair value in the financial statements on a recurring basis, with the exception of the foreign currency forward contracts, which are classified as Level 2 within the fair value hierarchy. The carrying values of cash equivalents, short-term investments and short-term borrowings are recorded at cost, which approximates their fair values, based on Level 2 inputs, primarily due to their short-term maturities. In addition, the carrying value of borrowings held under the Company's revolving credit facility approximates fair value, based on Level 2 inputs, due to the variable nature of underlying interest rates, which generally reflect market conditions. The Company's fixed rate long-term borrowings consist of senior notes and are recorded at carrying value. The Company estimates that the fair value of its senior notes, based on Level 2 inputs, was approximately \$20.9 million as of August 31, 2020, which was determined based on a discounted cash flow analysis using current market interest rates for instruments with similar terms, compared to its carrying value of \$18.0 million. During the fiscal years ended August 31, 2020, 2019 and 2018, the Company did not record any significant nonrecurring fair value measurements for assets or liabilities in periods subsequent to their initial recognition.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade accounts receivable. The Company's policy is to place its cash in high credit quality financial

institutions, in investments that include demand deposits, term deposits and callable time deposits. The Company's trade accounts receivable are derived from customers located in North America, South America, Asia-Pacific, Europe, the Middle East, Africa and India. The Company limits its credit exposure from trade accounts receivable by performing on-going credit evaluations of customers, as well as insuring its trade accounts receivable in selected markets.

Insurance Coverage

The Company carries insurance policies to cover insurable risks such as property damage, business interruption, product liability, workers' compensation and other risks, with coverage and other terms that it believes to be adequate and appropriate. These policies may be subject to applicable deductible or retention amounts, coverage limitations and exclusions. The Company does not maintain self-insurance with respect to its material risks; therefore, the Company has not provided for self-insurance reserves as of August 31, 2020 and 2019.

Revenue Recognition

The Company recognizes revenue related to the sale of products when it satisfies a performance obligation in an amount reflecting the consideration to which it expects to be entitled. Sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts. The Company applies a five-step approach in determining the amount and timing of revenue to be recognized which includes the following: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied.

In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment related to variable consideration to determine the net consideration to which the Company expects to be entitled. The Company records estimates of variable consideration, which primarily includes rebates/other discounts (cooperative marketing programs, volume-based discounts, shelf price reductions and allowances for shelf space, charges from customers for services they provided to us related to the sale and penalties/fines charged to us by customers associated with failing to adhere to contractual obligations), coupon offers, cash discount allowances, and sales returns, as a reduction of sales in its consolidated statements of operations. These estimates are based on the expected value method considering all reasonably available information, including current and past trade promotion spending patterns, status of trade promotion activities, the interpretation of historical spending trends by customer and category, customer agreements and/or currently known factors that arise in the normal course of business. The Company reviews its assumptions and adjusts these estimates accordingly on a quarterly basis.

Cost of Products Sold

Cost of products sold primarily includes the cost of products manufactured on the Company's behalf by its third-party contract manufacturers, net of volume and other rebates. Cost of products sold also includes the costs to manufacture WD-40 concentrate, which is done at the Company's own facilities or at third-party contract manufacturers. When the concentrate is manufactured by the Company, cost of products sold includes direct labor, direct materials and supplies; in-bound freight costs related to purchased raw materials and finished product; and depreciation of machinery and equipment used in the manufacturing process. In addition, cost of products sold includes fees charged to the Company by its third-party distribution centers to warehouse and administer finished products once they are received from the Company's third-party contract manufacturers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include costs related to selling the Company's products, such as the cost of the sales force and related sales and broker commissions; shipping and handling costs paid to third-party companies to distribute finished goods from the Company's third-party contract manufacturers and distribution centers to its customers; other general and administrative costs related to the Company's business such as general overhead, legal and accounting fees, insurance, and depreciation; and other employee-related costs to support marketing, human resources, finance, supply chain, information technology and research and development activities.

Shipping and Handling Costs

Shipping and handling costs associated with in-bound freight and movement of product from third-party contract manufacturers to the Company's third-party distribution centers are capitalized in the cost of inventory and subsequently included in cost of sales when recognized in the statement of operations. Shipping and handling costs associated with out-bound transportation are included in selling, general and administrative expenses and are recorded at the time of shipment of product to the Company's customers. Out-bound shipping and handling costs were \$12.9 million, \$16.3 million and \$17.7 million for fiscal years 2020, 2019 and 2018, respectively.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses are expensed as incurred. Advertising and sales promotion expenses include costs associated with promotional activities that the Company pays to third parties, which include costs for advertising (television, print media and internet), administration of coupon programs, consumer promotions, product demonstrations, public relations, agency costs, package design expenses and market research costs. Advertising and sales promotion expenses also include product samples which are given to customers and are initiated by the Company and costs associated with shared marketing fund programs that the Company has in place with its marketing distributor customers. Total advertising and sales promotion expenses were \$21.6 million, \$23.3 million and \$22.3 million for fiscal years 2020, 2019 and 2018, respectively.

Research and Development

The Company is involved in research and development efforts that include the ongoing development or innovation of new products and the improvement, extension or renovation of existing products or product lines. All research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Research and development expenses were \$6.0 million, \$6.5 million and \$7.0 million in fiscal years 2020, 2019 and 2018, respectively. These expenses include costs associated with general research and development activities, as well as those associated with internal staff, overhead, design testing, market research and consultants.

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax liability or asset is established for the expected future tax consequences resulting from the differences in financial reporting and tax basis of assets and liabilities. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the authoritative guidance on income taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. The Company recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

The Company is required to make assertions on whether its foreign subsidiaries will invest their undistributed earnings indefinitely and these assertions are based on the capital needs of the foreign subsidiaries. Generally, unremitted earnings of the Company's foreign subsidiaries are not considered to be indefinitely reinvested. However, there are exceptions regarding the Company's newly formed subsidiary in Mexico as well as specific statutory remittance restrictions imposed on the Company's China subsidiary. Costs associated with repatriating unremitted foreign earnings, including U.S. state income taxes and foreign withholding taxes, are immaterial to the Company's consolidated financial statements. For additional information on income tax matters, see Part IV—Item 15, “Exhibits, Financial Statement Schedules” Note 14 — Income Taxes, included in this report.

Foreign Currency

The Company translates the assets and liabilities of its foreign subsidiaries into U.S. Dollars at current rates of exchange in effect at the end of the reporting period. Income and expense items are translated at rates that approximate the rates in effect at the transaction date. Gains and losses from translation are included in accumulated other comprehensive income or loss. Gains or losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are included as other income in the Company's consolidated statements of operations. The Company had \$0.4 million, \$0.6 million and \$0.1 million of net gains in foreign currency transactions in fiscal years 2020, 2019 and 2018, respectively.

In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency exchange rates. The Company's U.K. subsidiary, whose functional currency is Pound Sterling, utilizes foreign currency forward contracts to limit its exposure to net asset balances held in non-functional currencies. The Company regularly monitors its foreign currency exchange rate exposures to ensure the overall effectiveness of its foreign currency hedge positions. While the Company engages in foreign currency hedging activity to reduce its risk, for accounting purposes, none of its foreign currency forward contracts are designated as hedges.

Foreign currency forward contracts are carried at fair value, with net realized and unrealized gains and losses recognized in other income (expense), net in the Company's consolidated statements of operations. Cash flows from settlements of foreign currency forward contracts are included in operating activities in the consolidated statements of cash flows. Foreign currency forward contracts in an asset position at the end of the reporting period are included in other current assets, while foreign currency forward contracts in a liability position at the end of the reporting period are included in accrued liabilities in the Company's consolidated balance sheets. At August 31, 2020, the Company had a notional amount of \$12.8 million outstanding in foreign currency forward contracts, which matured in September 2020. Unrealized net gains and losses related to foreign currency forward contracts were

not significant at August 31, 2020 or 2019. Realized net losses related to foreign currency forward contracts were not significant for the fiscal years ended August 31, 2020 and 2019, respectively. Both unrealized and realized net gains and losses are recorded in other income on the Company's consolidated statements of operations.

Earnings per Common Share

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities that are required to be included in the computation of earnings per common share pursuant to the two-class method. Accordingly, the Company's outstanding unvested, if any, and outstanding vested stock-based equity awards that provide such nonforfeitable rights to dividend equivalents are included as participating securities in the calculation of earnings per common share ("EPS") pursuant to the two-class method.

The Company calculates EPS using the two-class method, which provides for an allocation of net income between common stock and other participating securities based on their respective participation rights to share in dividends. Basic EPS is calculated by dividing net income available to common shareholders for the period by the weighted-average number of common shares outstanding during the period. Net income available to common shareholders for the period includes dividends paid to common shareholders during the period plus a proportionate share of undistributed net income allocable to common shareholders for the period; the proportionate share of undistributed net income allocable to common shareholders for the period is based on the proportionate share of total weighted-average common shares and participating securities outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders for the period by the weighted-average number of common shares outstanding during the period increased by the weighted-average number of potentially dilutive common shares (dilutive securities) that were outstanding during the period if the effect is dilutive. Dilutive securities are comprised of various types of stock-based equity awards granted under the Company's prior and current equity incentive plans.

Stock-based Compensation

The Company accounts for stock-based equity awards exchanged for employee and non-employee director services in accordance with the authoritative guidance for share-based payments. Stock-based equity awards are measured at the grant date, based on the estimated fair value of the award, and are recognized as stock-based compensation expense on a straight-line basis over the requisite service period of the entire award, net of the impacts of award forfeitures as they occur. The requisite service period is generally the maximum vesting period of the award. Compensation expense related to the Company's stock-based equity awards is recorded as selling, general and administrative expenses in the Company's consolidated statements of operations.

The Company does not currently grant stock options and the last outstanding stock options were settled in the first quarter of fiscal year 2018. The fair values of restricted stock unit awards and deferred performance unit awards are based on the fair value of the Company's common stock on the date that such awards are granted. The fair value of market share unit awards is determined using a Monte Carlo simulation model. For the deferred performance unit awards, the Company adjusts the compensation expense over the service period based upon the expected achievement level of the applicable performance condition. As the grant date fair value of market share unit awards reflects the probabilities of the actual number of such awards expected to vest, compensation expense for such awards is not adjusted based on the expected achievement level of the applicable performance condition. The Company records any excess tax benefits or deficiencies from settlements of its stock-based equity awards within the provision for income taxes on the Company's consolidated statements of operations in the reporting periods in which the settlement of the equity awards occur.

Segment Information

The Company discloses certain information about its business segments, which are determined consistent with the way the Company's Chief Operating Decision Maker organizes and evaluates financial information internally for making operating decisions and assessing performance. In addition, the Chief Operating Decision Maker assesses and measures revenue based on product groups.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" under ASC 842, which supersedes lease accounting and disclosure requirements in ASC 840. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for leases with fixed payment obligations and terms longer than twelve months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. The Company adopted this new guidance on September 1, 2019 following the optional transition method described in ASU No. 2018-11, "Leases – Targeted

Improvements” which was issued in July 2018, rather than the original modified retrospective approach that required entities to apply the guidance at the beginning of the earliest period presented in the financial statements. Under the optional transition method, entities shall recognize the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained earnings on September 1, 2019. Therefore, the requirements of this guidance only apply for periods presented after the date of adoption and does not affect comparative periods.

Upon adoption, the Company elected practical expedients to: (i) not separate lease components from nonlease components for real estate – office buildings, machinery and equipment, lab equipment, office equipment, furniture and fixtures, and IT equipment; and (ii) exclude leases with an initial term of 12 months or less from the consolidated balance sheets and will recognize related lease payments in the condensed consolidated statements of operations on a straight-line basis over the lease term. The Company did not elect the hindsight practical expedient and also did not elect the package of practical expedients that would allow the Company to retain its conclusions under prior guidance for lease classification and initial direct costs for leases that commenced before the September 1, 2019 implementation date.

During the implementation of this new standard, management was focused principally on, but not limited to, developing a complete inventory of the Company’s lease contracts and the terms and conditions contained within these contracts to appropriately account for them under the new lease model. Additionally, the Company has implemented updates to its accounting policies, business processes, systems and internal controls in support of adopting this new standard. Upon adoption on September 1, 2019, the Company recorded operating lease assets of \$9.0 million and lease liabilities of \$9.2 million in the Company’s consolidated balance sheets. The standard did not have a material impact on the consolidated statements of operations or cash flows. Upon adoption, the cumulative effect of initially applying the guidance was insignificant and therefore no adjustment to the opening balance of retained earnings was made on September 1, 2019. See Note 6 – Leases for additional information and incremental disclosures related to the adoption of this standard.

In March 2020, the FASB issued ASU No. 2020-04, “*Reference Rate Reform*” under ASC 848, intended to provide temporary optional expedients and exceptions to U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. This guidance was effective beginning on March 12, 2020, and the Company may apply the amendments prospectively to contract modifications made or relationships entered into or evaluated through December 31, 2022. The adoption of this guidance did not have an impact on the Company’s consolidated financial statements in the current period, but we will continue to evaluate the impacts of this guidance on future contract modifications.

Recently Issued Accounting Standards

In December 2019, the FASB issued ASU No. 2019-12, “*Simplifying the Accounting for Income Taxes*” under ASC 740, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. This guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within that fiscal year. Early adoption is permitted. The Company is in the process of evaluating the impacts of this guidance on its consolidated financial statements and related disclosures.

Note 3. Inventories

Inventories consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Product held at third-party contract manufacturers	\$ 4,393	\$ 3,175
Raw materials and components	5,034	4,367
Work-in-process	385	257
Finished goods	31,452	32,883
Total	<u>\$ 41,264</u>	<u>\$ 40,682</u>

Note 4. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Machinery, equipment and vehicles	\$ 20,434	\$ 19,356
Buildings and improvements	28,271	17,391
Computer and office equipment	5,420	5,328
Software	9,959	10,189
Furniture and fixtures	2,641	2,039
Capital in progress	21,939	16,747
Land	4,374	3,444
Subtotal	93,038	74,494
Less: accumulated depreciation and amortization	(32,279)	(29,418)
Total	\$ 60,759	\$ 45,076

At August 31, 2019, capital in progress on the balance sheet included £9.0 million Pound Sterling (\$10.9 million in U.S. Dollars as converted at exchange rates as of August 31, 2019) associated with capital costs related to the purchase of the Company's new office building and related land in Milton Keynes, England. Upon completion of the buildout and relocation of employees based in the United Kingdom to this new office building in the first quarter of fiscal year 2020, the Company placed these assets into service and reclassified the amounts recorded in capital in progress to the respective fixed asset categories, which includes amounts attributable to the land. Since all assets associated with this new office building are denominated in Pound Sterling, amounts will fluctuate in U.S. Dollars from period to period due to changes in foreign currency exchange rates.

Note 5. Goodwill and Other Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amounts of goodwill by segment (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2018	\$ 85,449	8,962	1,210	95,621
Translation adjustments	(29)	(245)	-	(274)
Balance as of August 31, 2019	85,420	8,717	1,210	95,347
Translation adjustments	41	343	-	384
Balance as of August 31, 2020	\$ 85,461	\$ 9,060	\$ 1,210	\$ 95,731

During the second quarter of fiscal year 2020, the Company performed its annual goodwill impairment test. The annual goodwill impairment test was performed at the reporting unit level as required by the authoritative guidance as of the Company's most recent goodwill impairment testing date, December 1, 2019. The Company performed a quantitative assessment for each of its reporting units to determine whether the fair value of any of the reporting units were less than their carrying amounts. The Company determined the fair value of its reporting units in the analysis by following the income approach which uses a discounted cash flow methodology. When using the discounted cash flow methodology, the fair value of each of the reporting units is based on the present value of the estimated future cash flows of each of the respective reporting units. The discounted cash flow methodology also requires management to make assumptions about certain key inputs in the estimated cash flows, including long-term sales forecasts or growth rates, terminal growth rates and discount rates, all of which are inherently uncertain. The Company determined that a discount rate of 7% and a terminal growth rate of 2% was appropriate to use in the analysis for all of its reporting units. The forecast of future cash flows was based on historical data and management's best estimates of sales growth rates and operating margins for each reporting unit for the next five fiscal years. The discount rate used was based on the current weighted-average cost of capital for the Company. As these assumptions are largely unobservable, the estimate of fair value analysis falls within Level 3 of the fair value hierarchy. Based on the results of the quantitative analysis, the Company determined that the estimated fair value of each of its reporting units significantly exceeded their respective carrying values. As a result, the Company concluded that no impairment of its goodwill existed as of December 1, 2019. The estimated fair value of each of the Company's reporting units exceeded their respective carrying values so significantly that an impairment charge to the Company's goodwill balances is remote, even in the event that the impacts of the novel coronavirus ("COVID-19") pandemic significantly lower results in future periods. As a result, the Company concluded that there were no indicators of impairment

identified as a result of the Company's review of events and circumstances related to its goodwill subsequent to December 1, 2019 through August 31, 2020. To date, there have been no impairment losses identified and recorded related to the Company's goodwill.

Definite-lived Intangible Assets

The Company's definite-lived intangible assets, which include the 2000 Flushes, Spot Shot, Carpet Fresh, 1001, EZ REACH and GT85 trade names, the Belgium customer list, the GT85 customer relationships and the GT85 technology are included in other intangible assets, net in the Company's consolidated balance sheets. The following table summarizes the definite-lived intangible assets and the related accumulated amortization (in thousands):

	August 31, 2020	August 31, 2019
Gross carrying amount	\$ 36,363	\$ 35,531
Accumulated amortization	(27,730)	(24,879)
Net carrying amount	<u>\$ 8,633</u>	<u>\$ 10,652</u>

There has been no impairment charge for the period ended August 31, 2020 as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets. The Company's review of events and circumstances included consideration of the ongoing COVID-19 pandemic.

Changes in the carrying amounts of definite-lived intangible assets by segment are summarized below (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2018	\$ 10,644	2,869	-	\$ 13,513
Amortization expense	(2,243)	(463)	-	(2,706)
Translation adjustments	-	(155)	-	(155)
Balance as of August 31, 2019	8,401	2,251	-	10,652
Amortization expense	(1,848)	(363)	-	(2,211)
Translation adjustments	-	192	-	192
Balance as of August 31, 2020	<u>\$ 6,553</u>	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ 8,633</u>

The estimated amortization expense for the Company's definite-lived intangible assets in future fiscal years is as follows (in thousands):

	Trade Names	Customer-Based
Fiscal year 2021	\$ 1,271	\$ 170
Fiscal year 2022	1,271	170
Fiscal year 2023	1,025	-
Fiscal year 2024	1,019	-
Fiscal year 2025	941	-
Thereafter	2,766	-
Total	<u>\$ 8,293</u>	<u>\$ 340</u>

Included in the total estimated future amortization expense is the amortization expense for the 1001 trade name and the GT85 intangible assets, which are based on current foreign currency exchange rates, and as a result amounts in future periods may differ from those presented due to fluctuations in those rates.

Note 6. Leases

The Company leases real estate for its regional sales offices, a research and development facility, and offices located at its international subsidiaries and branch locations. In addition, the Company leases an automobile fleet in the United States. The Company has also identified warehouse leases within certain third-party distribution center service contracts. All other leases are insignificant to the Company's consolidated financial statements. To determine if a contract contains a lease, the Company assesses its contracts and determines if there is an identified asset for which the Company has obtained the right to control, as defined in ASC 842.

The Company records right-of-use assets and lease liabilities on its consolidated balance sheets for leases with an expected term greater than one year. The lease term includes the committed lease term, also taking into account early termination and renewal options that management is reasonably certain to exercise. For leases that do not have a readily determinable implicit rate, the Company uses its estimated secured incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. The Company's estimated secured incremental borrowing rate is determined using a portfolio approach based on the rate of interest the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses the unsecured borrowing rate and risk-adjusts that rate to approximate a collateralized rate in the currency of the lease. As of August 31, 2020, finance leases were not significant and all leases recorded on the Company's consolidated balance sheets were operating leases. Residual value guarantees, restrictions, covenants, sublease income, net gains or losses from sale and leaseback transactions, and transactions with related parties associated with leases are also not significant. The Company has made the accounting policy election to use certain ongoing practical expedients made available by ASC 842 to: (i) not separate lease components from nonlease components for real estate – office buildings, machinery and equipment, lab equipment, office equipment, furniture and fixtures, and IT equipment; and (ii) exclude leases with an initial term of 12 months or less ("short-term" leases) from the consolidated balance sheets and will recognize related lease payments in the consolidated statements of operations on a straight-line basis over the lease term. However, the Company had no significant short-term leases as of August 31, 2020.

Upon adoption of ASC 842 on September 1, 2019, the Company recorded operating lease assets of \$9.0 million and lease liabilities of \$9.2 million in the Company's consolidated balance sheets. The adoption of this standard did not have a material impact on retained earnings, the consolidated statements of operations or cash flows. The Company obtained no significant additional right-of-use assets in exchange for lease obligations during the fiscal year ended August 31, 2020.

The Company recorded \$2.0 million in lease expense during the fiscal year ended August 31, 2020. This lease expense was included in selling, general and administrative expenses. An insignificant amount of lease expense was classified within cost of products sold for the fiscal year ended August 31, 2020. During the fiscal year ended August 31, 2020, the Company paid cash of \$1.9 million related to lease liabilities. Variable lease expense under the Company's lease agreements was not significant for the fiscal year ended August 31, 2020. As of August 31, 2020, the weighted-average remaining lease term was 6.8 years and the weighted-average discount rate was 3.1% for the Company's operating leases. There were no leases that had not yet commenced as of August 31, 2020 that will create additional significant rights and obligations for the Company.

Right-of-use assets and lease liabilities consisted of the following (in thousands):

	<u>August 31, 2020</u>
Assets:	
Operating lease right-of-use assets	\$ 8,168
Liabilities:	
Current operating lease liabilities ⁽¹⁾	1,840
Long-term operating lease liabilities	6,520
Total operating lease liabilities	<u>\$ 8,360</u>

(1) Current operating lease liabilities are classified in accrued liabilities on the Company's condensed consolidated balance sheet.

The Company's maturities of its operating lease liabilities, including early termination and renewal options that management is reasonably certain to exercise, are as follows as of August 31, 2020 (in thousands):

	Operating Leases
Fiscal year 2021	2,073
Fiscal year 2022	1,610
Fiscal year 2023	1,257
Fiscal year 2024	1,151
Fiscal year 2025	890
Thereafter	2,421
Total undiscounted future cash flows	\$ 9,402
Less: Interest	(1,042)
Present value of lease liabilities	<u>\$ 8,360</u>

Future fiscal year minimum payments under non-cancelable operating leases in accordance with ASC 840 as of August 31, 2019 are as follows (in thousands):

	Operating Leases
Fiscal year 2020	\$ 1,988
Fiscal year 2021	1,470
Fiscal year 2022	827
Fiscal year 2023	348
Fiscal year 2024	975
Thereafter	932
Total undiscounted future cash flows	<u>\$ 6,540</u>

Note 7. Accrued and Other Liabilities

Accrued liabilities consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Accrued advertising and sales promotion expenses	\$ 10,787	\$ 10,438
Accrued professional services fees	1,761	1,744
Accrued sales taxes and other taxes	1,751	1,418
Short-term operating lease liability	1,840	-
Other ⁽¹⁾	5,521	4,913
Total	<u>\$ 21,660</u>	<u>\$ 18,513</u>

- (1) At August 31, 2019, other accrued liabilities on the balance sheet included £1.4 million Pound Sterling (\$1.7 million in U.S. Dollars as converted at exchange rates as of August 31, 2019) associated with capital costs related to buildout costs of the Company's new office building in Milton Keynes, England. This new office building houses employees of the Company's EMEA segment that are based in the United Kingdom.

Accrued payroll and related expenses consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Accrued incentive compensation	\$ 5,702	\$ 7,259
Accrued payroll	4,396	3,454
Accrued profit sharing	2,726	2,503
Accrued payroll taxes	1,446	1,566
Other	497	519
Total	<u>\$ 14,767</u>	<u>\$ 15,301</u>

Note 8. Debt

As of August 31, 2020, the Company held borrowings under two separate agreements as detailed below.

Note Purchase and Private Shelf Agreement

On November 15, 2017, the Company entered into the Note Purchase and Private Shelf Agreement (the “Note Agreement”) by and among the Company, PGIM, Inc. (“Prudential”), and certain affiliates and managed accounts of Prudential (the “Note Purchasers”), pursuant to which the Company agreed to sell \$20.0 million aggregate principal amount of senior notes (the “Series A Notes”) to certain of the Note Purchasers. Since November 15, 2017, this note agreement has been amended two times, most recently on March 16, 2020 (the “Second Amendment”). The Second Amendment amended the Note Agreement to permit the Company (inclusive of its subsidiaries) to enter into an amended and restated credit agreement with Bank of America N.A. (“Bank of America”). In addition, the Second Amendment includes certain conforming amendments to the Note Agreement consistent with the Company’s credit agreement with Bank of America, including a schedule of permitted consolidated capital expenditures and related carryforward provisions for unused portions each fiscal year.

The Series A Notes bear interest at 3.39% per annum and will mature on November 15, 2032, unless earlier paid by the Company. Principal payments are required semi-annually in May and November of each year in equal installments of \$0.4 million through May 15, 2032, and the remaining outstanding principal in the amount of \$8.4 million will become due on November 15, 2032. Interest is also payable semi-annually in May and November of each year. During the fiscal year ended August 31, 2020, the Company repaid \$0.8 million in principal on the Series A Notes pursuant to its semi-annual principal payment requirements.

Pursuant to the Note Agreement, the Company may from time to time offer for sale, in one or a series of transactions, additional senior notes of the Company (the “Shelf Notes”) in an aggregate principal amount of up to \$105.0 million. The Shelf Notes will have a maturity date of no more than 15.5 years after the date of original issuance and may be issued no later than November 15, 2020. The Shelf Notes, if issued, would bear interest at a rate per annum as agreed upon amongst the Company and the purchasing parties and would have such other particular terms, as would be set forth in a confirmation of acceptance executed by the purchasing parties prior to the closing of each purchase and sale transaction. As of August 31, 2020, the Company had not issued Shelf Notes. Pursuant to the Note Agreement, the Series A Notes and any Shelf Notes (collectively, the “Notes”) can be prepaid at the Company’s sole discretion, in whole at any time or in part from time to time, at 100% of the principal amount of the Notes being prepaid, together with accrued and unpaid interest thereon as well as an additional make-whole payment with respect to such Notes. On September 30, 2020, the Company entered into an amendment to the Note Agreement and issued \$52.0 million in Shelf Notes. See Note 18 – Subsequent Events for additional information on this agreement.

Credit Agreement

On March 16, 2020, the Company entered into an Amended and Restated Credit Agreement (the “Credit Agreement”) with Bank of America. The Credit Agreement modified the Company’s previously existing agreement dated June 17, 2011 (as amended on January 7, 2013, May 13, 2015, November 16, 2015, September 1, 2016, November 15, 2017, February 23, 2018 and January 22, 2019). The Credit Agreement increased the revolving commitment from \$100.0 million to \$150.0 million and increased the sublimit for the revolving commitment for borrowing by WD-40 Company Limited, a wholly owned operating subsidiary of the Company for Europe, the Middle East, Africa and India, from \$50.0 million to \$100.0 million. In addition to other non-material and technical amendments, the Credit Agreement also modified certain restrictive covenants. The Credit Agreement also includes a new schedule of permitted consolidated capital expenditures to permit the Company to make contemplated capital investments in the current and future fiscal years of up to \$30.5 million in fiscal year 2020, \$19.0 million in fiscal year 2021, and \$15.0 million for fiscal years 2022, 2023, 2024 and 2025. The Credit Agreement also increased the carryforward from one fiscal year

to the next fiscal year of unused Permitted Consolidated Capital Expenditures from \$2.5 million to \$5.0 million. The new maturity date for the revolving credit facility per the Credit Agreement is March 16, 2025.

Per the terms of the Credit Agreement, the aggregate amount of the Company's capital stock that it may repurchase may not exceed \$150.0 million during the period from January 22, 2019 to the maturity date of the agreement so long as no default exists immediately prior and after giving effect thereto. In addition, the Company may not declare or pay cash dividends in the current fiscal quarter that, when added to dividends paid in the prior three fiscal quarters, will exceed 75% of the Company's consolidated net income for the then most recently ended four quarters for which financial statements are delivered to Bank of America as required by the Credit Agreement (the "Dividend Covenant"). The Company's Note Agreement with Prudential also has a conforming dividend covenant with identical terms. On April 8, 2020, the Company signed letters from Bank and America and Prudential acknowledging an agreement between the Company and both lenders to permit the Company to add back to its net income for the quarter ended August 31, 2019 a one-time, non-cash charge for an uncertain tax position associated with the Tax Cuts and Jobs Act "toll tax" in the amount of \$8.7 million solely for the purpose of the Dividend Covenant.

The Credit Agreement also features an autoborrow agreement providing for the automatic advance of revolving loans in U.S. Dollars to the Company's designated account at Bank of America. Per the terms of the Credit Agreement, the Company's outstanding balance on the autoborrow agreement cannot exceed an aggregate amount of \$30.0 million. Since the autoborrow feature provides for borrowings to be made and repaid by the Company on a daily basis, any such borrowings made under an active autoborrow agreement are classified as short-term on the Company's consolidated balance sheets. The Company had no outstanding balance under the autoborrow agreement as of August 31, 2020.

The Company assesses its ability and intent to refinance the outstanding draws on the line of credit at the end of each reporting period in order to determine the proper balance sheet classification for amounts outstanding on the line of credit. The Company has the ability to refinance any draw under the line of credit with successive short-term borrowings through the March 16, 2025 maturity date. Outstanding draws for which management has both the ability and intent to refinance with successive short-term borrowings for a period of at least twelve months are classified as long-term. During the first three quarters of fiscal year 2020, the Company repaid \$5.0 million in short-term borrowings outstanding under the line of credit and drew an additional \$90.0 million in U.S. Dollars, which included an \$80.0 million draw in U.S. Dollars in March 2020 in response to the COVID-19 pandemic. Although the Company did not have any anticipated need for this additional liquidity, the Company decided to draw this additional amount to ensure future liquidity given the recent significant impact on global financial markets and the economy as a result of the COVID-19 pandemic. The Company repaid \$55.0 million of these outstanding draws in the fourth quarter of fiscal year 2020 in anticipation of the changes that it made to its debt structure in September 2020 to include more long-term debt. See Note 18 – Subsequent Events for additional information. The Company maintains a balance of outstanding draws in U.S. Dollars in the Americas segment, as well as in Euros and Pound Sterling in the EMEA segment. Euro and Pound Sterling denominated draws will fluctuate in U.S. Dollars from period to period due to changes in foreign currency exchange rates. As of August 31, 2020, the Company had a balance of \$95.9 million of outstanding draws on the line of credit. Based on the Company's ability and intent assessment as well as considerations related to debt structure changes and refinancing discussed in detail in Note 18 – Subsequent Events, the Company has classified this entire amount as long-term as of August 31, 2020.

Short-term and long-term borrowings consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Short-term borrowings:		
Revolving credit facility, short-term	\$ -	\$ 20,000
Revolving credit facility, autoborrow feature	-	405
Series A Notes, current portion of long-term debt	800	800
Total short-term borrowings	800	21,205
Long-term borrowings:		
Revolving credit facility	95,898	42,221
Series A Notes	17,200	18,000
Total long-term borrowings	113,098	60,221
Total	\$ 113,898	\$ 81,426

Both the Note Agreement and the Credit Agreement contain representations, warranties, events of default and remedies, as well as affirmative, negative and other financial covenants customary for these types of agreements. These covenants include, among other things, certain limitations on the ability of the Company and its subsidiaries to incur indebtedness, create liens, dispose of assets, make investments, declare, make or incur obligations to make certain restricted payments, including the payment of dividends and payments for the repurchase shares of the Company's capital stock and enter into certain merger or consolidation transactions. Each agreement also includes a most favored lender provision which requires that any time any other lender has the benefit of one or more financial or operational covenants that is different than, or similar to, but more restrictive than those contained in its own agreement, those covenants shall be immediately and automatically incorporated by reference in the other lender's agreement. The Credit Agreement includes, among other limitations on indebtedness, a \$35.0 million limit on other unsecured indebtedness, including indebtedness incurred under the Series A Notes and any Shelf Notes to be offered for sale under the Note Agreement.

Both the Note Agreement and the Credit Agreement require the Company to adhere to the same financial covenants. For the financial covenants, the definition of consolidated EBITDA includes the add back of non-cash stock-based compensation to consolidated net income when arriving at consolidated EBITDA. The terms of the financial covenants are as follows:

- The consolidated leverage ratio cannot be greater than three to one. The consolidated leverage ratio means, as of any date of determination, the ratio of (a) consolidated funded indebtedness as of such date to (b) consolidated EBITDA for the most recently completed four fiscal quarters.
- The consolidated interest coverage ratio cannot be less than three to one. The consolidated interest coverage ratio means, as of any date of determination, the ratio of (a) consolidated EBITDA for the most recently completed four fiscal quarters to (b) consolidated interest charges for the most recently completed four fiscal quarters.

As of August 31, 2020, the Company was in compliance with all debt covenants under both the Note Agreement and the Credit Agreement.

On September 30, 2020, the Company entered into the first amendment to the Credit agreement and a third amendment to the Note Agreement. See Note 18 – Subsequent Events for additional information on these agreements.

Note 9. Share Repurchase Plans

On June 19, 2018, the Company's Board of Directors approved a share buy-back plan. Under the plan, which became effective on September 1, 2018 and remained in effect through August 31, 2020, the Company was authorized to acquire up to \$75.0 million of its outstanding shares on terms and conditions that were acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations thereto. During the period from September 1, 2018 through August 31, 2020, the Company repurchased 268,538 shares at a total cost of \$46.4 million under this \$75.0 million plan. During fiscal year 2020, the Company repurchased 92,583 shares at an average price of \$181.71 per share, for a total cost of \$16.8 million under this \$75.0 million plan. On April 8, 2020, the Company elected to temporarily suspend repurchases under this share buy-back plan which expired on August 31, 2020. The Company made this election in order to preserve cash while it continued to monitor the impacts of the COVID-19 pandemic. Therefore, no repurchase transactions were made between April 8, 2020 and August 31, 2020.

Note 10. Earnings per Common Share

The table below reconciles net income to net income available to common shareholders (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Net income	\$ 60,710	\$ 55,908	\$ 65,215
Less: Net income allocated to participating securities	(294)	(333)	(423)
Net income available to common shareholders	<u>\$ 60,416</u>	<u>\$ 55,575</u>	<u>\$ 64,792</u>

The table below summarizes the weighted-average number of common shares outstanding included in the calculation of basic and diluted EPS (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Weighted-average common shares outstanding, basic	13,691	13,799	13,929
Weighted-average dilutive securities	28	31	33
Weighted-average common shares outstanding, diluted	13,719	13,830	13,962

For the fiscal years ended August 31, 2020 and 2019, weighted-average stock-based equity awards outstanding that are non-participating securities in the amount of 6,172 and 1,082, respectively, were excluded from the calculation of diluted EPS under the treasury stock method as they were anti-dilutive. There were no anti-dilutive stock-based equity awards outstanding for the fiscal year ended August 31, 2018.

Note 11. Revenue Recognition

The following paragraphs detail the Company's revenue recognition policies and provide additional information used in its determination of net sales and contract balances under ASC 606.

Revenue Recognition

The Company generates revenue from sales of its products to customers in its Americas, EMEA and Asia-Pacific segments. Product sales for the Company include maintenance products and homecare and cleaning products. The Company recognizes revenue related to the sale of these products when it satisfies a performance obligation in an amount reflecting the consideration to which it expects to be entitled. Sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts. The Company applies a five-step approach in determining the amount and timing of revenue to be recognized which includes the following: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied.

Contracts with customers are renewable periodically and contain terms and conditions with respect to payment, delivery, sales incentives, warranty and supply, but do not require mandatory purchase commitments. In the absence of a specific sales agreement with a customer, the Company's standard terms and conditions at the time of acceptance of purchase orders apply to the sales transaction. The Company's standard terms and conditions are either included in a standalone document or on the Company's price lists or both, and these standard terms and conditions are provided to the customer prior to the sales transaction. The Company considers the customer purchase orders, governed by specific sales agreements or the Company's standard terms and conditions, to be the contract with the customer. The Company considers each transaction to sell products as separate and distinct, with no additional promises made, and as a result, all of the Company's sales are single performance obligation arrangements for which the transaction price is equivalent to the stated price of the product, net of any variable consideration for items such as sales returns, discounts, rebates and other sales incentives. The Company recognizes sales at a point in time upon transferring control of its product to the customer. This typically occurs when products are shipped or delivered, depending on when risks of loss and title have passed to the customer per the terms of the contract.

Taxes imposed by governmental authorities on the Company's revenue, such as sales taxes and value added taxes, are excluded from net sales. Sales commissions are paid to certain third-parties based upon specific sales levels achieved during a defined time period. Since the Company's contracts related to these sales commissions do not exceed one year, the Company has elected as a practical expedient to expense these payments as incurred. The Company also elected the practical expedient related to shipping and handling fees which allows the Company to account for freight costs as fulfillment activities instead of assessing such activities as performance obligations. The Company's freight costs are sometimes paid by the customer, while other times, the freight costs are included in the sales price. The Company does not account for freight costs as a separate performance obligation, but rather as an activity performed to transfer the products to its customers.

Variable Consideration - Sales Incentives

In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment related to variable consideration to determine the net consideration to which the Company expects to be entitled. The Company records estimates of variable consideration, which primarily includes rebates/other discounts (cooperative marketing programs, volume-based discounts, shelf price reductions and allowances for shelf space, charges from customers for services they provided to us related to the sale and penalties/fines charged to us by customers associated with failing to adhere to contractual obligations), , coupon offers, cash discount allowances, and sales returns, as a reduction of sales in its consolidated statements of operations.

These estimates are based on the expected value method considering all reasonably available information, including current and past trade promotion spending patterns, status of trade promotion activities, the interpretation of historical spending trends by customer and category, customer agreements and/or currently known factors that arise in the normal course of business. The Company reviews its assumptions and adjusts these estimates accordingly on a quarterly basis.

Rebates/Other Discounts — The Company offers various on-going trade promotion programs with customers and provides other discounts to customers that require management to estimate and accrue for the expected costs of such programs or discounts. These programs include cooperative marketing, volume-based discounts, shelf price reductions, consideration and allowances given to retailers for shelf space and/or favorable display positions in their stores and other promotional activities. Other discounts include items such as charges from customers for services they provide related to the sale of WD-40 Company products and penalties/fees associated with WD-40 Company failing to adhere to contractual obligations (e.g., errors on purchase orders, errors on shipment, late deliveries, etc.). Costs related to rebates, cooperative advertising and other promotional activities and other discounts are recorded as a reduction to sales upon delivery of the Company's products to its customers. The Company had a \$7.5 million balance in rebate/other discount liabilities as of both August 31, 2020 and 2019, which are included in accrued liabilities on the Company's consolidated balance sheets. The Company recorded approximately \$20.7 million and \$18.2 million in rebates/other discounts as a reduction to sales during fiscal years 2020 and 2019, respectively.

Coupons — Coupon costs are based upon historical redemption rates and are recorded as a reduction to sales as incurred, which is when the coupons are circulated. Coupon redemption liabilities, which are included in accrued liabilities on the Company's consolidated balance sheets, were not significant at August 31, 2020 and 2019. Coupons recorded as a reduction to sales were not significant during fiscal years 2020 and 2019, respectively.

Cash discounts — The Company offers certain of its customers a cash discount program to incentivize them to pay the invoice earlier than the normal payment date on the invoice. Although payment terms vary, most customers typically pay within 30 to 90 days of invoicing. The Company had \$0.5 million balance in the allowance for cash discounts at both August 31, 2020 and 2019. The Company recorded approximately \$4.4 million and \$4.2 million in cash discounts as a reduction to sales during fiscal year 2020 and 2019, respectively.

Sales returns — The Company recognizes revenue net of allowances for estimated returns, which is based on historical return rates, with a corresponding reduction to cost of products sold. Although the Company typically does not have definitive sales return provisions included in the contract terms with its customers, when such provisions have been included, they have not been significant. Under the current revenue accounting standard, ASC 606, the Company is now required to present its provision for sales returns on a gross basis as a liability. The Company's refund liability for sales returns is included in accrued liabilities and represents the amount expected to be owed to the customers for product returns. The Company's refund liability for sales returns was not significant at August 31, 2020 and 2019. The Company now also records an asset for the value of inventory that represents the right to recover products from customers associated with sales returns. The value of this inventory is recorded to other current assets and the balance in this account associated with product returns was not significant at August 31, 2020 and August 31, 2019.

Disaggregation of Revenue

The Company's revenue is presented on a disaggregated basis in Note 17 – Business Segments and Foreign Operations included in this report. The Company discloses certain information about its business segments, which are determined consistent with the way the Company's Chief Operating Decision Maker organizes and evaluates financial information internally for making operating decisions and assessing performance. The Chief Operating Decision Maker assesses and measures revenue based on geographic area and product groups.

Contract Balances

Contract liabilities consist of deferred revenue related to undelivered products. Deferred revenue is recorded when payments have been received from customers for undelivered products. Revenue is subsequently recognized when revenue recognition criteria are met, generally when control of the product transfers to the customer. The Company had contract liabilities of \$1.4 million and \$0.3 million as of August 31, 2020 and 2019, respectively. All of the \$0.3 million that was included in contract liabilities as of August 31, 2019 was recognized to revenue during fiscal year 2020. These contract liabilities are recorded in accrued liabilities on the Company's consolidated balance sheets. The Company did not have any contract assets as of August 31, 2020 and August 31, 2019.

Note 12. Related Parties

On October 11, 2011, the Company's Board of Directors elected Mr. Gregory A. Sandfort as a director of WD-40 Company. Mr. Sandfort is the Chief Executive Officer of Tractor Supply Company ("Tractor Supply"), which is a WD-40 Company customer that acquires products from the Company in the ordinary course of business, until January 13, 2020 when he retired as Chief Executive Officer. Since Mr. Sandfort served as an executive officer of Tractor Supply during the Company's first two quarters of fiscal year 2020, Tractor Supply is treated as a related party to the Company through January 13, 2020.

The consolidated financial statements include sales to Tractor Supply of \$0.9 million and \$1.9 million for fiscal years 2020 and 2019, respectively. Accounts receivable from Tractor Supply were not significant at both August 31, 2020 and August 31, 2019.

Note 13. Commitments and Contingencies

Purchase Commitments

The Company has ongoing relationships with various suppliers (contract manufacturers) who manufacture the Company's products. The contract manufacturers maintain title and control of certain raw materials and components, materials utilized in finished products, and of the finished products themselves until shipment to the Company's customers or third-party distribution centers in accordance with agreed upon shipment terms. Although the Company has definitive minimum purchase obligations included in the contract terms with certain of its contract manufacturers, when such obligations have been included, they have either been immaterial or the minimum amounts have been such that they are well below the volume of goods that the Company has historically purchased. In the ordinary course of business, supply needs are communicated by the Company to its contract manufacturers based on orders and short-term projections, ranging from two to six months. The Company is committed to purchase the products produced by the contract manufacturers based on the projections provided.

Upon the termination of contracts with contract manufacturers, the Company obtains certain inventory control rights and is obligated to work with the contract manufacturer to sell through all product held by or manufactured by the contract manufacturer on behalf of the Company during the termination notification period. If any inventory remains at the contract manufacturer at the termination date, the Company is obligated to purchase such inventory which may include raw materials, components and finished goods. The amounts for inventory purchased under termination commitments have been immaterial.

In addition to the commitments to purchase products from contract manufacturers described above, the Company may also enter into commitments with other manufacturers to purchase finished goods and components to support innovation and renovation initiatives and/or supply chain initiatives. As of August 31, 2020, no such commitments were outstanding.

Litigation

From time to time, the Company is subject to various claims, lawsuits, investigations and proceedings arising in the ordinary course of business, including but not limited to, product liability litigation and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters. As of August 31, 2020, there were no unasserted claims or pending proceedings for claims against the Company that the Company believes will result in a probable loss for the Company and, as to claims that the Company believes may result in a reasonably possible loss, the Company believes that no reasonably possible outcome of any such claim will have a materially adverse impact on the Company's financial condition, results of operations or cash flows.

Indemnifications

As permitted under Delaware law, the Company has agreements whereby it indemnifies senior officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company maintains Director and Officer insurance coverage that mitigates the Company's exposure with respect to such obligations. As a result of the Company's insurance coverage, management believes that the estimated fair value of these indemnification agreements is minimal. Thus, no liabilities have been recorded for these agreements as of August 31, 2020.

From time to time, the Company enters into indemnification agreements with certain contractual parties in the ordinary course of business, including agreements with lenders, lessors, contract manufacturers, marketing distributors, customers and certain vendors. All such indemnification agreements are entered into in the context of the particular agreements and are provided in an attempt to properly allocate risk of loss in connection with the consummation of the underlying contractual arrangements. Although the maximum amount of future payments that the Company could be required to make under these indemnification agreements is unlimited, management believes that the Company maintains adequate levels of insurance coverage to protect the Company with respect to most potential claims arising from such agreements and that such agreements do not otherwise have value separate and apart from the liabilities incurred in the ordinary course of the Company's business. Thus, no liabilities have been recorded with respect to such indemnification agreements as of August 31, 2020.

Note 14. Income Taxes

Income before income taxes consisted of the following (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
United States	\$ 43,000	\$ 47,962	\$ 42,634
Foreign ⁽¹⁾	32,515	32,808	32,544
Income before income taxes	<u>\$ 75,515</u>	<u>\$ 80,770</u>	<u>\$ 75,178</u>

(1) Included in these amounts are income before income taxes for the EMEA segment of \$27.0 million, \$26.6 million and \$27.4 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively.

The provision for income taxes consisted of the following (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Current:			
Federal	\$ 7,267	\$ 15,591	\$ 10,100
State	822	800	651
Foreign	7,139	7,679	6,750
Total current	<u>15,228</u>	<u>24,070</u>	<u>17,501</u>
Deferred:			
United States	(619)	843	(7,496)
Foreign	196	(51)	(42)
Total deferred	<u>(423)</u>	<u>792</u>	<u>(7,538)</u>
Provision for income taxes	<u>\$ 14,805</u>	<u>\$ 24,862</u>	<u>\$ 9,963</u>

Deferred tax assets and deferred tax liabilities consisted of the following (in thousands):

	August 31, 2020	August 31, 2019
Deferred tax assets:		
Accrued payroll and related expenses	\$ 891	\$ 794
Accounts receivable	267	325
Reserves and accruals	1,079	1,145
Stock-based compensation expense	2,162	1,990
Lease Accounting	828	-
Uniform capitalization	954	1,084
Tax credit carryforwards	3,374	2,827
Other	1,170	1,034
Total gross deferred tax assets	10,725	9,199
Valuation allowance	(3,442)	(2,827)
Total net deferred tax assets	7,283	6,372
Deferred tax liabilities:		
Property and equipment, net	(1,515)	(1,609)
Amortization of tax goodwill and intangible assets	(15,205)	(15,373)
Lease Accounting	(808)	-
Other	(582)	(675)
Total deferred tax liabilities	(18,110)	(17,657)
Net deferred tax liabilities	\$ (10,827)	\$ (11,285)

The Company had state net operating loss (“NOL”) carryforwards of \$3.9 million and \$4.8 million as of August 31, 2020 and 2019, respectively, which generated a net deferred tax asset of \$0.3 million and \$0.2 million as of August 31, 2020 and 2019, respectively. The state NOL carryforwards, if unused, will expire between fiscal year 2021 and 2040. The Company also had tax credit carryforwards of \$3.4 million and \$2.8 million as of August 31, 2020 and 2019, respectively, of which \$3.2 million and \$2.6 million, respectively, is attributable to U.K. tax credit carryforwards, which do not expire. Future utilization of the U.K. tax credit carryforwards and certain state credit carryforwards is uncertain and is dependent upon several factors that may not occur, including the generation of future taxable income in certain jurisdictions. At this time, management cannot conclude that it is “more likely than not” that the related deferred tax assets will be realized. Accordingly, a full valuation allowance has been recorded against the related deferred tax asset associated with the U.K. tax credit carryforwards and certain state carryforwards.

A reconciliation of the statutory federal income tax rate to the Company’s effective tax rate is as follows (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Amount computed at U.S. statutory federal tax rate	\$ 15,858	\$ 16,962	\$ 19,298
State income taxes, net of federal tax benefits	853	963	453
Effect of foreign operations	297	318	(1,412)
Benefit from qualified domestic production deduction	-	-	(1,121)
Net benefit from GILTI/FDII	(1,582)	(1,404)	-
Tax Cuts and Jobs Act:			
Remeasurement of deferred income taxes	-	-	(6,762)
Toll tax, net of foreign tax credits	-	8,665	(282)
Benefit from stock compensation	(1,129)	(1,107)	(725)
Other	508	465	514
Provision for income taxes	\$ 14,805	\$ 24,862	\$ 9,963

The provision for income taxes was 19.6% and 30.8% of income before income taxes for the fiscal years ended August 31, 2020 and 2019, respectively. The decrease in the effective income tax rate from period to period was primarily due to the one-time uncertain tax position in the amount of \$8.7 million associated with the Tax Cuts and Jobs Act mandatory one-time “toll tax” on unremitted foreign earnings that was recorded in the fourth quarter of fiscal year 2019. This resulted in a significantly higher fiscal year 2019 effective income tax rate compared to fiscal year 2020. In the fourth quarter of fiscal year 2020, the U.S. Treasury released regulations related to a High-Tax Exception for those jurisdictions subject to the Global Intangible Low Taxed Income (“GILTI”) tax. These newly released regulations resulted in an immaterial favorable impact to the fiscal year 2020 tax provision.

Reconciliations of the beginning and ending amounts of the Company’s gross unrecognized tax benefits, excluding interest and penalties, are as follows (in thousands):

	Fiscal Year Ended August 31,	
	2020	2019
Unrecognized tax benefits - beginning of fiscal year	\$ 9,384	\$ 1,038
Net increases (decreases) - prior period tax positions	-	8,301
Net increases - current period tax positions	230	210
Expirations of statute of limitations for assessment	(262)	(165)
Settlements	-	-
Unrecognized tax benefits - end of fiscal year	<u>\$ 9,352</u>	<u>\$ 9,384</u>

Gross unrecognized tax benefits totaled \$9.4 million for both the fiscal years ended August 31, 2020 and 2019, of which \$9.2 million in both fiscal years would affect the Company’s effective income tax rate if recognized. Interest and penalties related to uncertain tax positions included in tax expense was \$0.5 million and \$0.4 million for fiscal year ending August 31, 2020 and 2019, respectively, primarily related to the toll tax liability reserve. The total balance of accrued interest and penalties related to uncertain tax positions was \$1.0 million and \$0.5 million for the fiscal years ended August 31, 2020 and 2019, respectively.

The Company is subject to taxation in the U.S. and in various state and foreign jurisdictions. Due to expired statutes and closed audits, the Company’s federal income tax returns for years prior to fiscal year 2017 are not subject to examination by the U.S. Internal Revenue Service. The Company is currently under audit in various state jurisdictions for fiscal years 2016 through 2019. Generally, for the majority of state and foreign jurisdictions where the Company does business, periods prior to fiscal year 2016 are no longer subject to examination. The Company has estimated that up to \$0.4 million of unrecognized tax benefits related to income tax positions may be affected by the resolution of tax examinations or expiring statutes of limitation within the next twelve months. Audit outcomes and the timing of settlements are subject to significant uncertainty.

Note 15. Stock-based Compensation

As of August 31, 2020, the Company had one stock incentive plan, the WD-40 Company 2016 Stock Incentive Plan (“2016 Plan”), which was approved by the Company’s shareholders effective as of December 13, 2016. The 2016 Plan permits the granting of various stock-based equity awards, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other stock-based awards to employees, directors and consultants. To date through August 31, 2020, the Company had granted awards of restricted stock units (“RSUs”), market share units (“MSUs”) and deferred performance units (“DPUs”) under the 2016 Plan. Additionally, as of August 31, 2020, there were still outstanding RSUs, MSUs and DPUs which had been granted under the Company’s prior equity incentive plan. The 2016 Plan is administered by the Board of Directors (the “Board”) or the Compensation Committee or other designated committee of the Board (the “Committee”). All stock-based equity awards granted under the 2016 Plan are subject to the specific terms and conditions as determined by the Committee at the time of grant of such awards in accordance with the various terms and conditions specified for each award type per the 2016 Plan. The total number of shares of common stock authorized for issuance pursuant to grants of awards under the 2016 Plan is 1,000,000. As of August 31, 2020, 627,742 shares of common stock remained available for future issuance pursuant to grants of awards under the 2016 Plan. The shares of common stock to be issued pursuant to awards under the 2016 Plan may be authorized shares not previously issued, or treasury shares. The Company has historically issued new authorized shares not previously issued upon the settlement of the various stock-based equity awards under its equity incentive plans.

Vesting of the RSUs granted to directors is immediate, with shares to be issued pursuant to the vested RSUs upon termination of each director’s service as a director of the Company. Vesting of the one-time grant of RSUs granted to certain key executives of the Company in March 2008 in settlement of these key executives’ benefits under the Company’s supplemental employee retirement plan agreements was over a period of three years from the date of grant, with shares to be issued pursuant to the vested RSUs six months following the day after each executive officer’s termination of employment with the Company. Vesting of the RSUs granted to certain high level employees is over a period of three years from the date of grant, subject to potential earlier vesting in the event of retirement of the holder of the award in accordance with the award agreement, with shares to be issued

pursuant to the vested RSUs at the time of vest. The director RSU holders and the executive officer March 2008 grant date RSU holders are entitled to receive dividend equivalents with respect to their RSUs, payable in cash as and when dividends are declared by the Company's Board of Directors.

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

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

Stock-based compensation expense is amortized on a straight-line basis over the requisite service period for the entire award. Stock-based compensation expense related to the Company's stock-based equity awards totaled \$5.4 million, \$4.4 million and \$4.2 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively. The Company recognized income tax benefits related to such stock-based compensation of \$1.2 million, \$1.0 million and \$1.1 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively. As of August 31, 2020, the total unamortized compensation cost related to non-vested stock-based equity awards was \$0.6 million and \$3.0 million for RSUs and MSUs, respectively, which the Company expects to recognize over remaining weighted-average vesting periods of 1.4 and 1.9 years for RSUs and MSUs, respectively. No unamortized compensation cost for DPUs remained as of August 31, 2020.

Restricted Stock Units

The estimated fair value of each of the Company's RSU awards was determined on the date of grant based on the closing market price of the Company's common stock on the date of grant for those RSUs which are entitled to receive dividend equivalents with respect to the RSUs, or based on the closing market price of the Company's common stock on the date of grant less the grant date present value of expected dividends during the vesting period for those RSUs which are not entitled to receive dividend equivalents with respect to the RSUs.

A summary of the Company's restricted stock unit activity is as follows (in thousands, except share and per share amounts):

Restricted Stock Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Outstanding at August 31, 2019	96,920	\$ 86.01	
Granted	18,438	\$ 184.43	
Converted to common shares	(29,055)	\$ 88.24	
Forfeited	(149)	\$ 156.83	
Outstanding at August 31, 2020	86,154	\$ 106.20	\$ 17,608
Vested at August 31, 2020	60,689	\$ 83.15	\$ 12,404

The weighted-average grant date fair value of all RSUs granted during the fiscal years ended August 31, 2020, 2019 and 2018 was \$184.43, \$163.93 and \$111.71, respectively. The total intrinsic value of all RSUs converted to common shares was \$5.4 million, \$6.0 million and \$2.8 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively.

The income tax benefits from RSUs converted to common shares totaled \$1.2 million, \$1.4 million and \$0.7 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively.

Market Share Units

The MSUs are market performance-based awards that shall vest with respect to the applicable percentage of the target number of MSU shares based on relative total stockholder return (“TSR”) for the Company as compared to the total return for the Russell 2000 Index (“Index”) over the performance Measurement Period. The ultimate number of MSUs that vest may range from 0% to 200% of the original target number of shares depending on the relative achievement of the TSR performance measure at the end of the Measurement Period. The probabilities of the actual number of MSUs expected to vest and resultant actual number of shares of common stock expected to be awarded are reflected in the grant date fair values of the various MSU awards; therefore, the compensation expense for the MSU awards will be recognized assuming the requisite service period is rendered and will not be adjusted based on the actual number of such MSU awards to ultimately vest.

The estimated fair value of each of the Company’s MSU awards, which are not entitled to receive dividend equivalents with respect to the MSUs, was determined on the date of grant using the Monte Carlo simulation model, which utilizes multiple input variables to simulate a range of possible future stock prices for both the Company and the Index and estimates the probabilities of the potential payouts. The determination of the estimated grant date fair value of the MSUs is affected by the Company’s stock price and a number of assumptions including the expected volatilities of the Company’s stock and the Index, the Company’s risk-free interest rate and expected dividends. The following weighted-average assumptions for MSU grants for the last three fiscal years were used in the Monte Carlo simulation model:

	Fiscal Year Ended August 31,		
	2020	2019	2018
Expected volatility	21.4%	19.6%	20.4%
Risk-free interest rate	1.4%	3.0%	1.6%
Expected dividend yield	0.0%	0.0%	0.0%

The expected volatility utilized was based on the historical volatilities of the Company’s common stock and the Index in order to model the stock price movements. The volatility used was calculated over the most recent 2.90-year period for MSUs granted during the fiscal year ended August 31, 2020 and over the most recent 2.90-year and 2.89-year periods for MSUs granted during each of the fiscal years ended August 31, 2019 and 2018, which were the remaining terms of the performance Measurement Period at the dates of grant. The risk-free interest rates used were based on the implied yield available on a U.S. Treasury zero-coupon bill with a remaining term equivalent to the remaining performance Measurement Period. The MSU awards stipulate that, for purposes of computing the relative TSR for the Company as compared to the return for the Index, dividends paid with respect to both the Company’s stock and the Index are to be treated as being reinvested into the stock of each entity as of the dividend date. Accordingly, an expected dividend yield of zero was used in the Monte Carlo simulation model, which is the mathematical equivalent to reinvesting dividends in the issuing entity over the performance Measurement Period.

A summary of the Company's market share unit activity is as follows (in thousands, except share and per share amounts):

Market Share Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Outstanding at August 31, 2019	39,524	\$ 121.03	
Granted	13,452	\$ 216.77	
Performance factor adjustments	10,561	\$ 96.10	
Converted to common shares	(24,171)	\$ 93.69	
Forfeited	(248)	\$ 118.47	
Outstanding at August 31, 2020 ⁽¹⁾	39,118	\$ 164.14	\$ 7,995

(1) This figure represents the total number of shares underlying MSU grants assuming achievement of the target number of shares at 100%. As the ultimate number of shares that vest could be as high as 200% of the target, the Company may be required to issue additional shares to satisfy outstanding MSU award grants.

The weighted-average grant date fair value of all MSUs granted during the fiscal years ended August 31, 2020, 2019 and 2018 was \$216.77, \$177.82 and \$101.93, respectively. The total intrinsic value of all MSUs converted to common shares was \$4.4 million, \$4.0 million and \$3.0 million for the fiscal years ended August 31, 2020, 2019 and 2018, respectively.

The income tax benefits from MSUs converted to common shares totaled \$0.9 million for both the fiscal years ended August 31, 2020 and 2019 and \$0.8 million for the fiscal years ended 2018.

Deferred Performance Units

The DPU awards provide for performance-based vesting over a performance measurement period of the fiscal year in which the DPU awards are granted. The performance vesting provisions of the DPUs are based on relative achievement within an established performance measure range of the Company's reported earnings before interest, income taxes, depreciation in operating departments, and amortization computed on a consolidated basis for the Measurement Year, before deduction of the stock-based compensation expense for the Vested DPUs and excluding other non-operating income and expense amounts ("Adjusted Global EBITDA"). The ultimate number of DPUs that vest may range from 0% to 100% of the original maximum number of DPUs awarded depending on the relative achievement of the Adjusted Global EBITDA performance measure at the end of the Measurement Year.

The estimated fair value of each of the Company's DPU awards was determined on the date of grant based on the closing market price of the Company's common stock on the date of grant less the grant date present value of expected dividends during the vesting period for the DPUs, which are not entitled to receive dividend equivalents with respect to the unvested DPUs.

A summary of the Company's deferred performance unit activity is as follows (in thousands, except share and per share amounts):

Deferred Performance Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Outstanding at August 31, 2019	23,530	\$ 148.70	
Granted	18,955	\$ 183.62	
Performance factor adjustments	(19,357)	\$ 160.37	
Converted to common shares	-	\$ -	
Forfeited	(214)	\$ 183.62	
Outstanding at August 31, 2020	22,914	\$ 167.40	\$ 4,683
Vested at August 31, 2020	4,173	\$ 94.54	\$ 853

The weighted-average grant date fair value of all DPUs granted during the fiscal years ended August 31, 2020, 2019 and 2018 was \$183.62, \$160.37 and \$110.65, respectively. The total intrinsic value of all DPUs converted to common shares was not significant for each of the fiscal years ended August 31, 2020, 2019 and 2018.

The income tax benefits from DPUs converted to common shares were not significant for each of the fiscal years ended August 31, 2020, 2019 and 2018.

Note 16. Other Benefit Plans

The Company has a WD-40 Company Profit Sharing/401(k) Plan and Trust (the “Profit Sharing/401(k) Plan”) whereby regular U.S. employees who have completed certain minimum service requirements can defer a portion of their income through contributions to a trust. The Profit Sharing/401(k) Plan provides for Company contributions to the trust, as approved by the Board of Directors, as follows: 1) matching contributions to each participant up to 50% of the first 6.6% of compensation contributed by the participant; 2) fixed non-elective contributions in the amount equal to 10% of eligible compensation; and 3) a discretionary non-elective contribution in an amount to be determined by the Board of Directors up to 5% of eligible compensation. The Company’s contributions are subject to overall employer contribution limits and may not exceed the amount deductible for income tax purposes. The Profit Sharing/401(k) Plan may be amended or discontinued at any time by the Company. The Company’s contribution expense for the Profit Sharing/401(k) Plan was \$3.6 million for fiscal year 2020 and \$3.3 million for both fiscal years 2019 and 2018.

The Company’s international subsidiaries have similar benefit plan arrangements, dependent upon the local applicable laws and regulations. The plans provide for Company contributions to an appropriate third-party plan, as approved by the subsidiary’s Board of Directors. The Company’s contribution expense related to the international plans was \$1.6 million for the fiscal years ended August 31, 2020, 2019 and 2018.

Note 17. Business Segments and Foreign Operations

The Company evaluates the performance of its segments and allocates resources to them based on sales and operating income. The Company is organized on the basis of geographical area into the following three segments: the Americas; EMEA; and Asia-Pacific. Segment data does not include inter-segment revenues. Unallocated corporate expenses are general corporate overhead expenses not directly attributable to the business segments and are reported separate from the Company's identified segments. The corporate overhead costs include expenses for the Company's accounting and finance, information technology, human resources, research and development, quality control and executive management functions, as well as all direct costs associated with public company compliance matters including legal, audit and other professional services costs. Also included in corporate overhead costs for fiscal year 2018 are corporate funded advertising and sales promotion expenses focused on increasing the Company's digital presence and building brand awareness.

	Americas	EMEA	Asia-Pacific	Unallocated Corporate ⁽¹⁾	Total
Fiscal Year Ended August 31, 2020					
Net sales	\$ 200,493	\$ 156,241	\$ 51,764	\$ -	\$ 408,498
Income from operations	\$ 51,089	\$ 37,620	\$ 14,982	\$ (26,471)	\$ 77,220
Depreciation and amortization expense	\$ 4,361	\$ 2,855	\$ 307	\$ 178	\$ 7,701
Interest income	\$ 15	\$ 2	\$ 76	\$ -	\$ 93
Interest expense	\$ 1,867	\$ 567	\$ 5	\$ -	\$ 2,439
Fiscal Year Ended August 31, 2019					
Net sales	\$ 193,972	\$ 160,615	\$ 68,763	\$ -	\$ 423,350
Income from operations	\$ 50,069	\$ 37,246	\$ 20,813	\$ (25,746)	\$ 82,382
Depreciation and amortization expense	\$ 4,532	\$ 2,538	\$ 282	\$ 241	\$ 7,593
Interest income	\$ 29	\$ 23	\$ 103	\$ -	\$ 155
Interest expense	\$ 2,156	\$ 379	\$ 6	\$ -	\$ 2,541
Fiscal Year Ended August 31, 2018					
Net sales	\$ 192,878	\$ 150,878	\$ 64,762	\$ -	\$ 408,518
Income from operations	\$ 48,954	\$ 36,241	\$ 19,098	\$ (25,689)	\$ 78,604
Depreciation and amortization expense	\$ 4,142	\$ 2,561	\$ 313	\$ 784	\$ 7,800
Interest income	\$ 13	\$ 320	\$ 121	\$ -	\$ 454
Interest expense	\$ 4,209	\$ -	\$ 10	\$ -	\$ 4,219

- (1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the business segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's consolidated statements of operations.

The Company's Chief Operating Decision Maker does not review assets by segment as part of the financial information provided and therefore, no asset information is provided in the above table.

Net sales by product group are as follows (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Maintenance products	\$ 369,444	\$ 386,644	\$ 372,391
Homecare and cleaning products	39,054	36,706	36,127
Total	\$ 408,498	\$ 423,350	\$ 408,518

Net sales and long-lived assets by geographic area are as follows (in thousands):

	Fiscal Year Ended August 31,		
	2020	2019	2018
Net Sales by Geography:			
United States	\$ 164,446	\$ 157,904	\$ 154,986
International	244,052	265,446	253,532
Total	<u>\$ 408,498</u>	<u>\$ 423,350</u>	<u>\$ 408,518</u>
Long-lived Assets by Geography ⁽¹⁾:			
United States	\$ 41,206	\$ 24,535	\$ 21,986
International	19,553	20,541	14,371
Total	<u>\$ 60,759</u>	<u>\$ 45,076</u>	<u>\$ 36,357</u>

(1) Includes tangible assets and property and equipment, net, attributed to the geographic location in which such assets are located.

Note 18. Subsequent Events

Dividend Declaration

On October 5, 2020, the Company's Board of Directors declared a cash dividend of \$0.67 per share payable on October 30, 2020 to shareholders of record on October 16, 2020.

First Amendment to Credit Agreement

On September 30, 2020, the Company entered into a First Amendment to Credit Agreement (the "First Amendment to Credit Agreement") with Bank of America. The First Amendment to Credit Agreement modifies the Company's existing \$150.0 million Credit Agreement dated March 16, 2020. Capitalized terms not otherwise defined in this report have the meaning given to such terms in the Credit Agreement, as detailed in Exhibit 10(ad) in Part IV—Item 15, "Exhibits, Financial Statement Schedules" included in this report.

The First Amendment to Credit Agreement revises certain financial and restrictive covenants and adjusts the interest rates on borrowings under the Credit Agreement as described below. The maximum Consolidated Leverage Ratio has been increased from 3.0 to 1.0 to 3.5 to 1.0. The Restricted Payments covenant has been modified to permit the payment of dividends so long as immediately prior to and after giving effect to the payment of dividends, no Event of Default exists and the Company and its subsidiary Loan Parties are in compliance with applicable financial covenants. In addition to other non-material and technical amendments to the Credit Agreement, the First Amendment to Credit Agreement also modifies the restrictive covenants relating to Indebtedness and Investments. The limitation on other unsecured Indebtedness (including borrowing under the Company's amended Note Agreement described below) has been increased from \$35.0 million to \$125.0 million. With respect to the restrictions on Investments, intercompany loans, advances or capital contributions from any Loan Party to Subsidiaries that are not Loan Parties may be made in an aggregate amount of up to \$10.0 million outstanding at any time from and after September 30, 2020. In addition, Investments not otherwise covered by any other exception to the restriction on Investments may be made in an aggregate amount of up to \$15.0 million outstanding at any time from and after November 15, 2017. The First Amendment to Credit Agreement also modifies the interest rate applicable to borrowings under the Credit Agreement by changing the Applicable Rate from 0.90% for Libor Rate Loans and 0.0% for Prime Rate Loans to a three-tier pricing approach tied to the Company's Consolidated Leverage Ratio. For Libor Rate Loans and Prime Rate Loans, the Applicable Rate is a spread added to the Libor Daily Floating Rate and Prime Rate, respectively. An increase or decrease in the Applicable Rate will apply in the event of a change in the Consolidated Leverage Ratio from and after the first Business Day after the Company delivers a Compliance Certificate to Bank of America. Table 1 below reflects the tiered Applicable Rate.

Table 1

Pricing Tier	Consolidated Leverage Ratio	Commitment Fee	Libor Rate Loans	Letter of Credit Fee	Prime Rate Loans
1	< 2.00 to 1.0	0.15%	1.00%	1.00%	0.00%
2	< 3.00 to 1.0 but ≥ 2.00 to 1.0	0.15%	1.25%	1.25%	0.25%
3	≥ 3.00 to 1.0	0.15%	1.50%	1.50%	0.50%

The new Maturity Date for the revolving credit facility per the Credit Agreement is September 30, 2025.

Third Amendment to Note Purchase and Private Shelf Agreement

On September 30, 2020, the Company entered into a Third Amendment to Note Purchase and Private Shelf Agreement (the “Third Amendment to Note Agreement”) amending its existing Note Agreement. The Third Amendment to Note Agreement amends the Note Agreement to permit the Company (inclusive of its subsidiaries) to enter into the First Amendment to Credit Agreement with Bank of America and the Third Amendment includes certain conforming amendments to the Note Agreement consistent with the First Amendment to Credit Agreement, including the revision of the financial and restrictive covenants described above.

All other material terms included in the Credit Agreement and the Note Agreement remain unchanged as a result of execution of the First Amendment to Credit Agreement and the Third Amendment to Note Agreement.

Issuance and Sale of \$52.0 Million in Notes under Note Purchase and Private Shelf Agreement

On September 30, 2020, the Company issued and sold senior unsecured notes pursuant to the Note Agreement to specified Note Purchasers in the aggregate amount of \$52.0 million. Pursuant to the Note Agreement (as amended by the Third Amendment to Note Agreement), the Company agreed to sell \$26.0 million aggregate principal amount of senior unsecured notes (the “Series B Notes”) to specified Note Purchasers and the Company agreed to sell \$26.0 million aggregate principal amount of senior unsecured notes (the “Series C Notes” and together with the Series B Notes, the “Senior Notes”) to specified Note Purchasers. The Series B Notes will bear interest at 2.5% per annum and will mature on November 15, 2027, unless earlier redeemed by the Company. The Series C Notes will bear interest at 2.69% per annum and will mature on November 15, 2030, unless earlier redeemed by the Company. Interest on the Senior Notes is payable semi-annually beginning on May 15, 2021. The Company used the proceeds from the Senior Notes to pay down \$50.0 million in borrowings under the Company’s existing \$150.0 million Credit Agreement.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Garry O. Ridge

Chairman of the Board
Chief Executive Officer
WD-40 Company

Daniel T. Carter

Audit Committee Chair
Former Executive Vice President and CFO
BevMo! Inc.

Melissa Claassen

Vice President, Emerging Markets
adidas

Eric P. Etchart

Governance Committee Chair
Former Senior Vice President
Manitowoc Company

Trevor I. Mihalik

Finance Committee Chair
Executive Vice President and CFO
Sempra Energy

Graciela I. Monteagudo

Former President and CEO
Lala U.S., Inc.

David B. Pendarvis

Chief Administrative Officer and
Global General Counsel
ResMed Inc.

Daniel E. Pittard

Former President and CEO
Rubio's Restaurants Inc.

Gregory A. Sandfort

Lead Independent Director
Compensation Committee Chair
Former Chief Executive Officer
Tractor Supply Company

Anne G. Saunders

Former President, U.S.
nakedwines.com

Neal E. Schmale

Former President and COO
Sempra Energy

EXECUTIVE OFFICERS

Garry O. Ridge

Chief Executive Officer

Steven A. Brass

President and Chief Operating Officer

Richard T. Clappitt

Vice President, General Counsel and
Corporate Secretary

Geoffrey J. Holdsworth

Managing Director, Asia-Pacific

William B. Noble

Managing Director, EMEA

Patricia Q. Olsem

Division President, Americas

Jay W. Rembolt

Vice President, Finance, Treasurer and
Chief Financial Officer

Stanley A. Sewitch

Vice President, Global Organization
Development

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
San Diego, California

TRANSFER AGENT

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Louisville, KY 40233-5000
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<https://www-us.computershare.com/investor/contact>

ANNUAL MEETING

December 8, 2020, 10:00 AM
Pacific Standard Time
www.meetingcenter.io/283620136

INVESTOR RELATIONS

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OPERATING SUBSIDIARIES

WD-40 Company Limited
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WD-40 Company (Canada) Ltd.
Etobicoke, Canada

WD-40 Company (Australia) Pty. Limited
Epping, Australia

Wu Di (Shanghai) Industrial Co., Ltd.
Shanghai, China

WD-40 Company (Malaysia) SDN. BHD.
Selangor, Malaysia

WD-40 Co. Mexico S. de R.L. de C.V.
Monterrey Nuevo Leon, Mexico

STOCK INFORMATION

The common stock of the Company is traded on the NASDAQ® Global Select Market under the symbol "WDFC." The Company's publicly filed reports, including financial statements and supporting exhibits, are available on the Securities and Exchange Commission's EDGAR system, on the Company's website at www.wd40company.com, or by writing to the Corporate Secretary, WD-40 Company, P.O. Box 80607, San Diego, California 92138-0607

LEGAL DISCLAIMERS

This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current expectations for the Company's future performance but are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated in or implied by the forward-looking statements.

The Company's expectations, beliefs and projections are expressed in good faith but there can be no assurance that they will be achieved or accomplished. Our forward-looking statements are generally identified with words such as "believe," "expect," "intend," "plan," "could," "may," "aim," "anticipate," "target," "estimate" and similar expressions. Actual events or results can differ materially from those expressed or implied. Please refer to the information set forth under the captions "Risk Factors" and "Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended August 31, 2020 and other reports and documents that we file from time to time with the Securities and Exchange Commission for some of the factors that may cause actual results to differ materially from the forward-looking statements. Except as required by law, we undertake no obligation to update any forward-looking statement.

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Corporate information as of October 15, 2020.



“One of the essential distinguishers of a high-growth company is learning velocity: companies that learn faster, grow faster.”

Dr. Rebecca Homkes

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